

12. Equity

12.1. Share capital

At 31 December 2023, the Parent's share capital consisted of 46,500,000 bearer shares of 0.70 euros par value each. Total capital value was 32,550 thousand euros. The same as at 31 December 2022.

In both years, shares were fully subscribed for and paid up.

All shares bear the same voting and dividend rights and obligations, and are listed on the official Stock Exchanges of Madrid, Barcelona, and Bilbao under the automatic quotation system (continuous market). All shares are freely distributable.

At 31 December 2023 and 2022, the parent was aware of the following shareholders with a direct or indirect stake of over 3%:

	% stake	
	2023	2022
Corporación Financiera Alba, S.A.	14.25	14.25
APG Asset Management N.V.	9.997	9.997
Angustias y Sol, S.L.	5.02	5.02
Setanta Asset Management Limited	3.96	3.96

Additionally, in accordance with Article 32 of Royal Decree 1362/2007, of 19 October, on shareholders obliged to notify their residence in tax havens or in countries not requiring the payment of taxes, or with whom there is no effective exchange of tax information, no notification was received at year-end 2023 and 2022.

Capital management

The primary objective of the Viscofan Group's capital management is to safeguard its capital ratios to ensure the continuity of its business and maximize performance.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, increase capital or cancel treasury shares.

The Group monitors capital by analysing trends in its leverage ratio, in line with common practice in Spain. This ratio is calculated as net financial debt divided by total equity. Net financial debt includes total borrowings in the consolidated financial statements less cash and cash equivalents, and excluding liquid financial assets.

The Viscofan Group's primary objective is to maintain a healthy capital position. The leverage ratios as well as the analysis of net debt, at 31 December 2023 and 2022, were as follows:

	Thousands of euros	
	2023	2022
Cash and cash equivalents (Note 11)	51,996	51,193
Other current financial assets (Note 10)	911	1,582
Financial liabilities (Note 16)	-222,027	-183,899
Liabilities for right-of-use assets (Note 7.2)	-11,541	-10,49
Total net financial debt	-180,661	-141,614
Total equity	-957,772	-906,87
Leverage ratio	18.9 %	15.6 %

	Thousands of euros	
	2023	2022
Cash and cash equivalents (Note 11)	51,996	51,193
Other current financial assets (Note 10)	911	1,582
Financial debt repayable in one year (Notes 16 and 7.2)	-182,735	-139,897
Financial debt repayable over one year (Notes 16 and 7.2)	-50,833	-54,492
Net debt	-180,661	-141,614

	Thousands of euros	
	2023	2022
Cash and cash equivalents (Note 11)	51,996	51,193
Other current financial assets (Note 10)	911	1,582
Gross debt at fixed interest rates	-32,069	-31,441
Gross debt at variable interest rates (Note 22.4)	-201,499	-162,948
Net debt	-180,661	-141,614

The change in net debt, at 31 December 2023 and 2022, is as follows:

	Thousands of euros					Closing balance as at 31 December 2023
	Opening balance as at 1 January 2023	Cash flows	Acquisitions and other non-cash changes	Change in fair value	Exchange gains (losses)	
Cash and cash equivalents	51,193	-128			931	51,996
Other current financial assets	1,582	-652			-19	911
Liabilities included in financing activities	0					0
Current financial debt	-117,826	-38,408	-3,207		975	-158,466
Non-current financial debt	-34,5		3,207		175	-31,118
Interest	-132	6,275	-6,518			-375
Payable to suppliers of non-current assets	-15,725	-203			48	-15,88
Other current financial liabilities	-3,236	563	-654			-3,327
Other non-current financial liabilities	-12,48	-1,781	2,04		-640	-12,861
Current liabilities for right-of-use assets	-2,978	5,296	-6,983		-22	-4,687
Non-current liabilities for right-of-use assets	-7,512		759		-101	-6,854
Total net debt	-141,614	29,038	-11,356	0	1,347	-180,661

	Thousands of euros					Closing balance as at 31 December 2022
	Opening balance as at 1 January 2022	Cash flows	Acquisitions and other non-cash changes	Change in fair value	Exchange gains (losses)	
Cash and cash equivalents	91,352	-41,675	0	0	1,516	51,193
Other current financial assets	837	741	0	0	4	1,582
Liabilities included in financing activities	0	0	0	0	0	0
Current financial debt	-39,252	-58,902	-19,19	0	-482	-117,826
Non-current financial debt	-53,69	0	19,19	0	0	-34,5
Interest	-166	1,569	-1,534	0	-1	-132
Payable to suppliers of non-current assets	-5,791	-9,979	0	0	45	-15,725
Other current financial liabilities	-3,545	1,165	-662	-194	0	-3,236
Other non-current financial liabilities	-14,307	1,845	662	-3	-677	-12,48
Current liabilities for right-of-use assets	-4,528	5,289	-3,628	0	-111	-2,978
Non-current liabilities for right-of-use assets	-9,363	0	1,912	0	-61	-7,512
Total net debt	-38,453	99,947	-3,25	-197	233	-141,614

12.2. Share premium

The revised text of the Spanish Corporate Enterprises Act expressly permits companies to use the balance of the share premium account to increase capital and does not place any limit on the amount of the balance which may be used for this purpose.

The amount at 31 December 2023 and 12 thousand euros, the same as at 31 December 2022.

12.3. Reserves

Changes in this item are as follows:

	Thousands of euros			<i>Total</i>
	Other reserves	Exchange gains (losses)	Share-based payment (Note 23.3)	
Opening balance as at 1 January 2022	815,034	-85,843	2,912	<i>732,103</i>
Recognised income and (expense)	6,596	32,115	0	<i>38,711</i>
Dividends paid	-19,873	0	0	<i>-19,873</i>
Transfers between equity accounts	68,117	0	0	<i>68,117</i>
Movement in treasury shares	-4,389	0	-3,105	<i>-7,494</i>
Transactions with non-controlling interests	0	0	0	<i>0</i>
Share-based payment	0	0	1,581	<i>1,581</i>
Closing balance as at 31 December 2022	865,485	-53,728	1,388	<i>813,145</i>
Capital reduction	0	0	0	<i>0</i>
Recognised income and (expense)	-299	2,532	0	<i>2,233</i>
Dividends paid	-24,945	0	0	<i>-24,945</i>
Transfers between equity accounts	74,786	0	0	<i>74,786</i>
Movement in treasury shares	0	0	0	<i>0</i>
Transactions with non-controlling interests	0	0	0	<i>0</i>
Share-based payment	118	92	3,027	<i>3,237</i>
Closing balance as at 31 December 2023	915,145	-51,104	4,415	<i>868,456</i>

(a) Other reserves

• Legal reserves

In accordance with the Spanish Corporate Enterprises Act, companies registered in Spain are obliged to transfer 10% of the profits for the year to a legal reserve until it reaches an amount of at least an amount equivalent to 20% of share capital. This reserve is not distributable to shareholders and its value at 31 December 2023 and 2022 amounts to 6,510 thousand euros.

• Revaluation reserve

The parent opted for the voluntary revaluation of PP&E items as established in the Navarre Regional Law 21/2012 of December 26, on modifying various taxes and other tax measures. The revaluation was carried out with respect to items likely to be updated recorded in the balance sheet on 31 December 2012. The effect of this revaluation was not recognised in the Group's consolidated financial statements.

• Treasury share reserves

Pursuant to Article 148 of Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Spanish Corporate Enterprises Act, the Parent Company must establish an unavailable reserve equivalent to the value of treasury shares in its possession (see Note 12.4). These reserves must be held for both stakes and shares that have not been disposed of.

b) Exchange gains (losses)

The detail of the most significant translation differences by company for the years ended 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Viscofan CZ sro	7,138	12,491
Viscofan Technology (Suzhou) Co. Ltd.	216	6,983
Viscofan USA Inc	8,358	11,629
Viscofan de México S.R.L. de C.V.	3,796	-7,063
Viscofan do Brasil, soc, Ltda.	-73,181	-78,156
Viscofan Uruguay, S.A.	-16,501	-15,434
Other Group companies	19,07	15,822
Closing balance as at 31 December	-51,104	-53,728

12.4. Movement in treasury shares

At the Annual General Meeting held on 27 April 2023, the Board of Directors was authorised for a period of 5 years to derivatively acquire shares in the Company, either directly or through Viscofan Group companies, within the limits and up to the maximum amount permitted by the Spanish Corporate Enterprises Act (articles 146 and 509) and at a price that may not be less than the nominal value of the share nor 15% higher than the listed price of the share on the Spanish Stock Exchange Interconnection System (SIBE) at the time the purchase order is entered.

During 2023, the Company acquired 112,800 treasury shares for an amount of 6,264 thousand euros under the authorisation granted by the Annual General Meeting of 27 April 2023. In addition, 15,389 treasury shares were delivered as part of the variable remuneration plan.

In 2022, 129,811 treasury shares were delivered to Viscofan, S.A. staff within the framework of the Company's variable remuneration plans. Also in 2022, the Company acquired 234,500 treasury shares, amounting to 12,231 thousand euros, under the current authorisation granted by the Annual General Meeting of 25 May 2018.

Thus, at 31 December 2023, Viscofan, S.A. held a total of 419,095 treasury shares representing 0.9% of its voting rights, for a value of 21,671 thousand euros.

At 31 December 2022, Viscofan, S.A. held a total of 321,684 treasury shares representing 0.69% of its voting rights, for a value of 16,181 thousand euros.

12.5. Valuation adjustments

Movements in the years ended 31 December 2023 and 2022 were as follows:

	Thousands of euros		
	Exchange rate insurance	Commodity derivatives	Total
Opening balance as at 1 January 2022	-592	1,059	467
Profit/(Loss), net of tax effect	2,252	0	2,252
Reclassifications of (losses) or gains to the income statement, net of tax effect	592	-753	-161
Closing balance as at 31 December 2022	2,252	306	2,558
Profit/(Loss), net of tax effect	2,052	0	2,052
Reclassifications of (losses) or gains to the income statement, net of tax effect	-694	-1,89	-
Closing balance as at 31 December 2023	3,61	-1,584	2,026

12.6. Distribution of Profits and other Shareholder Remunerations

The Board of Directors of VISCOFAN has resolved to propose to the Annual General Meeting the payment (out of 2023 results and voluntary reserves) of a dividend with an aggregate gross amount equal to the sum of the amounts indicated below (the "Dividend"). The

Board proposes to:

(a) ratify the payment of 64,562,967 euros as an Interim Dividend distributed on 20 December 2023 (the "2023 Interim Dividend") and which corresponds to 1.40 euros per share multiplied by the number of shares that did not have the status of direct treasury stock on the corresponding dates as approved by the Board of Directors; and

(b) the amount resulting from multiplying:

- The gross amount per share that will be paid by the Company as a Final Dividend for fiscal year 2023 in the first exercise of the "Viscofan Flexible Remuneration" optional dividend system for fiscal year 2024 (the "Final Dividend"), as follows:
- The total number of shares with respect to which their holders have chosen to receive the cash dividend within the framework of the first exercise of the "Viscofan Flexible Remuneration" optional dividend system for fiscal year 2024.

At the date of preparation of these consolidated financial statements, it is not possible to specify the amount of the Final Dividend or, consequently, the amount of the dividend to be charged to profits for the year 2023.

The payment of the Final Dividend shall be carried out jointly with the share capital increase that the Board of Directors submits to the approval of the 2024 Annual General Meeting, with the purpose of offering the Company's shareholders the possibility of receiving their remuneration in cash (in the Final Dividend) or in newly issued paid-up shares of the Company (through the increase in share capital). The collection of the Final Dividend will be one of the alternatives available to shareholders when receiving their remuneration within the framework of the first exercise of the "Viscofan Flexible Remuneration" optional dividend system corresponding to fiscal year 2024, to be carried out by means of the capital increase referred to above.

The Board of Directors also plans to reduce the Company's share capital by redeeming treasury shares, thus avoiding any dilution for shareholders who choose to receive their dividend in cash.

The Board of Directors estimates that the gross amount of the Final Dividend shall be 1.59 euros per share. Consequently, taking into consideration the amount of the 2023 Interim Dividend of 1.40 euros per share and the 0.01 euros per share bonus for attendance to the Annual General Meeting, the total remuneration for shareholders is 3.00 euros per share. Out of the aforementioned estimated amount of 3.00 euros per share, 2.00 euros correspond to the increasing ordinary remuneration that the Board of Directors has been proposing to the Annual General Meeting in recent years (1.95 euros per share charged to fiscal year 2022), while the 1.00 euro per share above this amount is extraordinary in light of the current market and Company conditions.

The proposed ordinary remuneration (2.00 euros per share) is equivalent to the distribution of 65.6% of the net profit.

The proposed total and ordinary distribution are, respectively, 53.8% and 2.6% higher than the previous year's remuneration of 1.95 euros per share.

The definite amount of the Final Dividend will be communicated as soon as it is determined by the Board of Directors (or the body delegated by it) in accordance with the terms of the dividend distribution and capital increase resolutions that the Board submits to the Annual General Meeting regarding the "Viscofan Flexible Remuneration" optional dividend system for fiscal year 2024. Once the first exercise of the "Viscofan Flexible Remuneration" for fiscal year 2024 has been completed, the Board of Directors (with full power of substitution) will produce a distribution proposal, determining the final amount of the dividend and the amount to allocated to carry-over.

In 2022, the total remuneration for shareholders amounted to 1.95 euros per share, of which the distribution of earnings represented a dividend of 1.94 euros per share (1.40 euros per share paid on 22 December 2022 as an Interim Dividend and 0.54 euros per share paid on 2 June 2023 as a Final Dividend) and 0.01 euros per share corresponding to the payment of fees to attend the 2023 Annual General Meeting (this later payment was recorded as an expense for the year).

Parent profits for the year ended 31 December 2022 were distributed as approved by the shareholders at the Annual General Meeting held on 27 April 2023.

On 23 November 2023, the Board of Directors approved an Interim Dividend out of the profit for the year 2023 of 64,563 thousand euros, equivalent to a dividend per share of 1.4 euros. This dividend was paid on 20 December 2023.

The value of this dividend is inferior to the maximum limit permitted by prevailing legislation on distributable profit once the year has ended.

The statement required by current legislation and prepared by the Parent's Board of Directors in respect of the distribution of the 2023 Interim Dividend is as follows:

	Thousands of euros
Available cash at 31 December 2023	4,858
Receipts from customers and debtors	33,13
Other income	538
Accounts payable and suppliers	-13,892
Payments made to employees	-23,925
Interest paid	-120
Other payments	-13,679
Operating cash flows	-17,948
Dividends	126,799
Purchases of property, plant, and equipment	-4,415
Investment in group companies	-12
Cash flow related to investment activities	110,384
Repayment of non-current borrowings	0
Dividends paid	-92,387
Purchase of treasury shares	0
Cash flow related to financing activities	-92,387
Projected liquidity at 31 December 2024	4,907

The Company had sufficient liquidity to pay the interim dividend through dividends already received from subsidiaries plus the use of available credit lines.