



# Auditor's Report on Atresmedia Corporación de Medios de Comunicación, S.A.

(Together with the annual accounts and directors' report of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2021)

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.  
Paseo de la Castellana 259C  
28046 Madrid

## **Independent Auditor's Report on the Annual Accounts**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Atresmedia Corporación de Medios de Comunicación, S.A.

### **REPORT ON THE ANNUAL ACCOUNTS**

#### **Opinion**

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We have audited the annual accounts of Atresmedia Corporación de Medios de Comunicación, S.A. (the "Company"), which comprise the balance sheet at 31 December 2021, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

#### **Basis for Opinion**

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We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



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## Key Audit Matters

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

### Recognition and recoverability of deferred tax assets (Euros 163,266 thousand)

See notes 2 and 17 to the annual accounts

Key audit matter	How the matter was addressed in our audit
<p>The recognition of deferred tax assets entails a high level of judgement by Company management in assessing the probability and sufficiency of future taxable profits and reversals of taxable temporary differences.</p> <p>Due to the significance of the balance of deferred tax assets, the high level of judgement regarding the key assumptions and estimates used and the uncertainty associated therewith, the recovery of the aforementioned assets has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>— We assessed the design and implementation of the most relevant controls established by the Company over the recognition and measurement of deferred tax assets.</li><li>— We evaluated the key assumptions used to estimate future taxable profits within the time limit established in the financial reporting framework applicable to the Company, and the estimated reversals of taxable temporary differences, comparing these assumptions and estimates with historical data.</li><li>— We considered the sufficiency of future taxable profits to offset deferred tax assets within the time limit established in the financial reporting framework applicable to the Company.</li><li>— We assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.</li></ul>



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<b>Revenue (Euros 674,059 thousand)</b> <b>See notes 19.1 and 20.1 to the annual accounts</b>	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Company sells advertising to Group companies. Accounting legislation generally requires that these transactions be recognised at the fair value of the consideration received. Any difference between this value and the agreed amount is recognised in accordance with the underlying economic substance.</p> <p>Determining the prices applied in advertising sales transactions between Group companies and the fair value of these transactions requires a high level of judgement due to the inherent difficulty of estimating this value.</p> <p>In view of the significance of the volume of advertising sales to Group companies and the high level of judgement required to estimate the fair value of these transactions, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>—We assessed the design and implementation of the key controls relating to the process of identifying, measuring and documenting transactions with related parties.</li> <li>—We evaluated, together with our specialists, the reasonableness of the methodology used by the Company to determine the prices applied in advertising sales transactions with Group companies, as well as the documentation confirming that these transactions have been carried out at arm's length.</li> <li>—We obtained confirmation of advertising sales transactions between Group companies performed during the year.</li> <li>—We assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.</li> </ul>

## Other Information: Directors' Report

Other information solely comprises the 2021 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

- Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.



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- b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

### **Directors' and Audit Committee's Responsibility for the Annual Accounts \_\_\_\_\_**

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

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

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

### **Auditor's Responsibilities for the Audit of the Annual Accounts \_\_\_\_\_**

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

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



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As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of Atresmedia Corporación de Medios de Comunicación, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **European Single Electronic Format**

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We have examined the digital file of Atresmedia Corporación de Medios de Comunicación, S.A. for 2021 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Atresmedia Corporación de Medios de Comunicación, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the directors' report.

Our responsibility consists of examining the digital file prepared by the Company's Directors, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

### **Additional Report to the Audit Committee**

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The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 24 February 2022.



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## **Contract Period**

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We were appointed as auditor by the shareholders at the ordinary general meeting held on 28 April 2021 for a period of one year, from the year commenced 1 January 2021.

Previously, we had been appointed for a period of five years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2016.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

This report  
corresponds to  
stamp number  
01/22/00153 issued  
by the Spanish  
Institute of  
Registered Auditors  
(ICJCE)

On the Spanish Official Register of Auditors ("ROAC") with 17564





**ATRESMEDIA**

**Atresmedia Corporación de Medios  
de Comunicación, S.A.**

Financial statements for the year ended 31 December 2021

## **CONTENTS**

Balance sheet	1
Statement of profit or loss	3
Statement of changes in equity (Statement of recognised income and expense)	4
Statement of changes in equity (Statement of total changes in equity)	5
Statement of cash flows	6

## **Notes**

Note 1	Company activities	7
Note 2	Basis of preparation	8
Note 3	Distribution of profit	13
Note 4	Recognition and measurement standards	14
Note 5	Intangible assets	33
Note 6	Property, plant and equipment	34
Note 7	Leases	35
Note 8	Financial instruments by category	36
Note 9	Non-current and current investments	37
Note 10	Information on the nature and extent of risks arising from financial instruments	43
Note 11	Derivative financial instruments	44
Note 12	Inventories	47
Note 13	Equity and shareholders' equity	48
Note 14	Provisions and contingencies	50
Note 15	Non-current and current payables	53
Note 16	Trade payables	54
Note 17	Tax matters	56
Note 18	Foreign currency translation	64
Note 19	Revenue and expenses	65
Note 20	Related party transactions and balances	67
Note 21	Other disclosures	71
Note 22	Events after the reporting period	72

## **Management report**

Management report
Non-financial statement
Annual corporate governance report
Annual report on director remuneration

**BALANCE SHEET AS AT 31 DECEMBER 2021**

Thousands of euros	NOTES	31/12/21	31/12/20
<b>ASSETS</b>			
<b>Intangible assets</b>	<b>5</b>	<b>41,246</b>	<b>50,257</b>
Licences and trademarks		32,843	39,649
Computer software		8,249	10,377
Other intangible assets		154	231
<b>Property, plant and equipment</b>	<b>6</b>	<b>30,822</b>	<b>33,076</b>
Land and buildings		20,734	21,984
Plant and other items of property, plant and equipment		9,983	11,063
Property, plant and equipment in progress		105	29
<b>Non-current investments in group companies and associates</b>	<b>9 and 20.2</b>	<b>177,682</b>	<b>179,759</b>
Equity instruments		133,300	118,396
Loans to companies		44,382	61,363
<b>Non-current investments</b>	<b>9.1</b>	<b>29,695</b>	<b>10,599</b>
Equity instruments		25,825	10,534
Loans to third parties		2,682	—
Derivatives		1,110	—
Other financial assets		78	65
<b>Deferred tax assets</b>	<b>17</b>	<b>163,266</b>	<b>181,578</b>
<b>NON-CURRENT ASSETS</b>		<b>442,711</b>	<b>455,269</b>
<b>Inventories</b>	<b>12</b>	<b>284,081</b>	<b>286,297</b>
Programme rights		272,055	277,943
Raw and other materials		10,772	7,166
Advances to suppliers		1,254	1,188
<b>Trade and other receivables</b>		<b>219,831</b>	<b>226,753</b>
Trade receivables		21,984	20,612
Trade receivables from group companies and associates	<b>20.2</b>	173,781	177,268
Other receivables		1,710	1,856
Employee receivables		44	51
Current tax assets	<b>17</b>	22,257	26,897
Other receivables from public authorities	<b>17</b>	55	69
<b>Current investments in group companies and associates</b>	<b>20.2</b>	<b>17,816</b>	<b>30,078</b>
Loans to companies		17,816	30,078
<b>Current investments</b>		<b>7,254</b>	<b>4,634</b>
Derivatives	<b>11</b>	2,556	1,726
Other financial assets	<b>9.2</b>	4,698	2,908
<b>Current prepayments and accrued income</b>		<b>1,200</b>	<b>1,687</b>
<b>Cash and cash equivalents</b>		<b>257,096</b>	<b>163,521</b>
Cash		257,096	163,521
<b>CURRENT ASSETS</b>		<b>787,278</b>	<b>712,970</b>
<b>TOTAL ASSETS</b>		<b>1,229,989</b>	<b>1,168,239</b>

The accompanying Notes 1 to 22 are an integral part of the balance sheet as at 31 December 2021.

**BALANCE SHEET AS AT 31 DECEMBER 2021**

Thousands of euros	NOTES	31/12/21	31/12/20
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>13</b>		
<b>Capital</b>		<b>207,604</b>	<b>207,604</b>
Registered share capital		169,300	169,300
Share premium		38,304	38,304
<b>Reserves</b>		<b>196,247</b>	<b>160,600</b>
Legal and bylaw reserves		42,474	42,474
Other reserves		153,773	118,126
<b>Treasury shares and own equity instruments</b>		<b>(6,168)</b>	<b>(6,168)</b>
<b>Profit for the year</b>		<b>98,150</b>	<b>35,647</b>
<b>Interim dividend</b>	<b>3</b>	<b>(40,532)</b>	—
<b>Valuation adjustments</b>		<b>13,437</b>	<b>6,073</b>
<b>Hedges</b>			
<b>EQUITY</b>		<b>468,738</b>	<b>403,756</b>
<b>Non-current payables</b>	<b>15.1</b>	<b>301,910</b>	<b>277,623</b>
Non-current provisions	<b>14</b>	35,164	32,152
Bonds and other marketable debt securities	<b>15.1</b>	176,585	162,986
Bank borrowings	<b>15.1</b>	87,307	69,085
Derivatives	<b>11</b>	904	13,383
Other non-current payables	<b>15.1</b>	1,950	17
<b>Non-current payables to group companies and associates</b>	<b>20.2</b>	<b>2</b>	<b>2</b>
<b>Deferred tax liabilities</b>	<b>17</b>	<b>10,767</b>	<b>9,879</b>
<b>NON-CURRENT LIABILITIES</b>		<b>312,679</b>	<b>287,504</b>
<b>Current provisions</b>	<b>14</b>	<b>17,263</b>	<b>13,652</b>
<b>Bonds and other marketable debt securities</b>	<b>15.2</b>	<b>3,866</b>	<b>3,771</b>
<b>Bank borrowings</b>	<b>15.2</b>	<b>10,460</b>	<b>36,208</b>
<b>Financial derivatives</b>	<b>11</b>	<b>49</b>	<b>835</b>
<b>Current payables to group companies and associates</b>	<b>20.2</b>	<b>71,711</b>	<b>54,924</b>
<b>Trade and other payables</b>		<b>343,145</b>	<b>367,506</b>
Payable to suppliers		295,616	303,592
Payable to suppliers, group companies and associates	<b>20.2</b>	21,467	45,780
Other payables		75	75
Employee receivables		12,878	10,477
Other payables to public authorities	<b>17</b>	12,946	7,420
Advances from customers		163	162
<b>Current prepayments and accrued income</b>		<b>2,078</b>	<b>83</b>
<b>CURRENT LIABILITIES</b>		<b>448,572</b>	<b>476,979</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,229,989</b>	<b>1,168,239</b>

The accompanying Notes 1 to 22 are an integral part of the balance sheet as at 31 December 2021.

**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021 AND 2020**

Thousands of euros	NOTES	31/12/21	31/12/20
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>19.1</b>	<b>674,059</b>	<b>616,236</b>
Advertising revenue		674,059	616,236
<b>Procurements</b>	<b>19.2</b>	<b>(358,095)</b>	<b>(348,864)</b>
Programme amortisation and other		(621,780)	(582,454)
Raw materials and other consumables used		(2,497)	(1,977)
Inventories		266,182	235,567
<b>Other operating income</b>	<b>19.1</b>	<b>100,463</b>	<b>77,725</b>
Non-core and other current operating income/Other services		100,463	77,725
<b>Staff costs</b>		<b>(52,155)</b>	<b>(62,068)</b>
Salaries and wages		(44,735)	(39,683)
Employee benefits expense	<b>19.3</b>	(7,420)	(22,385)
<b>Other operating expenses</b>	<b>19.4</b>	<b>(221,116)</b>	<b>(219,869)</b>
External services		(220,003)	(218,435)
Taxes other than income tax		(882)	(895)
Losses, impairment and change in trade provisions		(231)	(539)
<b>Depreciation and amortisation</b>	<b>5 and 6</b>	<b>(20,122)</b>	<b>(21,000)</b>
<b>Provision surpluses</b>	<b>13</b>	<b>2,634</b>	<b>2,315</b>
<b>Impairment and gains/(losses) on disposals of non-current assets</b>	<b>6</b>	<b>45</b>	<b>6</b>
Gains/(losses) on disposals and other		45	6
<b>OPERATING PROFIT</b>		<b>125,713</b>	<b>44,481</b>
<b>Finance income</b>	<b>19.5</b>	<b>6,047</b>	<b>8,572</b>
Dividends		<b>4,557</b>	<b>4,283</b>
- Group companies and associates	<b>20.1</b>	4,557	4,283
Marketable securities and other financial instruments		<b>1,490</b>	<b>4,289</b>
- Group companies and associates	<b>20.1</b>	1,145	1,614
- Other		345	2,675
<b>Finance costs</b>	<b>19.5</b>	<b>(11,200)</b>	<b>(9,758)</b>
On payables to group companies and associates	<b>20.1</b>	(286)	(323)
On payables to third parties		(10,914)	(9,435)
<b>Changes in fair value of financial instruments</b>	<b>19.6</b>	<b>1,601</b>	<b>(2,129)</b>
Financial assets and liabilities held for trading and other		1,601	(2,129)
<b>Exchange differences</b>	<b>18</b>	<b>(1,790)</b>	<b>1,961</b>
<b>Impairment and gains/(losses) on disposal of financial instruments</b>		<b>6,385</b>	<b>5,673</b>
Impairment and losses	<b>9.3</b>	10,304	(2,465)
Gains/(losses) on disposals and other	<b>9.1</b>	(3,919)	8,138
<b>FINANCIAL PROFIT</b>		<b>1,043</b>	<b>4,319</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>126,756</b>	<b>48,800</b>
Income tax expense	<b>17.4</b>	(28,606)	(13,153)
<b>PROFIT FOR THE YEAR</b>		<b>98,150</b>	<b>35,647</b>

The accompanying Notes 1 to 22 are an integral part of the statement of profit or loss for the year ended 31 December 2021.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020****A) STATEMENT OF RECOGNISED INCOME AND EXPENSE**

Thousands of euros	31/12/21	31/12/20
<b>PROFIT FOR THE YEAR (I)</b>	<b>98,150</b>	<b>35,647</b>
<b>Income and expense recognised directly in equity</b>		
- Measurement of financial instruments	10,431	(6,155)
- Tax effect	(2,608)	1,539
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)</b>	<b>7,823</b>	<b>(4,616)</b>
<b>Amounts transferred to profit or loss</b>		
- Cash flow hedges	(612)	5,028
- Tax effect	153	(1,256)
<b>TOTAL AMOUNTED TRANSFERRED TO PROFIT OR LOSS (III)</b>	<b>(459)</b>	<b>3,772</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)</b>	<b>105,514</b>	<b>34,803</b>

Notes 1 to 22 to the accompanying financial statements are an integral part of the statement of recognised income and expense for the year ended 31 December 2021

**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

**B) STATEMENT OF TOTAL CHANGES IN EQUITY**

	Capital	Share premium	Reserves	Interim dividend	Treasury shares	Profit for the year	Other equity instruments	Valuation adjustments	Total equity
<b>ENDING BALANCE AT 01/01/20</b>	<b>169,300</b>	<b>38,304</b>	<b>102,550</b>	<b>(45,012)</b>	<b>(7,489)</b>	<b>103,028</b>	<b>1,355</b>	<b>6,917</b>	<b>368,953</b>
<b>Total recognised income and expense</b>	—	—	—	—	—	35,647	—	(844)	<b>34,803</b>
<b>Distribution of profit</b>									
Distribution of prior year dividends	—	—	—	45,012	—	(45,012)	—	—	—
<b>Treasury share transactions</b>									
Other transactions	—	—	34	—	1,321	—	(1,355)	—	—
<b>Other changes in equity</b>									
Transfers between equity items	—	—	58,016	—	—	(58,016)	—	—	—
<b>ENDING BALANCE AT 31/12/20</b>	<b>169,300</b>	<b>38,304</b>	<b>160,600</b>	<b>—</b>	<b>(6,168)</b>	<b>35,647</b>	<b>—</b>	<b>6,073</b>	<b>403,756</b>
<b>Total recognised income and expense</b>	—	—	—	—	—	98,150	—	7,364	<b>105,514</b>
<b>Distribution of profit</b>									
Distribution of interim dividends	—	—	—	(40,532)	—	—	—	—	(40,532)
<b>Other changes in equity</b>									
Transfers between equity items	—	—	35,647	—	—	(35,647)	—	—	—
<b>ENDING BALANCE AT 31/12/21</b>	<b>169,300</b>	<b>38,304</b>	<b>196,247</b>	<b>(40,532)</b>	<b>(6,168)</b>	<b>98,150</b>	<b>—</b>	<b>13,437</b>	<b>468,738</b>

Notes 1 to 22 to the accompanying financial statements are an integral part of the statement of recognised income and expense for the year ended 31 December 2021

**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

Thousands of euros	31/12/21	31/12/20
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I)</b>	<b>121,692</b>	<b>124,541</b>
<b>Profit for the year before tax</b>	<b>126,756</b>	<b>48,800</b>
<b>Adjustments for:</b>	<b>19,124</b>	<b>34,114</b>
- Depreciation and amortisation	20,122	21,000
- Impairment losses	(6,386)	(5,673)
- Changes in provisions	90	17,439
- Proceeds from disposals of non-current assets	(45)	(6)
- Finance income	(13,912)	(8,572)
- Finance costs	19,066	9,758
- Exchange gains/(losses)	1,790	(1,961)
- Changes in fair value of financial instruments	(1,601)	2,129
<b>Changes in operating assets and liabilities</b>	<b>(9,281)</b>	<b>55,115</b>
- Inventories	2,216	16,729
- Trade and other receivables	804	7,240
- Trade and other payables	(28,672)	37,985
- Other current assets and liabilities	16,371	(6,839)
<b>Other cash flows from operating activities</b>	<b>(14,907)</b>	<b>(13,488)</b>
- Interest paid	(12,955)	(6,067)
- Dividends received	4,557	4,283
- Income tax received/(paid)	(6,509)	(11,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>	<b>(26,481)</b>	<b>(24,981)</b>
<b>Payments for investments</b>	<b>(26,481)</b>	<b>(43,963)</b>
- Group companies and associates	(17,669)	(34,697)
- Property, plant and equipment and intangible assets	(8,812)	(9,266)
<b>Proceeds from sale of investments</b>	<b>—</b>	<b>18,982</b>
- Group companies and associates	—	18,982
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>	<b>(1,636)</b>	<b>(18,767)</b>
<b>Proceeds from and payments for financial liability instruments</b>	<b>38,896</b>	<b>(18,767)</b>
- Proceeds from issue of bank borrowings	—	11,637
- Redemption and repayment of bank borrowings	(7,525)	—
- Proceeds from issue of borrowings from group companies and associates	46,421	—
- Repayment of borrowings from group companies and associates	—	(30,404)
<b>Dividends and interest on other equity instruments paid</b>	<b>(40,532)</b>	<b>—</b>
- Dividends	(40,532)	—
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>	<b>93,575</b>	<b>80,793</b>
Cash and cash equivalents at beginning of year	163,521	82,728
Cash and cash equivalents at end of year	257,096	163,521

Notes 1 to 22 to the accompanying financial statements are an integral part of the statement of cash flows for the year ended 31 December 2021



## Atresmedia Corporación de Medios de Comunicación, S.A.

Notes to the financial statements for the year ended 31 December 2021

### **1. Corporate information**

Atresmedia Corporación de Medios de Comunicación, S.A. (the "Company") was incorporated on 7 June 1988 under the name Antena 3 de Televisión, S.A. It changed its corporate name in 2013. Its registered address and address for tax purposes is Avenida Isla Graciosa, 13, San Sebastián de los Reyes (Madrid). The company is on file at the Madrid Mercantile Register under page M-34473.

From 29 October 2003, its shares are traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Spanish Stock Market Interconnection System (SIBE).

The Company's shareholders at the 2012 General Meeting approved the merger by absorption of Gestora de Inversiones Audiovisuales La Sexta, S.A., a nationwide television operator. This resolution was contingent on securing the related administrative authorisations. Once the authorisations were obtained, the merger was carried out and placed on file at the Madrid Mercantile Register on 30 October 2012 and the absorbed company was extinguished and all its assets and liabilities transferred en bloc to the Company.

Atresmedia Corporación's core business, according to its corporate objects, is the provision of audiovisual communication services in any type of broadcasting.

Specifically, it holds three national audiovisual television licenses, all with the related concessions for use of public radioelectric domain. The Company has acquired the following licences:

- 1) Nationwide audiovisual communication licence, awarded directly under the concession for the indirect management of the public television to Antena 3 de Televisión, S.A. pursuant to a resolution of the Spanish Cabinet of 25 August 1989 in a tender held in accordance with Private Television Law 10/1988, of 3 May.
- 2) Nationwide audiovisual communication licence, awarded originally under the concession for the indirect management of the public television to Gestora de Inversiones Audiovisuales La Sexta, S.A. (which was extinguished after the merger by absorption) pursuant to a resolution of the Spanish Cabinet of 29 July 2005 in a tender held in accordance with Private Television Law 10/1988, of 3 May.

Pursuant to a resolution by the Spanish Cabinet on 10 June 2010 and as provided for in General Audiovisual Communication Law 7/2010 (LGCA), of 31 March, these two concessions were transformed into licenses for the provision of audiovisual communication services, both for 15 years; i.e. to 2025, with automatic renewal for the same periods, provided the requirements of Article 28 of the LGCA are met.

On 5 October 2012, in execution of the agreed merger by absorption, the Spanish Cabinet resolved to authorise the transfer to the Company of the audiovisual communication licence held by Gestora de Inversiones Audiovisuales La Sexta, S.A. and the assignment for private use of the associated public radioelectric domain.

By virtue of these two licences, Atresmedia Corporación de Medios de Comunicación, S.A. operates the following digital terrestrial television channels directly: Antena 3 (also available in high definition), la Sexta (also available in high definition), Neox, Nova and Mega.

- 3) Nationwide audiovisual communication license awarded pursuant to a resolution of the Spanish Cabinet on 16 October 2015 concluding the tender held in accordance with the LGCA, authorising the Company to operate a high definition public television channel. This licence, operated by the Company directly, is valid for 15 years from the award; i.e. until 2030. Under it, the Company broadcasts the Atreseries channel.

Atresmedia Corporación de Medios de Comunicación, S.A. broadcasts content through its digital platform, Atresplayer, and other channels outside Spain, such as Antena 3 Internacional, Atreseries and ¡HOLA! TV. Other activities include the production and marketing of content, telesales and licenses.

Atresmedia and Telefónica signed a letter of intent in September 2019 to create fictional content in Spanish worldwide, which culminated in a 50-50 joint venture between the groups to produce audiovisual content for Atresmedia and Movistar+, as well as for third-party operators. The pertinent authorisations were obtained in June 2020, especially from the antitrust authorities.

The Company is the head of a group of subsidiaries and is obliged under current legislation to prepare, in addition to its own separate financial statements, consolidated financial statements, which also include its interests in joint ventures and investments in associates.

The consolidated financial statements for 2021 were authorised for issue by the Board of Directors at a meeting held on 23 February 2022.

The financial statements for 2020 were approved by shareholders at the General Meeting held on 28 April 2021, without modifications.

The key financial highlights of the 2021 consolidated financial statements are: total assets of EUR 1,414 million, equity of EUR 550 million, revenue of EUR 963 million, and profit for the year of EUR 119 million.

Given the Company's activities, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial position and results of operations. Therefore, no specific environmental disclosures have been included in these notes to the financial statements.

## **2. Basis of preparation**

### ***Financial reporting framework applicable to the Company***

The accompanying financial statements were prepared by the Company's directors in accordance with the financial reporting framework applicable to the Company, which is set out in:

- a) The Spanish Commercial Code and other company law.

b) The Spanish General Accounting Plan (*Plan General Contable*) approved by Royal Decree 1514/2021, as amended by Royal Decree 1/2021, of 12 January, and its industry adaptations, and the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV") Circular 1/2008, of 30 January, on the periodic information of issuers whose securities are admitted to trading on regulated markets.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute implementing the Spanish National Chart of Accounts and the relevant secondary legislation, in addition to the mandatory rules approved by the Spanish National Securities Market Commission.

d) All other applicable Spanish accounting legislation.

The accounting principles and measurement standards used by the Company to prepare the financial statements for the year are the same as those applied in the Company's financial statements for the year ended 31 December 2020, except for the adoption of Royal Decree 1/2021 and the Resolution of 10 February 2021 of the the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas) containing recognition and measurement standards and rules for the preparation of financial statements regarding revenue recognition from the delivery of goods and the rendering of services.

The main amendments mostly entail the transposition to Spanish GAAP of most of the standards contained in IFRS-EU 9, IFRS-EU 15, IFRS-EU 7 and IFRS-EU 13.

The impacts on the Company of adoption of Royal Decree 1/2021 are:

#### *Financial instruments*

It introduces new criteria for the classification, measurement and derecognition of financial assets and financial liabilities and new rules for hedge accounting.

In applying this standard for the first time on 1 January 2021, the Company elected to apply the practical expedient of not restating comparative information for 2020 and prospectively apply hedge accounting and the classification of financial instruments, since the impacts are not material.

It elected the option of changing the classification of assets and liabilities in 2020 without affecting their measurement. The Company's directors considered that these amendments do not have a material impact on the Company's annual financial statements and in any case they will apply the new standards prospectively. The Company did not recognise any adjustment to the carrying amounts of the financial assets and financial liabilities in reserves as at 1 January 2021.

#### *Classification of financial assets*

The Company did not recognise any impact from adopting Royal Decree 1/2021 with respect to the classification and measurement of financial assets and financial liabilities.

#### *Hedge accounting*

The Company has elected to apply hedge accounting under the new standard. However, it did not make any material changes to its hedge model, confirming that current hedging relationships qualify as hedges in line with adoption of the new standard.

#### *Revenue recognition*

The standard outlines a new model for the recognition of revenue from contracts with customers, whereby the Company recognises revenue when it satisfies a performance obligation with customers. Revenue represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services.

In addition, the Company recognises an asset (or inventories) from the costs incurred to fulfil a contract with a customer and accrue the expense for the increment costs of obtaining a contract with a customer, in both cases if it expects to recover those costs.

In applying the standard for the first time as at 1 January 2021, the Company elected to use the practical expedient of applying the standard to new contracts obtained as of that date. After the assessment performed by the Company, there were no material impacts on revenue recognition.

#### ***True and fair view***

The accompanying financial statements were obtained from the Company's accounting records and are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, give a true and fair view of the Company's equity, financial position, results of operations and cash flows for the year. These financial statements, which were authorised for issue by the Company's directors, will be submitted for approval by shareholders at the General Meeting. They are expected to be approved without any changes. The financial statements for 2020 were approved at the General Meeting held on 28 April 2021.

#### ***Non-mandatory accounting principles applied***

No non-mandatory accounting principles were applied. The directors prepared these financial statements taking into account all the mandatory accounting principles and standards with a significant effect thereon. All mandatory accounting principles were applied.

#### ***Highlights of the year: Impact of COVID-19***

The economy continued to rebound in 2021 after the severe impact caused by the outbreak of the COVID-19 pandemic in 2019, recouping some of the ground lost in 2020, but not yet returning to 2019 levels. Considering how the pandemic evolved in 2021, it did not have a material impact on the accompanying financial statements.

After the pandemic caused global GDP to plummet by 11% in 2020, much of the pre-pandemic activity recovered in 2021. The IMF forecast GDP growth for Spain in 2021 of 6.4%, while the Spanish government estimated a 6.5% increase. Both of these forecasts were missed and Spanish GDP ended up advancing 5% in 2021, undermined by certain

factors, such as supply chain disruptions caused by a lack of components, soaring commodity and energy prices, and the sixth wave of COVID-19 in Spain.

The main source expected GDP to grow again in 2022. If current trends hold, economic activity in Spain will get back to pre-pandemic levels within 2-3 years. Both the job market and private consumption are also set to recover gradually to the same extent. Meanwhile, the receipt of EU recovery funds (EUR 140,000 million for Spain between 2021 and 2026) bodes well for a rebound in activity in the sectors affected the most, e.g. leisure, tourism, culture, etc.

In any event, even with a brighter outlook for recovery, the advertising market, like GDP, is unlikely to return to pre-crisis levels in 2022. Therefore, cuts to certain expenditure decided at Group level in 2020 and kept up in 2021, will remain in place for some time. Some will even become permanent, so that the cost structure is more in tune with increasingly challenging circumstances.

The Company continues to implement initiatives to diversify its revenue mix and take advantage of the improvement in the advertising market to promote other business line, e.g. the relaunch of its video-on-demand (VOD) platform, Atresplayer Premium, which ended December 2021 with over 427,000 subscribers. Another key area last year was content production, a crucial revenue-producing activity for the Group, which was reinforced with the creation of Buendía Estudios, a 50/50 content joint venture (JV) with Movistar+. Then there were all the IT developments run by Smartclip, our online advertising marketing subsidiary, which are helping us increase our market share and enhance our digital positioning. Last year also featured the acquisition of H2H, an influencer advertising agency, which is leveraging the vast size of this market and tripled its revenue in 2021. The Group continued to make process in its digital native content development strategy via specialist verticals by acquiring Diariomotor, Spain's leading automotive news website. With this acquisition, Atresmedia Group reached over 27 million users, adding a firmly established and well recognised brand name in the automotive world with over 2.4 million unique monthly users according to independent media measurement company, Comscore, and a community of 300 thousand subscribers with over 20 million views per year.

Amid a fiercely competitive environment, while transforming the business model we will continue to keep this tight grip on costs, aiming to maximise margins at all times. We will also implement a prudent financing policy, aimed at preserving liquidity and a sound balance sheet, while limiting the Group's exposure to financial risks.

### ***Critical issues regarding the measurement and estimation of uncertainties***

The accompanying financial statements were prepared using estimates by the Company's directors to measure certain of the assets, liabilities, revenue, expenses and obligations recognised therein. Basically, these estimates relate to:

- Where there are indications of impairment, the Company tests its investments in group companies and associates for impairment. The determination of the recoverable amount of these investments entails the use of estimates by management. The Company uses discounted cash flow methods to determine these values. The key assumptions and sensitivity analysis are detailed in Note 9. The Company also measures certain investments in group companies and associates using the indirect

method based on the underlying carrying amount of the investment plus the unrealised gains existing at the date of estimation where this method provides better evidence of the recoverable amount considering the activity and specific situation of each investment.

- The fair value of available-for-sale financial assets is subject to uncertainties given the absence of benchmark market values for these investments. The directors' base these estimates on the business plans of the investees or the existence of possible commitments, rights or set-price repurchase or capitalisation agreements.
- The estimation of the useful life of certain intangible assets, such as trademarks, and property, plant and equipment is highly subjective. Notes 4.1 and 4.2 indicate the useful lives considered for each type of intangible asset and property, plant and equipment.
- Calculations of programme amortisation for both in-house and acquired programmes in each year require the application of relevant estimates that best reflect the pattern of consumption. The main estimate used by the Company is the number of showings aired based on showings contracted, as detailed in Note 4.6.
- The Company performs estimates to calculate impairment losses on in-house programmes and on rights to acquired programmes in order to recognise the required impairment losses on such assets. These impairment losses require the use of estimates of future showings of the various types of products and are based on past experience.
- The Company assesses the recoverability of the tax assets based on the estimated future tax bases calculated using the business plan of the tax group of which it is the parent, and the periods considered to be reasonable (see Note 4.8).
- The Company is subject to regulatory and legal procedures. If it is probable that an obligation at year-end will give rise to an outflow of resources, a provision is recognised provided the amount can be reliably estimated. Legal proceedings usually involve complicated matters and are subject to substantial uncertainty. Consequently, the directors make a significant judgement when determining whether it is probable that the process will result in an outflow of resources and estimating the amount (see Notes 4.10 and 14).

Although these estimates were made based on the best information available at year-end 2021, future events may require these estimates to be modified (upwards or downwards) in subsequent reporting periods. Changes in accounting estimates would be applied prospectively.

At year-end, the Company had positive working capital of EUR 338,706 thousand (2020: EUR 235,991 thousand). Excluding programme rights expected to be consumed in more than one year (see Note 12), working capital at year-end 2021 would still be positive at EUR 225,585 thousand (2020: EUR 97,472 thousand).

### ***Significant judgements in the application of accounting principles***

The Company considers that it exercises control over an investee when it has sufficient power to govern its financial and operating policies so as to obtain benefits from its activities. It does not exercise control over the associates that are 50% owned, or less, because under the shareholders agreements it has no powers to participate in the associates' financial and operating policies.

### ***Comparative information***

For comparative purposes, the financial statements present, for each of the items of the balance sheet, the statement of profit or loss, the statement of changes in equity, the statement of cash flows and in the notes thereto, in addition to the figures for 2021, those of the previous year.

### ***Aggregation of items***

Certain items in the balance sheet, the statement of profit or loss, the statement of changes in equity and the statement of cash flows have been aggregated with other items to make them easier to understand. However, whenever the amounts involved are material, the information is disclosed separately in the related notes.

### ***Changes in accounting policies***

There were no significant changes in accounting policies in 2021 relative to the criteria followed in 2020 except as explained at the beginning of this note.

### ***Correction of errors***

No material errors were detected in the accompanying financial statements requiring the restatement of amounts included in the 2020 financial statements.

### ***Functional and presentation currency***

The financial statements are presented in thousands of euros rounded to the nearest thousand. The euro is the Company's functional and presentation currency.

## **3. Distribution of profit**

Distribution of 2021 profit proposed by the directors of the Company to be submitted for approval by shareholders at the General Meeting (in thousands of euros):

	<b>2021</b>
Interim dividend paid in 2021 (EUR 0.18/share)	40,532
Maximum final dividend (EUR 0.24/share)	54,043
To voluntary reserves	3,575
<b>Total</b>	<b>98,150</b>

The Company's Board of Directors, at the meeting held on 17 November 2021, resolved to distribute out of the Company's profit for 2021 a gross amount of eighteen euro cents (EUR 0.18) for each of the shares entitled to receive this interim dividend, representing a total of EUR 40,532 thousand, recognised under "Equity - Interim dividend" in the balance sheet.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividends is as follows:

**LIQUIDITY STATEMENT FOR THE PAYMENT OF THE 2021 INTERIM DIVIDEND**

	<b>Thousands of euros</b>
<b>Liquidity at 31 October 2021</b>	<b>476,645</b>
Projected cash until 31 October 2022	
Operating activities from November 2021 to October 2022	76,522
Financing activities from November 2021 to October 2022	—
Projected payment of 2021 interim dividend	(40,532)
<b>Projected liquidity at 31 October 2022</b>	<b>512,635</b>

#### **4. Accounting policies**

The principal accounting policies used by the Company in preparing its financial statements for 2021 and 2020, in accordance with the Spanish National Chart of Accounts, were as follows:

##### **4.1 Intangible assets**

As a general rule, intangible assets are measured initially at cost of acquisition or production. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment. These assets are amortised over their useful lives.

##### *Licences and trademarks*

In these financial statements, the Company has recognised the amounts relating to the licence and the trademark identified in the purchase price allocation process arising from the merger with Gestora de Inversiones Audiovisuales La Sexta, S.A. carried out in 2012.

The trademark is amortised on a straight-line basis over its estimated useful life of 20 years.

Since 1 January 2016, the licence, which in prior years was considered to have an indefinite useful life, has been amortised over 10 years in accordance with Royal Decree 602/2016, of 2 December, which modified the measurement criteria for intangible assets and states that asset are amortised over a period of 10 years when the useful lives of the assets cannot be estimated reliably.



### *Computer software*

The Company recognises costs incurred to acquire or develop software computer programs, including website development costs, under this item. Computer software maintenance costs and payments made to develop websites for promotional or product or service advertising reasons are recognised with a charge to the statement of profit or loss for the year in which they are incurred.

Computer software is amortised on a straight-line basis over three to five years.

## **4.2 Property, plant and equipment**

Property, plant and equipment are measured initially at cost of acquisition or production, and subsequently reduced by the related accumulated depreciation and any impairment losses, as indicated in this note.

Expenses for repairs and maintenance of items of property, plant and equipment are taken to the statement of profit or loss in the year incurred. However, costs incurred to improve items which increase capacity or efficiency, or extend the useful life of the asset are capitalised as an increase in the cost of the related asset.

The Company depreciates property, plant and equipment using the straight-line method at annual rates based on the following years of estimated useful life of the related assets:

	<b>Years of estimated useful life</b>
Buildings	33
Plant	5 to 8
Computer hardware	3 to 5
Other fixtures	6 to 10
Other items of property, plant and equipment	6 to 10

## **4.3 Impairment of intangible assets and property, plant and equipment**

The Company assesses the existence of indications of potential impairment of the non-financial assets subject to amortisation and depreciation, in order to check whether carrying amount exceeds recoverable amount, understood to be the higher of fair value less costs of disposal and value in use.

For property, plant and equipment, impairment is calculated item by item, on an individual basis.

Where an impairment loss subsequently reverses (not permitted in the specific case of goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income.

#### **4.4 Operating leases**

Income and expenses from operating leases are taken to profit or loss for the reporting period in which they are accrued.

Any payment received or made on entering into an operating lease is considered as revenue received in advance or a prepayment and taken to profit or loss over the lease term in accordance with the pattern of economic benefits transferred or received.

The leases in which the Company is a lessor consist basically of facilities which the Company has leased to companies in its group.

#### **4.5 Financial instruments**

##### *Recognition and classification of financial instruments*

The Company classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

It recognises a financial instrument when it becomes a party to the contractual or legal provisions of the instrument as issuer, investor or acquirer.

The Company recognises debt instruments from the date on which the legal right to receive, or the legal obligation to pay, cash arises.

The Company recognises derivative financial instruments, including forward contracts, from the trade date, except for those that prevent the Company from derecognising the financial assets transferred, which are recognised as stipulated in that rule.

For measurement purposes, the Company classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those designated initially as held for trading or mandatorily measured at fair value through profit or loss, financial assets and liabilities measured at amortised cost and financial assets at fair value through equity, separating equity instruments designated as such from the rest of the financial assets, and financial assets measured at cost. The Company classifies financial assets at amortised costs and fair value through equity, except equity instruments designated as such in accordance with the business model and the contractual cash flow characteristics. The Company classifies financial liabilities as measured at amortised cost, except those designated as at fair value through profit or loss and those held for trading.

The Company classifies a financial asset or liability as held for trading if:

- it is originated, acquired, issued or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated hedging instrument; or

- it is an obligation that the Company has to deliver financial assets borrowed by a short seller

The Company classifies a financial asset at amortised cost, even if it is admitted to trading, if it is held within a business model whose objective is to hold the investment in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Company classifies a financial asset at fair value through equity if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

The business model is determined by the Company's key management personnel at a level that reflects how groups financial assets are managed together to achieve a particular business objective. The Company's business model refers to how it manages its financial assets in order to generate cash flows.

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The Company manages the assets held within the portfolio to collect those particular contractual cash flows. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Company considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity. However, sales in themselves do not determine the business model and therefore cannot be considered in isolation. Instead, information about past sales and expectations about future sales provide evidence related to how the Company's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised. The Company considers information about past sales within the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions. For these purposes, the Company considers that trade debtors and receivables that will be transferred to third parties and that will not result in their derecognition are held in this business model.

Although the objective of the Company's business model may be to hold financial assets in order to collect contractual cash flows, it need not hold all of those instruments until maturity. Thus, the Company's business model is to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future. The Company understands that this requirement is met when sales are due to an increase in the financial assets' credit risk. In the rest of the cases, the sales are insignificant both individually and in aggregate, whether they are frequent or infrequent.

The financial assets that are held within a business model whose objective is achieved by both holding assets to collect contractual cash flows and selling them are managed to realise cash flows by collecting contractual payments and selling them in accordance with the Company's various needs. In this type of business model, the Company's key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model.

Compared to the previous business model, this business model will typically involve greater frequency and value of sales.

The contractual cash flows that are payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. However, in such an arrangement, interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement.

On initial recognition, the Company designates equity instruments that are neither held for trading nor are measured at cost as measured at fair value through equity.

In any case, the Company classifies the following financial assets at cost:

- a. Equity investments in group companies group companies, jointly controlled entities and associates.
- b. Equity investments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or cannot be estimated reliably, and derivatives in which the underlyings are these investments.
- c. Contributions made as a result of joint account contracts or similar agreements.

Financial assets and liabilities that are contingent consideration arising in a business combination are classified as financial assets and liabilities measured at fair value through profit or loss.

The Company, at initial recognition, designates a financial liability as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency (i.e. accounting mismatch) that would otherwise arise from measuring the assets or liabilities or recognising the gains and losses on them on different bases, of a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about the group is provided internally on that basis to the Company's key management personnel.

The Company classifies the rest of its financial liabilities, except financial guarantee contracts, commitments to provide a loan at a below-market interest rate, and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition or when the continuing involvement approach applies, such as financial liabilities at amortised cost.

#### *Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are recognised initially at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method.

*Financial assets at fair value through equity*

Financial assets at fair value through equity are initially measured at fair value plus directly attributable transaction costs.

After initial recognition, financial assets classified in this category are measured at fair value and any gain or loss is accounted for in income and expense recognised in equity, except for impairment losses and foreign exchange gains and losses on debt instruments. On disposal of the financial assets, amounts recognised in equity or the impairment loss are taken to profit or loss.

*Financial assets and liabilities at fair value through profit or loss*

The Company recognises financial assets and liabilities at fair value through profit or loss initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability are recognised as an expense as incurred.

The fair value of a financial instrument at initial recognition is normally the transaction price, unless the price contains different elements of the instrument, in which case the Company determines its fair value. If the Company determines that the fair value of an instrument differs from the transaction price, it recognises the difference as a gain or loss, only where the value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. In the rest of the cases, the Company recognises the difference in profit or loss to the extent that it arises from a change in a factor that market participants would take into account when pricing the asset or liability.

After initial recognition, the instruments are measured at fair value through profit or loss. Changes in fair value include the interest and dividend component. Fair value is not reduced by transaction costs incurred on sale or disposal.

*Financial assets and liabilities measured at cost*

Investments in equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost. However, any time the Company has a more reliable measure of the financial asset or liability on a lasting basis, the asset or liability is measured at fair value, with any gains or losses recognised in profit or loss in accordance with their classification.

The Company measures investments included in this category at cost, which is the fair value of the consideration given or received, plus or minus directly attributable transactions costs, and minus any accumulated impairment losses.

*Investments in group companies, associates and jointly controlled entities*

Group companies are companies over which the Company, either directly or indirectly through subsidiaries, exercises control according to art. 42 of the Spanish Code of Commerce, or when the companies are controlled by any means by one or more natural or legal person acting jointly or under single management by contractual or bylaw-stipulated agreement.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, considering for these purposes potential voting rights that may be exercised or converted at the end of the reporting period held by the Company or another party.

Associates are investees over which the Company exercises significant influence either directly or indirectly via other subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Assessment of the existence of significant influence takes into account potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or another entity.

Jointly controlled entities are those which are jointly managed by the Company or one or more group companies, including parent entities or controlling individuals, and one or more third parties.

Investments in group companies, associates and jointly controlled entities are initially recognised at cost, which is the fair value of the consideration given, including transaction costs incurred in investments in associates and jointly controlled entities, and subsequently at cost less accumulated impairment losses. However, in acquisitions of investments in group companies that are not considered a business combination, transaction costs are also included in the acquisition cost. Investments in group companies acquired before 1 January 2020 include transaction costs in the acquisition cost.

The amount of any additional consideration whose payment is contingent on future events or compliance with certain conditions is recognised at its acquisition-date fair value.

Contingent consideration is classified in accordance with the underlying contractual terms and conditions as a financial liability, an equity instrument or a provision.

#### *Reclassifications of financial instruments*

The Company reclassifies financial assets when it changes its business model for managing them, or when it meets or no longer qualifies for classification as an investment in group companies, jointly controlled entities or associates, or the fair value of an investment is no longer or becomes reliable, except for equity instruments classified at fair value through equity, which cannot be reclassified. The Company does not reclassify financial liabilities.

If the Company reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, it recognises any gains or losses between the fair value and the carrying amount in profit or loss. From that moment, the Company does not separately recognise the interest on the financial asset.

If the Company reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortised cost measurement category, it considers the new carrying amount for applying the effective interest rate method and the recognition of impairment losses.

If the Company reclassifies a financial asset out of the amortised cost measurement category and into the fair value through equity category, it recognises any gains or losses between the fair value and the carrying amount in equity. The effective interest rate and

measurement of impairment losses are not adjusted as a result of the reclassification. However, the cumulative amount of impairment losses is recognised in equity and disclosed in the notes.

If the Company reclassifies a financial asset out of the fair value through equity measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value. The amount deferred in equity is adjusted against the carrying amount of the asset. The effective interest rate and measurement of impairment losses are not adjusted as a result of the reclassification. However, the Company recognises at that time any accumulated impairment loss separate from the gross amount of the financial asset.

If the Company reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through equity measurement category, the effective interest rate and impairment losses are determined by reference to the fair value at the reclassification date. Equity instruments cannot be reclassified.

If the Company reclassifies a financial asset out of the fair value through equity measurement category and into the fair value through profit or loss measurement category, the amount deferred in equity is reclassified to profit or loss. From that moment, the Company does not separately recognise the interest on the financial asset.

#### *Interest and dividends*

The Company recognises interest and dividends accrued on financial assets after acquisition as income in profit or loss.

The Company recognises interest of financial assets measured at amortised cost using the effective interest method and dividends when the Company's right to receive payment is established.

If distributed dividends are clearly derived from profits generated prior to the acquisition date because amounts have been distributed which are higher than the profits generated by the investee or of its investees since acquisition, the carrying amount of the investment is reduced. These criteria are applied irrespective of the measurement criteria of equity instruments. Therefore, for equity instruments measured at fair value, the value of the investment is also reduced and the subsequent increase in value is recognised in profit or loss or in equity, depending on the classification of the instruments.

#### *Derecognition of financial assets*

The Company applies criteria of derecognition of financial assets to a part of a financial asset or a part of a group of similar financial assets, or a financial asset or a group of similar financial assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. In addition, financial assets for which the Company retains the contractual rights to receive the cash flows are only derecognised when it assumes contractual obligations to pay the cash flows to one or more recipients and the following requirements are met:

- Payment of the cash flows is dependent on prior collection;

- The Company may not sell or pledge the financial asset

The cash flows collected on behalf of the eventual recipients are remitted without any material delay; the Company is not entitled to reinvest the cash flows. Investments in cash and cash equivalents made by the Company during the settlement period, i.e. between the collection date and the date of required remittance agreed with the eventual recipients, are excluded from the application of this criterion, provided that the interest earned is passed to the eventual recipients.

On derecognition of a financial asset in its entirety, the gain or loss is determined as the difference between the carrying amount of the asset, and the consideration received net of transaction costs, including any new asset obtained less any liability assumed. In addition, any amounts deferred in equity are reclassified to profit or loss.

#### *Impairment of financial assets*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises any necessary valuations allowances for impairment of financial assets at amortised cost as a result of a reduction or delay in the estimated future cash flows due to debtor insolvency.

Equity investments are considered to be impaired when the carrying amount will not be recovered due to a significant or prolonged decline in the fair value.

In any event, the Company considers that financial assets measured at fair value through equity are impaired after a decline of a year and a half and of forty percent of its quoted price with no recovery in value.

However, where there is a decline in the fair value of those instruments and a subsequent recovery above the quoted reference price, the period of one and a half years begins from the date on which, after that recovery, there is a new prolonged decline in the quoted price, unless the recovery in fair value was the result of an isolated and immaterial event, in which case the year and a half runs from the first decline. The same criteria are applied to determine whether there has been a decline of forty percent in the quoted price. For these purposes, the quoted reference price is understood to be the initial measurement of the asset or, in the event of several acquisitions, the weighted average price of a group of identical assets.

- Impairment of investments in group companies, associates and jointly controlled entities measured at cost

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of the present value of the future cash flows from the investment and fair value less costs to sell. The investee's equity is taken into consideration, adjusted for any unrealised gains existing at the measurement date (including any goodwill), unless better evidence of the recoverable amount investment is available.



The present value of the future cash flows from the investment are calculated based on the Company's share of the present value of the future cash flows expected to be received from the ordinary course of business and its disposal, or the estimated cash flows expected to be received from the distribution of dividends and the disposal of the investment.

Reversals of impairment losses when the recoverable amount is increased are recognised up to the limit of the carrying amount of the investment that would have been disclosed had the impairment loss not been

#### *Derecognition and modifications of financial liabilities*

The Company derecognises a financial liability, or part of a financial liability, when it discharges the obligation or is legally released from primary responsibility for the obligation through a judicial proceeding or by the creditor.

An exchange between the Company and the counterparty of debt instruments with substantially different terms and substantial modifications of the terms of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Company considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

#### *Hedge accounting*

Derivative financial instruments are measured initially using the same criteria as for financial assets and financial liabilities. Derivative financial instruments that do not qualify for hedging accounting, as explained below, are classified and measured as financial assets and financial liabilities at fair value through profit or loss. Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments. However, transaction costs are subsequently measured in profit or loss to the extent that they do not form part of the effective change of the hedge.

All the derivatives held by the Company at 31 December 2021 were OTC derivatives, whose prices are not quoted on active futures and options markets. Therefore, it is necessary to apply generally accepted valuation techniques, based on objective market data, used in the measurement of financial instruments of this nature.

- *Foreign currency hedges*

The derivative financial instruments held by the Company companies are basically cash flow hedges arranged to mitigate the exposure of the cash flows associated with external production rights to fluctuations in the USD/EUR exchange rate.

Foreign currency hedging contracts are measured using the spot exchange rate and the forward interest rate curves of the related currencies. The "market" foreign currency hedge is calculated at year-end and is compared with the price of the foreign currency hedge entered into.

- *Interest rate hedges*

For the syndicated financing arranged, the Parent entered into interest rate swaps (IRSs) to fix the finance cost arising from the floating rates applicable to each of the tranches of this financing. For new syndicated financing, it entered into cash flow hedges (CAP) to minimise interest rate risk.

With IRSs, the parties agree to swap, on predetermined dates, the cash flows resulting from applying an interest rate to a nominal amount. The rate applied to the payments of a portion is fixed, whereas the other portion is a floating rate (based on a benchmark rate).

- *Cross currency swaps*

The Group uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros. These are cash flow hedges that hedge exposure to the currency and interest rate risk of the cash flows related to the hedged underlying.

Hedging instruments are recognised in the balance sheet at fair value, with the portion of any gain or loss on the hedging instrument determined to be effective recognised directly in equity, in accordance with hedge accounting.

For foreign currency hedges, when the term of the broadcasting rights designated as a hedged item commences, the related gains or losses on the derivative that were recognised in equity are included in the initial carrying amount of the asset. Any changes in fair value of the hedging instrument from then are recognised directly in profit or loss for the year.

The Company measures the effectiveness of these cash flow hedges by analysing the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of hedged items attributable to the hedged risk. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. This determination is made using the European Central Bank's benchmark exchange rate on the closing date, the quoted prices of swaps at the measurement date, interest rates prevailing on the measurement, credit risk and generally accepted techniques in the market. For effective hedges, the gain or loss on the hedging instrument is recognised temporarily in equity and taken to profit or loss in the periods in which the hedged transaction affects profit or loss.

When the hedge no longer meets the criteria for hedge accounting and the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss.

#### **4.6. Inventories**

##### Programme rights

Programme rights and inventories are measured, based on their nature, as follows:

- 1. Inventoriable in-house productions (programmes produced to be rerun, such as fiction series) are measured at acquisition and/or production cost, which includes both external costs billed by third parties for programme production and for the acquisition of resources, and internal production costs, which are calculated by applying previously

determined internal rates on the basis of the time during which operating resources are used in production. The costs incurred in producing the programmes are recognised, based on their nature, under the appropriate headings in the statement of profit or loss and are included under "Programme rights" in the balance sheet with a credit to "Procurements - Inventories" in the accompanying statement of profit or loss.

Amortisation of these programmes is recognised under "Programme amortisation and other" in the statement of profit or loss, on the basis of the number of showings. Following the analyses performed by the Company of actual showings of this type of programme, series broadcast weekly are amortised at 99% of the production cost when the first showing of each episode is broadcast and at 1% when the broadcast is repeated. Series broadcast daily are amortised in full when first broadcast. In any event, the maximum period for the amortisation of programmes is three years, after which the unamortised amount is written off. These digital programmes are amortised on a straight-line basis over a period of three years from when the programme is available on the related platform.

- 2. Non-inventoriable in-house productions (programmes produced to be shown only once) are measured using the same methods and procedures as those used to measure inventoriable in-house productions. Programmes produced and not shown are recognised at year-end under "Programme rights - In-house productions and productions in progress" in the balance sheet. The cost of these programmes is recognised as an expense under "Programme amortisation and other" in the statement of profit or loss at the time of the first showing.

- 3. Rights on external productions (films, series and other similar productions) are measured at acquisition cost. These rights are deemed to have been acquired when the term of the right commences for the Company. Payments made to external production distributors prior to the commencement of the term of the rights are recognised under "Advances to suppliers" in the balance sheet.

When payments to external production distributors are made in foreign currency, these rights are recognised in the balance sheet by applying the spot exchange rate prevailing when the term of the right commences to the foreign currency amount.

Also, the initial value of all the external productions acquired by the Company for which derivative instruments designated as cash flow hedges were arranged in order to hedge foreign currency risk includes:

- the portion of the cumulative gain or loss on the hedging instrument recognised in equity (effective hedge) at the beginning of the term of the right; and
- the accumulated exchange gains or losses on that date for payments made prior to the commencement of the term of the right.

The amortisation of the rights is recognised under “Programme amortisation and other” in the statement of profit or loss, on the basis of the number of showings, at the rates shown below, which are established on the basis of the number of showings contracted:

FILMS	Number of showings contracted		
	1	2	3 or more
1st showing	100%	50%	50%
2nd showing	—	50%	30%
3rd showing	—	—	20%

SERIES	Number of showings contracted	
	1	2 or more
1st showing	100%	50%
2nd showing	—	50%

There are no assets specifically acquired to be amortised within a period of over 12 months. All the programme assets are subject to amortisation, i.e. included in the operating cycle, once they are recognised as assets. It is not possible to ascertain which assets will be amortised beyond the period of 12 months. The programming policy has differing degrees of specificity depending on when the programme schedules are prepared. The Company estimates the total amount which would be amortised beyond that year, based on past experience and the approximate estimate of amortisation.

– 4. Live broadcasting rights are measured at cost. The cost of these rights is recognised as an expense under “Programme amortisation and other” in the statement of profit or loss at the time of broadcast of the event on which the rights were acquired.

#### Raw and other materials

Dubbings, sound tracks, titles and signature tunes of external productions are stated at acquisition or production cost. The amortisation of rights is recorded under “Programme amortisation and other” in the statement of profit or loss at the time of the showing, using the same methods as those used for external productions.

Other inventories are recorded at acquisition cost and are allocated to profit or loss by the effective or actual amortisation method over the production period.

#### Impairment losses on programme rights

The Company recognises an impairment allowance to reduce the unamortised value of in-house productions and of the rights on external productions which it considers will not be shown. When these rights expire, the valuation adjustments are applied to cancel the costs.

#### Classification of programmes

In accordance with the Spanish National Chart of Accounts, programme inventories are classified as current assets on the basis of the normal operating cycle and standard practice in the industry in which the Company operates. However, programmes are amortised over several years (see Note 12).

#### **4.7 Foreign currency transactions**

The Company's functional currency is the euro. Therefore, transactions in other currencies are considered to be denominated in foreign currency and are recognised at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the statement of profit or loss in the year in which they arise.

Monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting gains or losses are recognised in equity or in profit or loss by applying the same methods as those used to recognise changes in fair value, as described in Note 4.5 on financial instruments.

#### **4.8 Income tax**

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax is the amount of taxes payable by the Company as a result of income tax or other tax settlements for a period. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, and tax loss carryforwards and credits applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax expense or income relates to the recognition and settlement of deferred tax assets and liabilities. These include the temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as the carry forward of unused tax credits. These amounts are measured by applying to the relevant temporary difference or tax credit the tax rate at which they are expected to be realised or settled.

Current and deferred tax expense (income) are recognised in profit or loss except where they relate to a transaction or event which is recognised in the same or a different period in equity or arise from a business combination.

The Company began filing consolidated tax returns in 2001 with other Group companies indicated in Note 17.

In addition to the aforementioned parameters used for the purposes of individual taxation, the determination of the income tax expense of the companies filing consolidated tax returns also takes into account the following:

- The temporary and permanent differences arising as a result of the elimination of the results of intra-Group transactions in the process used to calculate consolidated taxable profit or tax loss.
- The tax credits and tax relief of each company in the consolidated tax group; for these purposes, the tax credits or tax relief are allocated to the company that performed the activity or obtained the income required to give entitlement to the tax credit or tax relief.

- The temporary differences arising as a result of the elimination of the results of intra-tax group transactions are recognised in the company that has generated the result and are measured at the tax rate applicable to it.

The portion of the tax losses reported by certain Group companies that has been offset by the other consolidated Group companies gives rise to the recognition of a reciprocal receivable and payable between the companies that reported the losses and the companies that offset them. If there are any tax losses that cannot be offset by the other consolidated Group companies, the related tax loss carryforwards are recognised as deferred tax assets, considering the tax group to be the taxpayer for their recovery.

The Company, as Parent of the Group, recognises the total consolidated income tax payable (or recoverable) with a charge (credit) to tax receivable from or tax payable to Group companies and associates.

The payables to or receivables from subsidiaries are recognised with a credit or charge, respectively, to payables to and receivables from Group companies and associates.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable income (tax loss).

Deferred tax assets are only recognised to the extent that it is considered probable that the Company will have future taxable income to enable their application.

Deferred tax assets and liabilities relating to items recognised directly in equity are recognised in equity.

Recognised deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Unless the presumption is rebutted, it is considered unlikely that the Company will have sufficient future taxable profits when it is foreseen that the assets will be recovered within a period of more than 10 years from the reporting date, independently of the nature of the deferred tax asset, or in the case of tax credits and other tax benefits not yet used for tax purposes due to not having sufficient tax payable, when, having carried out the activity giving rise to that tax credit or tax relief or having obtained the income giving rise to that tax credit or tax relief, there are reasonable doubts as to the fulfilment of the requirements to effectively use them.

The Company only recognises deferred tax assets from the carry forward of tax losses to the extent that it is likely that taxable future profit will be obtained to enable such tax losses to be utilised within a period not exceeding the term provided for in the applicable tax legislation, with a maximum limit of 10 years, unless there is evidence that their recovery is likely within a period of more than 10 years, where tax legislation allows them to be offset within a period of more than 10 years or sets no time limit for their offset.

#### **4.9 Revenue and expenses**

The Company performs an extensive analysis of the various classes of customer contracts covered by identifying the performance obligations for each contract type as provided for in the standard, and verifying the approaches for determining the transaction price and its allocation to each of the obligations, and recognising the revenue upon satisfaction of the obligation of the contract.

For advertising revenues from television and digital, which make up more than bulk of the Company's revenue, the performance obligation is met when the advertising campaign is broadcast, which is when the related revenue is recognised. The accounting standard requires allocation of the transaction price on a stand-alone selling price basis, which can affect the amount and the timing of revenue recognition.

For other business lines, including audiovisual distribution and the sale of content, customer contracts generally have a large variety of performance obligations, from contracts involving production services to multi-year licensing agreements, as well as ancillary rights and services, and distribution activities. Application of the accounting standard requires the Company to assess the nature of its promise in contracts (access or usage rights) to determine whether the licences grant a right to access content (revenue recognised over time) or a right to use content (revenue recognised at a point in time). The Company has determined that most of the licences granted are licences for which revenue is recognised when the customer obtains control. In addition, variable consideration is recognised based on the best estimate in accordance with the entity's experience.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment is established. In any event, interest and dividends accrued on financial assets after acquisition are recognised as income.

The Company's expenses are recognised on an accrual basis.

#### **4.10 Provisions and contingencies**

In preparing the financial statements, the Company's directors made a distinction between:

- Provisions: the Company recognises provisions when it has a present obligation (legal or constructive) as a result of a past event, and a reliable estimate can be made of the amount of the obligation.
- Contingent liabilities: possible obligations arising from past events, whose future existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company.
- Provisions for termination benefits: termination benefits for involuntary termination are recognised when there is a formal plan for the termination and a valid expectation among the affected employees that the employment will be terminated either because the plan has started or because its main characteristics have been published.

The financial statements include all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources is considered to be remote.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation or transfer it, taking into account the information available on the event and its consequences. Adjustments arising from the discounting of the provision are recognised as a finance expense when accrued.

Reimbursement receivable from another party on settlement of the obligation is recognised as an asset, provided that the reimbursement is virtually certain, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the reimbursement is taken into account for the purpose of estimating the amount of the related provision that should be recognised.

#### **4.11 Environmental assets and liabilities**

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and restore the environment, including the reduction or elimination of pollution in the future.

Given the Company's activities, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

#### **4.12 Business combinations**

Business combinations are accounted for using the acquisition method, which requires determination of the acquisition date and calculation of the cost of the combination. The acquirer recognises the identifiable assets acquired and the liabilities assumed at their acquisition-date fair value.

Goodwill or gains from a bargain purchase arising on the combination is calculated as the difference between the aggregate of the acquisition-date fair value of the recognised assets acquired and liabilities assumed and the cost of the business combination.

The cost of a business combination is the sum of:

- the acquisition-date fair value of the assets transferred, the liabilities incurred or assumed and the equity instruments issued; and
- the fair value of any contingent consideration that depends on future events or compliance with certain pre-determined conditions.

Costs related to the issue of equity instruments or the financial liabilities given as consideration for the acquired assets and liabilities are not included in the cost of the business combination.

In addition, since January 1, 2010, the cost of a business combination also does not include the fees paid to legal advisers and other professionals involved in the combination, or any



costs incurred internally in this connection. These amounts are charged directly to profit or loss.

In the exceptional event that a gain from bargain purchase arises on the combination, the gain is accounted for as income in the statement of profit or loss.

If the measurement process required for the application of the acquisition method is incomplete by the end of the reporting period in which the combination occurs, the accounting is considered provisional. The provisional values may be adjusted over the necessary period to obtain the information required. This period shall not exceed one year. The effects of the adjustments made are accounted for retrospectively, with comparative information also adjusted retrospectively as necessary.

Changes in fair value of the contingent consideration are adjusted against profit or loss, except where the contingent consideration is classified as equity, in which case subsequent changes in fair value are not recognised.

#### **4.13 Related party transactions**

The Company carries out all transactions with related parties at arm's length. In addition, transfer prices are adequately supported, so the Company's directors consider that there are no material risks in this connection that could lead to significant liabilities in the future.

#### **4.14 Current versus non-current classification**

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within 12 months from the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. All other assets are classified as non-current.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities classified as held for trading, except financial derivatives that will be settled in more than one year, and, in general, all liabilities expected to fall due or to be extinguished in the short term. All other liabilities are classified as non-current.

#### **4.15 Share-based payments**

The Company had a remuneration scheme entailing the delivery of shares to certain directors and senior executives (see Note 20.3).

Payments made to beneficiaries through the issue of equity instruments are recognised by applying the following criteria:

- If the equity instruments granted vest immediately upon being granted, the services received are recognised with a charge to profit or loss and an increase in "Other equity instruments";
- If the equity instruments granted vest when the beneficiaries complete a specified period of service, the services received are recognised over the vesting period with a credit to "Other equity instruments".

The Company determines the fair value of the instruments granted to beneficiaries on the grant date.

The market vesting conditions are considered when the fair value of the instrument is determined. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the amount of the transaction, so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Company recognises the amount for the services received over the vesting period, based on the best estimate of the number of instruments that will vest, and this estimate is revised based on the rights expected to vest.

Once the services received and the corresponding increase in "Other equity instruments" are recognised, no additional adjustments are made to equity after the vesting date, without prejudice to making the corresponding reclassifications in equity.

If the Company withholds equity instruments to pay the income tax of the beneficiary to the taxation authority, the plan is treated as having been settled in full in equity instruments, except for the portion of the instruments withheld that exceed the fair value of the tax obligation.

#### **4.16 Employee benefits**

##### Termination benefits

Termination benefits are recognised at the earlier of the date from which the Company can no longer withdraw its offer and that on which it recognises the costs of a restructuring effort that will entail the payment of termination benefits.

In respect of termination benefits as a result of employees deciding to accept an offer, the Company is deemed unable to withdraw its offer from the earlier of the date on which the employees accept the offer or the date of effectiveness of any form of restriction on the Company's ability to withdraw the offer.

In respect of involuntary termination, the Company is deemed unable to withdraw its offer when it has communicated the plan to the affected employees or their union representatives and the actions needed to complete the plan suggest that it is unlikely that there will be significant changes in its terms; the plan identifies the number of employees whose services are to be terminated, their job classification or function, their location and their expected termination date; and the termination benefits to be received by the laid-off employees have been established in sufficient detail to enable them to determine the type and amount of remuneration they will receive upon termination.

If the Company expects to settle the benefits wholly after 12 months after the end of the annual reporting period, the liability is discounted by reference to market yields on high quality corporate bonds.

## 5. Intangible assets

Changes in intangible assets in the balance sheet in 2021 and 2020:

Thousands of euros	Balance at 1/1/21	Additions or charges	Disposals or reductions	Transfers	Balance at 31/12/21
<b>Cost</b>					
Licences	60,666	—	—	—	60,666
Trademarks	15,819	—	—	75	15,894
Intellectual property	485	—	—	—	485
Computer software	68,456	—	—	6,098	74,554
Other intangible assets	2,242	—	—	—	2,242
Intangible assets in progress	—	3,825	—	(3,825)	—
	<b>147,668</b>	<b>3,825</b>	<b>—</b>	<b>2,348</b>	<b>153,841</b>
<b>Accumulated amortisation</b>					
Licences	(30,335)	(6,067)	—	3	(36,399)
Trademarks	(6,526)	(814)	—	—	(7,340)
Intellectual property	(462)	—	—	—	(462)
Computer software	(58,076)	(5,925)	46	(2,350)	(66,305)
Other intangible assets	(2,012)	(76)	—	(1)	(2,089)
	<b>(97,411)</b>	<b>(12,882)</b>	<b>46</b>	<b>(2,348)</b>	<b>(112,595)</b>
<b>Total</b>	<b>50,257</b>	<b>(9,057)</b>	<b>46</b>	<b>—</b>	<b>41,246</b>

Thousands of euros	Balance at 1/1/20	Additions or charges	Disposals or reductions	Transfers	Balance at 31/12/20
<b>Cost</b>					
Licences	60,666	—	—	—	60,666
Trademarks	15,819	—	—	—	15,819
Intellectual property	482	—	—	3	485
Computer software	63,722	—	—	4,734	68,456
Other intangible assets	2,242	—	—	—	2,242
Intangible assets in progress	—	4,737	—	(4,737)	—
	<b>142,931</b>	<b>4,737</b>	<b>—</b>	<b>—</b>	<b>147,668</b>
<b>Accumulated amortisation</b>					
Licences	(24,268)	(6,067)	—	—	(30,335)
Trademarks	(5,735)	(791)	—	—	(6,526)
Intellectual property	(402)	(60)	—	—	(462)
Computer software	(52,778)	(5,298)	—	—	(58,076)
Other intangible assets	(1,935)	(77)	—	—	(2,012)
	<b>(85,118)</b>	<b>(12,293)</b>	<b>—</b>	<b>—</b>	<b>(97,411)</b>
<b>Total</b>	<b>57,813</b>	<b>(7,556)</b>	<b>—</b>	<b>—</b>	<b>50,257</b>

The Company had the following fully amortised intangible assets still in use in 2021 and 2020 (in thousands of euros):

Description	Gross carrying amount	
	2021	2020
Computer software	53,210	48,957
Other intangible assets	2,008	1,975
<b>Total</b>	<b>55,218</b>	<b>50,932</b>

## 6. Property, plant and equipment

Changes in property, plant and equipment and the most significant information affecting this item in 2021 and 2020 (in thousands of euros):

Thousands of euros	Balance at 1/1/21	Additions or charges	Disposals or reductions	Transfers	Balance at 31/12/21
<b>Cost</b>					
Land and buildings	62,112	—	—	390	62,502
Plant and machinery	122,347	—	(447)	3,707	125,607
Other fixtures and tools	585	—	(144)	(196)	245
Furniture	6,860	—	(113)	533	7,280
Computer hardware	30,147	—	(544)	2,265	31,868
Transport equipment and other items of property, plant and equipment	21	—	—	—	21
Property, plant and equipment in progress	31	4,988	—	(4,914)	105
	<b>222,102</b>	<b>4,988</b>	<b>(1,248)</b>	<b>1,785</b>	<b>227,627</b>
<b>Accumulated depreciation</b>					
Land and buildings	(40,128)	(1,367)	—	(272)	(41,767)
Plant and machinery	(113,451)	(3,212)	447	(2,142)	(118,358)
Other fixtures and tools	(1,404)	(1,073)	144	2,089	(244)
Furniture	(6,274)	(188)	111	(516)	(6,867)
Computer hardware	(27,748)	(1,400)	544	(944)	(29,548)
Transport equipment and other items of property, plant and equipment	(21)	—	—	—	(21)
	<b>(189,026)</b>	<b>(7,240)</b>	<b>1,246</b>	<b>(1,785)</b>	<b>(196,805)</b>
<b>Total</b>	<b>33,076</b>	<b>(2,252)</b>	<b>(2)</b>	<b>—</b>	<b>30,822</b>

Thousands of euros	Balance at 1/1/20	Additions or charges	Disposals or reductions	Transfers	Balance at 31/12/20
<b>Cost</b>					
Land and buildings	61,828	—	—	284	62,112
Plant and machinery	120,739	—	(314)	1,922	122,347
Other fixtures and tools	61	—	(45)	569	585
Furniture	6,834	—	(6)	32	6,860
Computer hardware	28,770	—	(406)	1,783	30,147
Transport equipment and other items of property, plant and equipment	21	—	—	—	21
Property, plant and equipment in progress	85	4,536	—	(4,590)	31
	<b>218,337</b>	<b>4,536</b>	<b>(771)</b>	<b>—</b>	<b>222,102</b>
<b>Accumulated depreciation</b>					
Land and buildings	(38,738)	(1,390)	—	—	(40,128)
Plant and machinery	(109,491)	(4,274)	314	—	(113,451)
Other fixtures and tools	(60)	(1,389)	45	—	(1,404)
Furniture	(6,057)	(223)	6	—	(6,274)
Computer hardware	(26,721)	(1,431)	404	—	(27,748)
Transport equipment and other items of property, plant and equipment	(21)	—	—	—	(21)
	<b>(181,088)</b>	<b>(8,707)</b>	<b>769</b>	<b>—</b>	<b>(189,026)</b>
<b>Total</b>	<b>37,249</b>	<b>(4,171)</b>	<b>(2)</b>	<b>—</b>	<b>33,076</b>

The Company owns individually significant property with the following separate value of construction (net of depreciation) and that of the land at the end of 2021 and 2020 (in thousands of euros):

Property	2021	2020
Land	11,517	11,517
Buildings	9,217	10,467
<b>Total</b>	<b>20,734</b>	<b>21,984</b>

In 2021, the Company derecognised items of property, plant and equipment, giving rise to a net gain of EUR 45 thousand (2020: net gain of EUR 6 thousand).

The Company had the following fully depreciated items of property, plant and equipment still in use in 2021 and 2020 (in thousands of euros):

Description	Gross carrying amount	
	2021	2020
Plant	111,787	104,293
Buildings	25,676	25,320
Computer hardware	26,740	26,138
Furniture	6,265	6,172
Other property, plant and equipment	264	269
<b>Total</b>	<b>170,732</b>	<b>162,192</b>

The Company's policy is to arrange insurance policies to cover potential risks that could affect its items of property, plant and equipment. At the end of 2021 and 2020, there was no shortage of cover of these risks.

## 7. Leases

At the end of 2021 and 2020, the Company, as a lessor under operating leases, had annual lease arrangements with certain Group companies for facilities and other minor multi-year lease arrangements with non-Group companies. Since the leased facilities are in the same building as the Company, they are not considered investment property included in the Company's assets.

Income from operating leases in 2021 amounted to EUR 389 thousand (2020: EUR 362 thousand).

## 8. Financial instruments by category

The Group's financial assets and liabilities at 31 December 2021 and 2020 are as follows:

Thousands of euros	Categories				Carrying amount at 31.12.21
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through equity	Measured at fair value Hedging instruments	
<b>Non-current financial assets (Note 9)</b>	<b>180,441</b>	<b>865</b>	<b>24,960</b>	<b>—</b>	<b>206,266</b>
Equity instruments	133,300	865	24,960	—	159,126
Non-current loans	47,064	—	—	—	47,064
Guarantees and deposits	77	—	—	—	77
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,110</b>	<b>1,110</b>
<b>Total non-current financial assets</b>	<b>180,441</b>	<b>865</b>	<b>24,960</b>	<b>1,110</b>	<b>207,376</b>
<b>Trade receivables (Note 20.2)</b>	<b>195,765</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>195,765</b>
<b>Other current financial assets</b>	<b>24,224</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>24,224</b>
Other receivables	1,710	—	—	—	1,710
Loans and other receivables (Note 20.2)	17,816	—	—	—	17,816
Guarantees and deposits	4,698	—	—	—	4,698
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,556</b>	<b>2,556</b>
<b>Cash and cash equivalents</b>	<b>257,096</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>257,096</b>
<b>Total current financial assets</b>	<b>477,085</b>	<b>—</b>	<b>—</b>	<b>2,556</b>	<b>479,641</b>
<b>Bonds and debentures (Note 15.1)</b>	<b>176,585</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176,585</b>
<b>Bank borrowings (Note 15.1)</b>	<b>87,307</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>87,307</b>
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>904</b>	<b>904</b>
<b>Other financial liabilities</b>	<b>1,952</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,952</b>
Loans and other payables	1,952	—	—	—	1,952
<b>Total non-current financial liabilities</b>	<b>265,844</b>	<b>—</b>	<b>—</b>	<b>904</b>	<b>266,748</b>
<b>Bonds and debentures (Note 15.2)</b>	<b>3,866</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,866</b>
<b>Bank borrowings (Note 15.2)</b>	<b>10,460</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10,460</b>
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>49</b>	<b>49</b>
<b>Other non-current liabilities (Note 20.2)</b>	<b>71,711</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>71,711</b>
Loans and other payables	71,711	—	—	—	71,711
<b>Payable to suppliers</b>	<b>317,083</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>317,083</b>
<b>Advances from customers</b>	<b>163</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>163</b>
<b>Total current financial liabilities</b>	<b>403,283</b>	<b>—</b>	<b>—</b>	<b>49</b>	<b>403,332</b>



Thousands of euros	Categories				Carrying amount at 31.12.20
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through equity	Measured at fair value Hedging instruments	
<b>Non-current financial assets (Note 9)</b>	<b>179,824</b>	<b>1</b>	<b>10,533</b>	<b>—</b>	<b>190,358</b>
Equity instruments	118,396	1	10,533	—	128,930
Non-current loans	61,363	—	—	—	61,363
Guarantees and deposits	65	—	—	—	65
<b>Total non-current financial assets</b>	<b>179,824</b>	<b>1</b>	<b>10,533</b>	<b>—</b>	<b>190,358</b>
<b>Trade receivables (Note 20.2)</b>	<b>197,880</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>197,880</b>
<b>Other current financial assets</b>	<b>34,842</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>34,842</b>
Other receivables	1,856	—	—	—	1,856
Loans and other receivables (Note 20.2)	30,078	—	—	—	30,078
Guarantees and deposits	2,908	—	—	—	2,908
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,726</b>	<b>1,726</b>
<b>Cash and cash equivalents</b>	<b>163,521</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>163,521</b>
<b>Total current financial assets</b>	<b>396,243</b>	<b>—</b>	<b>—</b>	<b>1,726</b>	<b>397,969</b>
<b>Bonds and debentures (Note 15.1)</b>	<b>162,986</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>162,986</b>
<b>Bank borrowings (Note 15.1)</b>	<b>69,085</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>69,085</b>
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,383</b>	<b>13,383</b>
<b>Other financial liabilities</b>	<b>19</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>19</b>
Loans and other payables	19	—	—	—	19
<b>Total non-current financial liabilities</b>	<b>232,090</b>	<b>—</b>	<b>—</b>	<b>13,383</b>	<b>245,473</b>
<b>Bonds and debentures (Note 15.2)</b>	<b>3,771</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,771</b>
<b>Bank borrowings (Note 15.2)</b>	<b>36,208</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>36,208</b>
<b>Derivatives (Note 11)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>835</b>	<b>835</b>
<b>Other non-current liabilities (Note 20.2)</b>	<b>54,924</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>54,924</b>
Loans and other payables	54,924	—	—	—	54,924
<b>Suppliers (Note 16)</b>	<b>349,372</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>349,372</b>
<b>Advances from customers</b>	<b>162</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>162</b>
<b>Total current financial liabilities</b>	<b>444,437</b>	<b>—</b>	<b>—</b>	<b>835</b>	<b>445,272</b>

## 9. Non-current and current investments

### 9.1 Non-current investments

Breakdown of non-current investments at year-end 2021 and 2020 (in thousands of euros):

	2021	2020
<b>Derivatives</b>		
Hedging derivatives (Note 11)	1,110	—
<b>Investments</b>		
Measured at fair value (Note 20.2)	25,825	10,534
Measured at amortised cost (Note 20.2)	2,682	—
<b>Loans and receivables</b>		
Non-current guarantees and deposits	78	65
<b>Total</b>	<b>29,695</b>	<b>10,599</b>

Non-current investments in the equity instruments of companies over which the Company does not exercise significant influence in accordance with Rule for the Preparation of Financial Statements no. 13 since it does not participate in the setting of financial or commercial policies. This item relates to the Company's strategy of diversifying the sources of growth other than advertising revenues through investments using the model of broadcasting advertising in exchange for an ownership interest in a company.

The Company measures the recoverability of its equity investments as explained in Note 4.5, recognising impairment where applicable under "Impairment and gains/(losses) on disposals of financial instruments" in the statement profit or loss.

In 2020, shares of a number of companies were transferred to Atresmedia Capital, S.L. Unipersonal for a net amount of EUR 7,777 thousand. Meanwhile, disposals amounted to EUR 7,103, generating a gain of EUR 8,138 thousand, of which EUR 6,155 thousand was recognised in prior years directly in equity. In 2021, there were additions for a net amount of EUR 17,973 thousand, of which EUR 10,431 thousand related to changes in fair value recognised directly in equity.

### **9.2 Current investments**

Balance of current investments at 31 December 2021 and 2020 (in thousands of euros):

	2021	2020
<b>Derivatives</b>		
Derivatives (Note 11)	2,556	1,726
<b>Loans and receivables</b>		
Current guarantees and deposits	4,698	2,908
<b>Total</b>	<b>7,254</b>	<b>4,634</b>

### **9.3 Non-current investments in group companies, jointly controlled entities and associates**

Breakdown of non-current investments in group companies, jointly controlled entities and associates at year-end 2021 and 2020 (in thousands of euros):

	2021	2020
Investments in group companies and associates (Note 20.2)	133,300	118,396
Non-current loans to group companies and associates (Note 20.2)	44,382	61,363
<b>Total</b>	<b>177,682</b>	<b>179,759</b>



Information on investments in **group companies, jointly controlled entities and associates:**

Company name	Registered address	2021 %	2020 %	Activity
Antena 3 Multimedia, S.L.U.	Madrid	100	100	Audiovisual services
Antena 3 Noticias, S.L.U.	Madrid	100	100	Audiovisual productions
Atres Advertising, S.L.U.	Madrid	100	100	Advertising management
Atresmedia Cine, S.L.U.	Madrid	100	100	Audiovisual productions
6&M Producciones y Contenidos Audiovisuales, S.L.U.	Madrid	100	100	Audiovisual productions
Atresmedia Música, S.L.U.	Madrid	100	100	Management of music rights
Atresmedia Studios, S.L.U.	Madrid	100	100	Production of audiovisual content
Atresmedia Capital, S.L.U.	Madrid	100	100	Holding company
Buendía Estudios, S.L.	Madrid	50	50	Production of audiovisual content
Buendía Producción, S.L.	Madrid	50	50	Production of audiovisual content
Diariomotor Medios Digitales, S.L.	Madrid	100	—	Development and operation of digital content
Música Aparte, S.A.U.	Madrid	100	100	Management of copyrights
Uniprex, S.A.U.	Madrid	100	100	Radio broadcasting services
I3 Televisión, S.L.	Madrid	100	100	Provision of IT services
Hola Televisión América, S.L.	Madrid	50	50	Audiovisual communication services
Suma Content, S.L.	Madrid	30	—	Development, production and marketing of audiovisual works
TVI Televisao Independiente, S.A.	Lisbon	0.001	0.001	Television

**2021**

Company name	Cost	Impairment /reversal for the year	Accumulated impairment losses	Share capital	Operating profit/(loss)	Net profit/(loss)	Other equity	Total equity	Dividends received
Antena 3 Multimedia, S.L.U.	3	—	—	3	4	—	238	241	—
Antena 3 Noticias, S.L.U.	4,233	900	(2,359)	6	1,086	900	968	1,874	—
Atres Advertising, S.L.U.	3	—	—	3	4,834	6,910	399	7,312	4,557
Atresmedia Cine, S.L.U.	34,022	699	(27,757)	1,900	4	699	3,666	6,266	—
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,629	68	—	50	2,002	1,504	1,511	3,065	—
Atresmedia Música, S.L.U.	102	—	—	3	295	224	373	600	—
Atresmedia Studios, S.L.U.	6,621	1,390	(4,399)	203	(593)	1,390	629	2,223	—
Atresmedia Capital, S.L.U.	7,227	3,228	(1,794)	4	(7)	3,228	2,202	5,433	—
Buendía Estudios, S.L.	2	—	—	3	(654)	(505)	(316)	(818)	—
Buendía Producción, S.L.	2	—	—	3	(553)	(418)	(530)	(945)	—
Música Aparte, S.A.U.	60	—	—	60	2,107	1,581	19	1,661	—
Uniprex, S.A.U.	106,635	—	—	900	(6,565)	(5,216)	94,470	90,154	—
I3 Televisión, S.L.	1,191	100	(641)	310	61	100	140	550	—
Diariomotor Medios Digitales, S.L.	6,639	—	—	18	82	65	580	663	—
Hola Televisión América, S.L.	6,174	—	(6,174)	3,089	(6)	(295)	7,441	10,235	—
Suma Content, S.L.	1,880	—	—	3	(143)	(107)	1,375	1,271	—
TVI Televisao Independiente, S.A.	2,016	—	(2,016)	—	—	—	—	—	—
<b>Total</b>	<b>178,439</b>	<b>6,385</b>	<b>(45,139)</b>	<b>6,558</b>	<b>1,954</b>	<b>10,060</b>	<b>113,165</b>	<b>129,785</b>	<b>4,557</b>

2020

Company name	Cost	Impairment /reversal for the year	Accumulated impairment losses	Share capital	Operating profit/(loss)	Net profit/(loss)	Other equity	Total equity	Dividends received
Antena 3 Multimedia, S.L.U.	3	—	—	3	13	1	238	241	—
Antena 3 Noticias, S.L.U.	4,233	(561)	(3,259)	6	1,248	909	59	974	—
Atres Advertising, S.L.U.	3	—	—	3	5,337	4,087	(3,688)	402	4,061
Atresmedia Cine, S.L.U.	34,022	163	(28,456)	1,900	(2,418)	163	3,503	5,566	—
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,629	872	(68)	50	1,996	1,472	39	1,561	—
Atresmedia Música, S.L.U.	102	—	—	3	490	370	3	376	222
Atresmedia Studios, S.L.U.	6,621	797	(5,789)	203	(2,842)	797	(168)	832	—
Atresmedia Capital, S.L.U.	7,227	(3,917)	(5,021)	4	(17)	(2,003)	4,205	2,205	—
Buendía Estudios, S.L.	2	—	—	3	(420)	(316)	—	(313)	—
Buendía Producción, S.L.	2	—	—	3	(706)	(530)	—	(527)	—
Música Aparte, S.A.U.	60	—	—	60	(327)	(247)	266	80	—
Uniprex, S.A.U.	106,635	—	—	900	(15,292)	(7,981)	102,451	95,370	—
I3 Televisión, S.L.	1,191	140	(741)	310	188	140	—	450	—
Atres Hub Factory, S.L.	—	—	—	117	(67)	(67)	478	529	—
Hola Televisión América, S.L.	6,174	—	(6,174)	3,089	(4)	(297)	7,735	10,528	—
TVI Televisao Independiente, S.A.	2,016	—	(2,016)	—	—	—	—	—	—
<b>Total</b>	<b>169,921</b>	<b>(2,506)</b>	<b>(51,525)</b>	<b>6,654</b>	<b>(12,821)</b>	<b>(3,502)</b>	<b>115,121</b>	<b>118,274</b>	<b>4,283</b>

Non-current loans to group companies, jointly controlled entities and associates (in thousands of euros):

Loans	Balance at 1/1/21	Additions	Transfers	Disposals	Balance at 31/12/21
Uniprex, S.A.U.	6,000	—	(3,000)	—	3,000
Atresmedia Cine, S.L.U.	29,827	—	(11,914)	—	17,913
Buendía Estudios, S.L.	1,197	—	(1,197)	—	—
Buendía Producción, S.L.	410	—	(410)	—	—
Promofarma	460	—	—	(460)	—
Atresmedia Capital, S.L.U.	23,469	—	—	—	23,469
<b>Total</b>	<b>61,363</b>	<b>—</b>	<b>(16,521)</b>	<b>(460)</b>	<b>44,382</b>

Loans	Balance at 1/1/20	Additions	Transfers	Disposals	Balance at 31/12/20
Uniprex, S.A.U.	—	6,000	—	—	6,000
Atresmedia Cine, S.L.U.	34,903	—	(5,076)	—	29,827
Buendía Estudios, S.L.	—	1,197	—	—	1,197
Buendía Producción, S.L.	—	410	—	—	410
Promofarma	460	—	—	—	460
Atresmedia Capital, S.L.U.	—	23,469	—	—	23,469
<b>Total</b>	<b>35,363</b>	<b>31,076</b>	<b>(5,076)</b>	<b>—</b>	<b>61,363</b>

In December 2012, the Company granted a loan to Uniprex, S.A.U. for a total amount of EUR 100,000 thousand, EUR 90,000 thousand of which were non-current, with annually maturity between 2014 and 2020 bearing fixed interest of 4.5%, reviewed annually. In 2020, the maturity was extended to 30 November 2023 (see Note 20.2).

In addition, the Company granted a loan to Atresmedia Cine, S.L. Unipersonal (formerly Antena 3 Films, S.A. Unipersonal), which accrues fixed annual interest. On 31 December 2020, the terms of the loan were modified, with maturity now at 31 December 2025 and a limit of EUR 100,000 thousand. The amount drawn down at 31 December 2021 was EUR 17,912 thousand (see Note 20.2).

On 27 July 2020, the Company granted Buendía Producción, S.L. and Buendía Estudios, S.L. participating loans to address their financial requirements of EUR 410 thousand and EUR 1,197 thousand, respectively, both maturing on 27 July 2022. They are floating rate loans with interest determined in accordance with the borrowers' operations linked to their EBITDA performance. At 31 December 2021, they were recognised under current assets.

The most representative acquisitions and sales of ownership interests in other entities and other significant corporate transactions in 2021 were as follows:

- On 29 July 2021, Suma Content, S.L. was incorporated, with the Parent subscribing 900 shares of EUR 1 par value each representing 30% of its share capital. This company's objects include the development, production and marketing of audiovisual works. The Company also made contributions to equity holders amounting to EUR 1,879 thousand.
- On 18 November 2021, the Company placed on public record the agreement to purchase from Diariomotor Medios Digitales, S.L. 1,828,592 shares of EUR 0.01 par value each of Diariomotor Medios Digitales, S.L. representing 100% of its share capital, with the sellers retaining the right of benefits of 20% of the shares as guarantee of payment of the earn-out agreement entered into between the parties. The amount will be determined based on the achievement of business milestones during the reference period, which runs until December 2025. The acquisition-date fair value of the contingent consideration amounted to EUR 1,933 thousand and was part of the consideration transferred. This company is engaged in the development and operation of digital content.

The most representative acquisitions and sales of ownership interests in other entities and other significant corporate transactions in 2020 were as follows:

- On 31 May 2020, the share capital increase agreed on the same date by the Company as sole shareholder of Atresmedia Capital, S.L. was completed with the creation of 500 shares of EUR 1 par value each. The capital increase included a share premium of EUR 2,202 thousand euros and was fully paid through the offset and capitalisation of EUR 2,203 thousand of participating loans owed to the Company.

On the same date, the Company also contributed EUR 2,134 thousand of funds to Atresmedia Capital, S.L. to offset losses. Accumulated losses for 2019 amounting to EUR 1,914 thousand had been offset as at 31 May 2020.

On 31 December 2020 the Company contributed additional funds of EUR 1,783 thousand to offset losses.

- On 26 June 2020, Buendía Producción, S.L. and Buendía Estudios, S.L. were incorporated, with the Company holding 50% stakes in each. Both companies have share capital of EUR 3 thousand and their company object is the creation and production of audiovisual content.

None of Atresmedia Corporación de Medios de Comunicación, S.A.'s investees are listed on Spanish or foreign stock exchanges.

At the end of each year or period, the directors assess the business plans of the Company's investees, revise them if necessary and estimate the value of the ownership interests and the recoverability of the investments made.

For Uniprex, S.A. Unipersonal, the key assumptions on which the cash flow projections are based relate mainly to advertising markets (the data relate to scenarios used by market participants to set prices, based on a consensus among analysts, who are independent third parties, employed by the industry in general), audience figures, advertising efficiency ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by management of the Company and updated in accordance with the performance of the advertising markets.

These future projections cover the next five years. The cash flows for the years not considered in the projections are estimated to be perpetual, with growth of 1.5%.

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. To calculate the rate, the current time value of money and the risk premiums generally used by analysts for the business and geographical area (Spain) are taken into account, giving rise to future discount rates of 9.5% in 2021 and 2020.

According to the sensitivity analysis carried out, a decrease in the growth in perpetuity rate of 0.5% would result in a decrease in value of EUR 8,115 thousand, while an increase of 0.5% would increase the value by EUR 9,197 thousand. A 1.0% increase in the discount rate would reduce the value by EUR 19,736 thousand, while a 1.0% decrease would increase its value by EUR 25,438 thousand. The sensitivity analysis performed indicates that there is considerable margin of safety relative to the CGU's carrying amount.

For investments for which cash flow projections are not available or whose business entails providing support to television services, impairment is estimated based on carrying amount plus the unrealised gains or losses at the end of the year or reporting period.

In 2021, the Company recognised net gains on impairment and reversals of impairment on financial instruments totalling EUR 6,386 thousand (2020: net losses of EUR 2,506 thousand). No impairments were recognised on investments in group companies and associates. Meanwhile, EUR 6,386 thousand of impairment losses were reversed, of which EUR 3,228 thousand related to Atresmedia Capital, S.L.Unipersonal and EUR 1,390 thousand to Atresmedia Studios, S.L.Unipersonal.

## 10. Information on the nature and extent of risks arising from financial instruments

The Company's and the Group's risk management and control system is reviewed and updated regularly in response to how the Group's businesses perform and evolve, to risks that actually materialise, to changes in the law, and to how the organisation itself changes and evolves.

This risk management and control system helps the management team to make the right decisions and address risk effectively. We identify and implement any controls and action plans necessary targeting known risks; this enhances our ability to create value and minimises any impact of losses that actually materialise.

Risk analysis and control touches on all the Group's businesses and activities, and involves all our organisational units. This means that risk management and control is a corporate system in which the entire organisation is on alert. The system is headed and overseen by the Board, yet some of its functions are delegated to the Audit and Control Committee. Risk management also brings into play the coordinating role of the Compliance Committee, and input from the Legal Affairs, in risk management and compliance control, Finance, related to financial risks and the controls comprising the system for internal control over financial reporting (ICFR), and, lastly, Internal Audit and Process Control, the coordination and oversight of the overall operation of the risk management system.

The Company and the Group have the necessary tools and organisation to ensure the effectiveness of the control procedures approved.

The Company centralises financial risk management in the Finance Department, which has the necessary mechanisms in place to control exposure to fluctuations in interest and exchange rates, as well as to credit and liquidity risk.

The main financial risks to which the Company is exposed are outlined below:

### a) Credit risk:

The Company generally places cash and cash equivalents with financial institutions with high credit ratings.

The advertising contract terms require bank guarantees prior to the launch of advertising campaigns. There is also no significant concentration of credit risk to third parties and no significant incidents arose in the year.

The percentage of past-due receivables at 31 December 2021 was 2.15% (2020: 1.72%).

In any case, the Company estimates allowances for doubtful receivables based on the age of the debt. Allowances for doubtful receivables at 31 December 2021 stood at EUR 5,726 thousand (2020: EUR 7,153 thousand).

### b) Liquidity risk:

The Company's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business. All are at floating rates.

In order to guarantee liquidity and meet all payment commitments arising from its activities, the Company has available the cash and cash equivalents shown in the balance sheet, as well as the financing and credit facilities described in Note 15.

c) Foreign currency risk:

Foreign currency risk is concentrated principally in payments in international markets to acquire broadcasting rights. To mitigate this risk, the Company enters into hedging instruments, mainly currency forwards, to hedge its exposure to the USD/EUR forward exchange rate (see Note 11).

d) Interest rate risk:

The Company's cash and borrowings are exposed to interest rate risk, which could have an adverse impact on its financial performance and cash flows. The Company's financing is arranged at interest rates tied to Euribor. To mitigate this risk, the Company has entered into interest rate swaps (IRSs) to reduce its exposure to variable interest rates (see Note 11).

e) Foreign currency cash flow risk:

The Company uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros.

## 11. Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its businesses, operations and future cash flows are exposed. As part of these transactions, the Company has entered into certain hedging financial instruments, as follows.

### Foreign currency hedges

The Company uses currency derivatives to hedge significant future transactions and cash flows in USD and mitigate the foreign currency risk. They relate, in all cases, to cash flow hedges for payment obligations in USD relating to the purchase of broadcasting rights (the underlying), in which the exposure to the EUR/USD exchange rate is hedged (hedged risk), which gives rise to a potential change in the cash flows payable in euros for broadcasting rights. This change affects the profit or loss of the period(s) in which the planned payment transaction has not been performed. The Company applies hedge accounting and documents the hedging relationships and measures their effectiveness as required by standards.

In general, on assumption of the commitment to purchase the broadcasting rights, the Group enters into a foreign currency derivative that expires on the payment dates of the payables to suppliers. A hedging relationship is arranged that covers the entire term of the derivative, i.e. the derivative is considered to be a hedging instrument from its inception (when the commitment to purchase the broadcasting rights is assumed) up to the date of payment of the contracted broadcasting rights. Changes in the fair value of the derivative instrument determined to be an effective hedge are recognised temporarily in equity up to the beginning of the term, when they are transferred to profit or loss in order to offset the

impact on profit or loss of changes in the value of the hedged item. Therefore, once the broadcasting rights and the related payables to suppliers are recognised, the changes in fair value of the foreign currency derivatives and in the value of the payables are recognised in the statement of profit or loss at each accounting close.

At 31 December 2021, the Company had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (USD/EUR). Hedging instruments at 31 December 2020 amounted to USD 33,072 thousand, at a weighted average exchange rate of 1.1880 (USD/EUR).

Total amounts of the outstanding forward currency purchase contracts entered into by the Company at year-end 2021 and 2020:

2021	Classification	Type	Expiry	Amount contracted (thousand euros)	Ineffective portion recognised in profit or loss (thousands of euros)	Fair value (thousands of euros)	
						Assets	Liabilities
Currency forwards	Foreign currency hedge	Purchase of USD	2022	15,893	—	752	49
Currency forwards	Foreign currency hedge	Purchase of USD	2023	4,237	—	190	10

2020	Classification	Type	Expiry	Amount contracted (thousand euros)	Ineffective portion recognised in profit or loss (thousands of euros)	Fair value (thousands of euros)	
						Assets	Liabilities
Currency forwards	Foreign currency hedge	Purchase of USD	2021	19,566	—	17	835
Currency forwards	Foreign currency hedge	Purchase of USD	2022	7,096	—	—	247
Currency forwards	Foreign currency hedge	Purchase of USD	2023	1,177	—	—	26

At 31 December 2021, the estimated fair value of the Company's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 942 thousand and a financial liability of EUR 59 thousand (2020: asset of EUR 17 thousand and liability of EUR 1,108 thousand). The impact on profit or loss of changes in the fair value of foreign currency hedges whose underlying was effective at the closing date amounted to a negative EUR 1,204 thousand, recognised under "Changes in fair value of financial instruments". This impact offsets exchange differences on balances with suppliers in USD, which at that date were EUR 1,978 thousand.

The measurement method consists of estimating the present value of the future cash flows that will arise under the terms and conditions arranged by the parties for the derivative instrument. The spot price is taken to be the reference exchange rate of the European

Central Bank on 31 December 2021, the swap points (offer/bid), the interest rates prevailing at the measurement date and the credit risk.

The sensitivity analysis of the foreign currency derivative financial instruments demonstrates that changes of +/-10% in the USD/EUR exchange rate prevailing at year-end would give rise to changes in fair value within a range of EUR +/-2.0 million for hedges whose underlying is in force at year-end, and changes of EUR +/-0.1 million for hedges whose underlying is not yet in force and therefore affect equity. Appreciations in the USD/EUR exchange rate give rise to increases in value, and depreciations to decreases.

The sensitivity analysis of the balances payable to suppliers in USD, shows that changes of +/-10% in the USD/EUR exchange rate prevailing at year-end would give rise to changes in the fair value recognised of around EUR +/-2.0 million, and would be sufficiently offset by the changes in the value of the derivatives entered into.

For 2020, changes of +/-10% in the closing exchange rate would have given rise to changes in fair value within a range of EUR +/-2.4 million, and would have been sufficiently offset by the changes in the value of the derivatives entered into.

#### Interest rate hedges

On 2 June 2021, the interest rate swap (IRS) entered into for the syndicated loan arranged in July 2017 and cancelled on that date was cancelled. The fair value at the cancellation date of those derivative financial instruments amounted to less than EUR 375 thousand, which was recognised in profit or loss.

Regarding the new syndicated financing (see Note 15.1.b), in July the Company entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025.

The fair value of the financial asset at 31 December 2021 amounted to EUR 920 thousand (2020: EUR 731 thousand recognised as a current financial liability).

#### Cross currency swaps

As indicated in Note 15.1, on 11 July 2018, the Company carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and debentures at a fixed rate in euros.

At 31 December 2021 the fair value of the derivative related to the bond issue was EUR 910 thousand, of which EUR 1,804 thousand was recognised under derivative financial instruments in current assets and EUR 894 thousand under derivative financial instruments in non-current liabilities. At 31 December 2020, the fair value amounted to less than EUR 10,669 thousand, EUR 1,709 thousand recognised as derivatives under current assets and EUR 12,379 thousand under non-current liabilities.



## 12. Inventories

Inventories in the balance sheets at 31 December 2021 and 2020:

Thousands of euros	2021	2020
<b>Programme rights, net-</b>		
Rights on external productions	224,916	244,519
In-house productions and productions in progress	85,928	66,653
Sports broadcasting rights	3,214	3,214
Write-down of inventories of external productions	(38,789)	(33,229)
Write-down of inventories of sports broadcasts	(3,214)	(3,214)
	<b>272,055</b>	<b>277,943</b>
<b>Raw and other materials</b>		
Dubbing, soundtracks and titles	9,677	6,092
Other materials	1,095	1,074
	<b>10,772</b>	<b>7,166</b>
<b>Advances to suppliers</b>	<b>1,254</b>	<b>1,188</b>
	<b>284,081</b>	<b>286,297</b>

"Advances to suppliers" in the accompanying balance sheets as at 31 December 2021 and 2020 includes basically advances paid in connection with external production commitments and live broadcasting.

Changes in write-downs of inventories in the accompanying balance sheets (in thousands of euros):

	Balance at 1/1/21	Additions	Transfers	Disposals or reductions	Balance at 31/12/21
<b>Write-downs of inventories</b>	<b>(33,229)</b>	(5,560)	—	—	<b>(38,789)</b>

  

	Balance at 1/1/20	Additions	Transfers	Disposals or reductions	Balance at 31/12/20
<b>Write-downs of inventories</b>	<b>(25,649)</b>	(8,780)	—	1,200	<b>(33,229)</b>

The write-downs recognised arose as a result of the decision, based on estimates made by the Company, that certain titles would not be marketable and it was not likely that they would form part of the Parent's programme schedule.

At 31 December 2021, the Company had commitments, mainly for the purchase of audiovisual property rights and the production of programmes, amounting to EUR 35,532 thousand (2020: EUR 74,402 thousand). In addition, the Company has purchase commitments to distributors, the definitive amount and price of which will be determined once the programmes are produced and, in certain cases, by establishing the acquisition price on the basis of box-office takings. The best estimate of these commitments amounted to EUR 42,872 thousand (2020: EUR 47,030 thousand).

Inventoriable in-house productions are expected to be amortised in full and approximately EUR 114,000 thousand of external production rights will be amortised in 2022 (see Note 4.6).

### 13. Equity and shareholders' equity

Shareholder structure at year-end 2021 and 2020:

	% ownership
Grupo Pasa Cartera, S.A. Unipersonal	41.70
Ufa Film und Fernseh GmbH	18.65
Treasury shares	0.25
Other shareholders	39.40
<b>Total</b>	<b>100</b>

There are agreements among the main shareholders that guarantee the Company's shareholder stability, the grant of mutual rights of acquisition on their shares, the undertaking not to take control of the Company or to permit a third party to do so, and also include management agreements, as described in the Annual Corporate Governance Report.

At 31 December 2021 and 2020, the share capital of the Company amounted to EUR 169,300 thousand and was represented by 225,732,800 fully subscribed and paid shares of EUR 0.75 par value each, which carry the same rights.

The shares of the Company are admitted to trading on the Spanish Stock Market Interconnection System (Continuous Market).

#### 13.1 Reserves

Under the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), the Company must earmark an amount equal to 10% of profit for the year to a legal reserve until such reserve reaches at least 20% of the capital. The legal reserve can be used to increase capital by the amount exceeding 10% of the increased capital amount. Except for this purpose, until the legal reserve exceeds the limit of 20% of share capital, it can only be used to offset losses, if there are no other reserves available.

At 31 December 2021, the legal reserve was fully allocated (EUR 33,860 thousand).

This item also includes a restricted amount of EUR 281 thousand related to "Reserve for the adjustment of share capital to euros".

As a result of the capital reduction made in 2006, a reserve of EUR 8,333 thousand was established, equal to the par value of the redeemed shares, which may only be used if the same requirements as those for the reduction of share capital are met, pursuant to Article 335.c of the Corporate Enterprises Act.

The remaining reserves, with a balance of EUR 153,773 thousand, are unrestricted.

#### 13.2 Treasury shares

Treasury shares held by the Company at the end of 2021 and 2020:

Year	No. of shares	Par value (euros)	Average acquisition price (euros)	Total cost (thousands of euros)
2021	554,376	415,782	11.13	6,168
2020	554,376	415,782	11.13	6,168

At 31 December 2021, the shares of the Company held by it represented 0.246% of share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share.

On 27 February 2020, with settlement of the second part of the remuneration plan (see Note 20.3), 118,750 shares were delivered to the beneficiaries. On 26 April 2019, the first part of the plan was settled, with delivery of 118,754 shares to beneficiaries.

Shareholders at the General Meeting held on 29 April 2020 approved a resolution authorising the Company to acquire treasury shares provided that they did not exceed the maximum legal limit permitted by law at any given time. This limit is set at 10% of the subscribed share capital by Article 509 of the Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010, of 2 July. This authorisation is in force until 2025 and rendered null and void the authorisation granted at the General Meeting on 22 April 2015.

### **13.3 Dividends**

At the Company's Board of Directors meeting, held on 17 November 2021, a resolution was passed to distribute, out of the profit for 2021, the gross amount of eighteen euro cents (EUR 0.18) for each of the 225,732,800 shares of EUR 0.75 par value representing the share capital, of which 554,376 were treasury shares. Accordingly, the dividend rights inherent to treasury shares were attributed proportionately to the other shares in accordance with Article 148 of the Corporate Enterprises Act. This dividend was paid to shareholders as an interim dividend on 16 December 2021, for a total amount of EUR 40,532 thousand.

The Company's Board of Directors, at the meeting held on 23 April 2020, as provided for in Royal Decree-Law 8/2020, of 17 March, as amended by Royal Decree-Law 11/2020 of 31 March, agreed, among other proposals to be laid before shareholders at the General Meeting held on 29 April, to withdraw the proposal to approve the appropriation of 2019 profit, which included payment of a EUR 0.25 per share dividend, for a total of EUR 56,433 thousand.

The Company's Board of Directors submitted a new proposal for the appropriation of 2019 profit, which was approved by shareholders at the General Meeting held on 21 October 2020, earmarking the remaining EUR 58,016 thousand for voluntary reserves.

## 14. Provisions and contingencies

Current and non-current provisions in 2021 and 2020 (in thousands of euros):

Thousands of euros	Balance at 1/1/21	Charges	Amounts used	Surplus	Transfers	Balance at 31/12/21
<b>Non-current</b>						
Employee remuneration	11,788	5,850	(133)	—	(2,705)	14,800
Provisions for litigation	20,364	—	—	—	—	20,364
	<b>32,152</b>	<b>5,850</b>	<b>(133)</b>	<b>—</b>	<b>(2,705)</b>	<b>35,164</b>
<b>Current</b>						
Employee remuneration	2,779	—	(2,781)	—	2,705	2,703
Provisions for litigation	8,669	1,022	(399)	(2,634)	—	6,658
Other provisions	2,204	5,820	(122)	—	—	7,902
	<b>13,652</b>	<b>6,842</b>	<b>(3,301)</b>	<b>(2,634)</b>	<b>2,705</b>	<b>17,263</b>

  

Thousands of euros	Balance at 1/1/20	Charges	Amounts used	Surplus	Transfers	Balance at 31/12/20
<b>Non-current</b>						
Provisions for litigation	20,364	—	—	—	—	20,364
	<b>20,364</b>	<b>11,788</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32,152</b>
<b>Current</b>						
Employee remuneration	—	2,779	—	—	—	2,779
Provisions for litigation	8,753	2,237	(6)	(2,315)	—	8,669
Other provisions	384	2,084	—	—	(264)	2,204
	<b>9,137</b>	<b>7,100</b>	<b>(6)</b>	<b>(2,315)</b>	<b>(264)</b>	<b>13,652</b>

## Provisions for employee benefits

During the year ended 31 December 2020, the Group offered permanent employees aged 57 and over and more than 15 years of service by year-end 2020 a voluntary redundancy plan (the "2020 Plan"). The 2020 Plan was of limited duration, to 31 December 2020, and entailed the voluntary termination of employment through individual agreements. The severance scheme for employees taking part included monthly income until ordinary retirement age calculated based on the employee's base salary and including the payment of any social security supplements to which the employee is entitled. The total amount of obligations arising from these agreements recognised in 2020 was calculated for the 40 employees who signed up to the 2020 Plan, updated using the yield curve of Spanish 10-year bonds, as explained in Note 4.16. As at 31 December 2021, the provision had been utilised in accordance with the payment schedule agreed with each employee.

At the General Meeting held on 28 April 2021, approval was given to implement a long-term variable remuneration scheme, with partial delivery of Company shares, for executive directors and certain managers of the Group. This long-term variable remuneration plan is linked to the achievement of financial and non-financial targets. Note 20.3 details the plan's main features. As at 31 December 2021, the Company had recognised the related provision for this remuneration under "Staff costs" in the statement of profit or loss.

### Provisions for litigation

At 31 December 2021 and 2020, certain civil, labour, criminal and administrative lawsuits had been filed against the Company which were taken into account in estimating potential contingent liabilities. Noteworthy, in view of their amount, were the lawsuits with certain collection societies. Specifically, a favourable ruling was handed down in the case involving the Spanish Intellectual Rights Management Association (AGEDI)-Artistas Intérpretes o Ejecutantes, Sociedad de Gestión de España (AIE), the management entity for music performers and executant musicians. However, the impact cannot be quantified since the ruling has yet to be enforced. The payment schedule related to litigation is based on court judgements and is therefore difficult to estimate. "Other provisions" relates mainly to estimated future risks. For both, charges, amounts used and surpluses are recognised under "Other operating expenses" in the statement of profit or loss.

The directors of the Company and its legal advisers do not expect any material liabilities in addition to those already recognised to arise from the outcome of the ongoing lawsuits.

### Contingencies

In November 2019, the Comisión Nacional de los Mercados y la Competencia (CNMC, Spain's competition watchdog) arrived at a decision in disciplinary proceedings S/DC/0617/17 *Atresmedia/Mediaset*. Both operators, Atresmedia and Mediaset, were fined, and barred from specified courses of conduct.

In its decision, the CNMC found that Atresmedia and Mediaset had breached Article 1 of *Ley 15/2007, de 3 de julio, de Defensa de la Competencia*, Spain's competition statute, and Article 101 of the Treaty on the Functioning of the European Union, by setting terms in arrangements with television advertisers and media agencies that were apt to restrict competition.

The specific restrictions on competition disapproved by the CNMC are:

1. contractual imposition on advertisers of minimum quotas of television advertising,
2. a bundled marketing system that makes sale of television advertising subject to advertisers buying channel bundles and simulcast or single-platform television advertising, and
3. a system of rewarding media agencies for brokering advertising deals.

The CNMC found in its decision that the Atresmedia Group parties liable for the breach are Atresmedia Corporación de Medios de Comunicación, S.A. and Atres Advertising, S.L.U.

In its decision, the CNMC determined that the unlawful conduct of the two television operators started no later than 2013, when all the restrictions were in place, and continued until 2017 or later. The fine imposed on Atresmedia was EUR 38,246,520. In addition, Atresmedia and Mediaset were ordered to immediately cease the course of conduct complained of, and any other conduct of equivalent effect, and to refrain from such conduct in future. Within three months of notice of the decision, the parties must take steps to align their commercial and contractual relations to the requirements of the decision. Finally, the Competition Department of the CNMC was instructed to monitor compliance with the decision.

Atresmedia challenged the decision in 2020, filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. That application was subsequently found admissible. Therefore Atresmedia will submit an appeal as soon as the CNMC provides it with all the necessary information requested by Atresmedia from that Chamber. That Chamber will set the legal deadline for Atresmedia to submit written arguments against the CNMC's decision. These arguments are currently under discussion and it is expected that they will be legally correct.

Concurrently with its application for judicial review, Atresmedia sought an interim suspension of the orders to pay a fine and immediately cease the disapproved conduct. This request regarding the financial penalties was granted (contingent on delivering a bank guarantee or similar) but the rest were rejected. In June 2021, a bank guarantee was secured for the full amount of the fine. An appeal for reversal was filed against this ruling, but a response is still pending.

Nevertheless, in keeping with maximum prudence, Atresmedia amended its commercial policy to ensure that its conduct is compatible with that order to cease such contact and, more broadly, the content of the sanction. In addition, as expected, the CNMC initiated surveillance to ensure the resolution, asking Atresmedia for certain information up front, which it has been duly providing.

The directors and legal advisers of the Company believe that the application for judicial review against the CNMC's decision is likely to succeed. It is probable that the court decision will be favourable to the interests of Atresmedia, and therefore the business model so far implemented by the Company will not be materially affected.

Meanwhile, in 2017, Central Examining Court 2 of the Audiencia Nacional (National Court) made an order to enter and search the homes of several authors and other parties related to the engagement under contract for television of musical authors and works. These court proceedings at criminal law affected Atresmedia directly in the person of its musical rights management officer and indirectly via Atresmedia's contractual relationship with the SGAE for settlements of musical broadcasts on television in early morning hours.

In February 2020, this Court decided to investigate Atresmedia in the same proceedings for alleged criminal activities that could include business corruption as provided for and punishable in article 286 bis of the Criminal Code. This offence may be attributed to the legal person where one of its employees or managers has committed the offence, provided that (i) the company benefited directly or indirectly and (ii) the company lacks effective monitoring and control measures to prevent the crime. The charge contained in the ruling extends to 13 other public and private television operators with national and regional coverage.

The Company's directors and Atresmedia's legal advisers specialised in criminal law consider that no crime has been committed by any natural person, employee or manager of Atresmedia. In their opinion, the initial budget required by Article 31.bis 1 of the Criminal Code is not met, so the risk of a conviction for the Company is considered remote.

## 15. Non-current and current payables

### 15.1 Non-current financial liabilities

Balance of "Non-current payables" at 31 December 2021 and 2020:

	Non-current financial instruments							
	Bonds and other marketable debt securities		Bank borrowings		Derivatives and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Debts and payables	176,585	162,986	87,307	69,085	1,950	17	265,842	232,088
Derivatives	—	—	—	—	904	13,383	904	13,383
<b>Total</b>	<b>176,585</b>	<b>162,986</b>	<b>87,307</b>	<b>69,085</b>	<b>2,854</b>	<b>13,400</b>	<b>266,746</b>	<b>245,471</b>

Breakdown by maturity of "Non-current payables":

	2023	2024	2025	2026	Total
Bonds and other marketable debt securities	66,219	—	110,366	—	176,585
Bank borrowings	19,390	19,390	19,390	29,137	87,307
Derivatives	10	—	894	—	904
Other debts and payables	17	—	1,933	—	1,950
<b>Total at 31/12/21</b>	<b>85,636</b>	<b>19,390</b>	<b>132,583</b>	<b>29,137</b>	<b>266,746</b>

  

	2022	2023	2024	2025	Total
Bonds and other marketable debt securities	—	61,120	—	101,866	162,986
Bank borrowings	69,085	—	—	—	69,085
Derivatives	247	26	732	12,378	13,383
Other debts and payables	17	—	—	—	17
<b>Total at 31/12/20</b>	<b>69,349</b>	<b>61,146</b>	<b>732</b>	<b>114,244</b>	<b>245,471</b>

#### a) Bonds and other marketable debt securities

On 11 July 2018, the Company, to diversify its funding sources, carried out an issuance of senior series A notes, for seventy-five million US dollars with maturity at five years, with semi-annual interest payment of an applicable coupon in US dollars of 4.48%, and an issuance of senior series B notes, for one hundred and twenty-five million US dollars with maturity at seven years, with semi-annual interest payment of an applicable coupon in US dollars of 4.75%, targeting US institutional investors. All the notes are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly coupon payments at a fixed rate in euros see Note (see Note 11).

#### b) Bank borrowings

On 2 June 2021, the Company arranged a new syndicated facility with an initial limit of EUR 250,000 thousand, which was earmarked to repay the syndicated financing arranged in July 2017 and to meet the Company's general corporate and cash requirements. Six banks with which the Company has regular dealings participated in the transaction.

Of the total amount, 40% is a five-year loan, with partial repayments, and 60% a revolving credit facility maturing at five years. No amounts had been drawn down on the credit facility as at 31 December 2021.

The applicable interest rate is Euribor plus a market spread, subject to compliance with financial covenants habitually used in transactions of this kind: the debt to EBITDA ratio and the interest coverage ratio, with semi-annual and annual assessments, and three ESG indicators based on level of compliance and reviewed annually. The Parent's directors expect the covenants to be complied with at 31 December 2021.

The fair value of this financing approximates its carrying amount. In July, the Company entered into cash flow hedges (CAP) to minimise the interest rate risk related to this financing (see Note 11).

The Company also has bilateral financing facilities to meet its cash requirements.

### 15.2 Current financial liabilities

Current bank borrowings at 31 December 2021 amounted to EUR 10,460 thousand (2020: EUR 36,208 thousand).

The rate of interest paid by the Company in 2021 on the loans and credit facilities arranged with banks was mainly tied to Euribor.

The fair value of interest accrued at 31 December 2021 on bonds and other marketable securities was EUR 3,866 thousand. As explained in Note 11, a swap was entered into, which generated EUR 1,804 thousand for the Company.

Detail of non-current and current bank borrowings:

Thousands of euros	2021			2020		
	Limit	Current balance drawn down	Non-current balance drawn down	Limit	Current balance drawn down	Non-current balance drawn down
Syndicated financing	250,000	10,000	87,307	280,000	35,000	69,085
Credit facilities	92,015	—	—	92,450	82	—
Interest payable	—	460	—	—	1,126	—
<b>Total</b>	<b>342,015</b>	<b>10,460</b>	<b>87,307</b>	<b>372,450</b>	<b>36,208</b>	<b>69,085</b>

### 16. Trade payables

The balance of this item at year-end 2021 and 2020, excluding amounts receivable from or payable to public authorities, is as follows:

Thousands of euros	2021	2020
Payable to suppliers	295,616	303,592
Payable to suppliers, group companies and	21,467	45,780
Other payables	75	75
Employee receivables	12,878	10,477
Advances from customers	163	162
	<b>330,199</b>	<b>360,086</b>



"Payables to suppliers" included EUR 38,435 thousand (2020: EUR 55,857 thousand) of payables to suppliers through reverse factoring agreements with banks.

The statutory payment limit applicable to the Company under Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions and the transitional provisions set out in Law 15/2010, of 5 July, was 60 days as from 2013.

The following table presents the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	<b>2021</b>	<b>2020</b>
	<b>Days</b>	<b>Days</b>
Average supplier payment period	45	51
Ratio of transactions paid	49	60
Ratio of transactions outstanding	20	10

	<b>Thousands of euros</b>	<b>Thousands of euros</b>
Total payments made	577,595	506,743
Total payments outstanding	93,088	121,733

In accordance with the ICAC Resolution, the calculation of the average supplier payment period considered commercial transactions involving the delivery of goods and the rendering of services from the effective date of Law 31/2014, of 3 December.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in "Payable to suppliers" and "Payable to suppliers - Group companies and associates" under current liabilities in the balance sheet.

"Average supplier payment period" is the time elapsed between the delivery of the goods or the rendering of the services by the supplier and the actual payment of the transaction.

## 17. Tax matters

### 17.1 Current tax receivables and payables

Breakdown of current tax receivables and payables (in thousands of euros):

#### Tax receivables

Thousands of euros	2021	2020
<b>To be settled in 2021:</b>	<b>19,664</b>	<b>17,671</b>
Deferred tax assets	1,442	981
Carry forward of unused tax losses	8,482	6,976
Unused tax credits and tax relief	9,740	9,714
<b>To be settled from 2021:</b>	<b>143,602</b>	<b>163,907</b>
Deferred tax assets	18,828	17,239
Carry forward of unused tax losses	52,902	62,535
Unused tax credits and tax relief	71,872	84,133
<b>Total non-current assets</b>	<b>163,266</b>	<b>181,578</b>
2019 income tax refundable	—	15,308
2020 income tax refundable	12,265	11,589
2021 income tax refundable	9,992	—
VAT refundable	—	69
Other tax receivables	55	—
<b>Total current assets</b>	<b>22,312</b>	<b>26,966</b>
<b>TOTAL TAX RECEIVABLE</b>	<b>185,578</b>	<b>208,545</b>

#### Tax payables

Thousands of euros	2021	2020
Deferred tax liabilities	10,767	9,879
<b>Total non-current liabilities</b>	<b>10,767</b>	<b>9,879</b>
Tax withholdings payable	4,980	1,708
Social security payable	611	597
VAT payable	7,355	5,114
<b>Total current liabilities</b>	<b>12,946</b>	<b>7,420</b>
<b>TOTAL TAX PAYABLE</b>	<b>23,713</b>	<b>17,299</b>

### 17.2 Reconciliation of accounting profit and taxable income

Pursuant to Spanish Income Tax Law 43/1995, of 27 December, on 26 December 2000, Atresmedia Corporación de Medios de Comunicación, S.A. notified the Madrid taxation authority of its decision to file consolidated income tax returns. Application of the consolidated tax regime is considered indefinite provided that the requirements established in the Article 67 of the Consolidated Income Tax Law are met and the Company does not opt to cease to apply the aforementioned regime.

Companies composing the tax group at 31 December 2021:

<b>TAXPAYER IDENTIFICATION NUMBER</b>	<b>SUBSIDIARY</b>	<b>Date of inclusion in the Group</b>
B82832841	Atresmedia Cine , S.L.U.	01/01/03
B84187335	Antena 3 Multimedia, S.L.U.	01/01/04
A84920230	Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	01/01/06
B86424132	Antena 3 Noticias, S.L.U.	01/01/12
B84171453	Atres Advertising, S.L.U.	01/01/04
B86885530	6&M Producciones y Contenidos Audiovisuales, S.L.U.	01/01/13
B87294187	Atresmedia Música, S.L.U.	01/01/15
B65273914	Atresmedia Studios, S.L.U.	01/01/14
B87377230	Atresmedia Capital, S.L.U.	01/01/15
A79458535	Música Aparte S.A.U.	01/01/01
B87246773	Smartclip Latam, S.L.	01/01/18
B85498723	Smartclip Hispania, S.L.U.	01/01/18
B84196914	Uniprex Televisión, S.L.U.	01/01/04
B84405422	Inversión y Distribución Global de Contenidos, S.L.U.	01/01/05
B84527704	I3 Televisión, S.L.U.	01/01/20
A28782936	Uniprex, S.A.U.	01/01/01

Filing consolidated tax returns gives rise to reciprocal intra-Group balances, due to the offset of the losses incurred by certain companies against the profit earned by other Group companies. These balances are recognised under “Payable to group companies” and “Receivable from group companies”, as appropriate.

Income tax is calculated based on accounting profit or loss, obtained by applying generally accepted accounting principles. It does not necessarily coincide with taxable income or tax loss.

## Reconciliation of accounting profit and profit for income tax purposes for 2021:

	Thousands of euros		Total
	Increases	Decreases	
<b>Accounting profit after tax</b>			<b>98,150</b>
<b>Income tax</b>	<b>28,606</b>	—	<b>28,606</b>
<b>Permanent differences -</b>	<b>4,366</b>	<b>14,805</b>	<b>(10,441)</b>
Penalties	—	172	(172)
Donations	763	—	763
Impairment of investments	—	10,304	(10,304)
Elimination of dividends	—	4,329	(4,329)
Elimination of intragroup transactions	3,398	—	3,398
Other permanent differences	205	—	205
<b>Deductible temporary differences:</b>	<b>26,117</b>	<b>16,686</b>	<b>9,431</b>
<i>Originating in the current year:</i>			
Provisions for contingencies and charges	20,267	—	20,267
Non-current payables	5,850	—	5,850
<i>Originating in prior years:</i>			
Provisions for contingencies and charges	—	10,806	(10,806)
Non-current payables	—	5,086	(5,086)
Impairment losses	—	794	(794)
<b>Taxable temporary differences:</b>	<b>6,880</b>	—	<b>6,880</b>
<i>Originating in the current year:</i>			
Impairment losses	6,880	—	6,880
<b>Gross taxable profit</b>			<b>132,626</b>
<b>Offset of prior years' tax losses</b>			<b>(33,157)</b>
<b>Tax rate</b>			<b>25%</b>
<b>Gross tax payable</b>			<b>24,867</b>
Receivables from (payables to) group companies			3,052
Tax credits taken in 2021			(16,077)
Tax prepayments in 2021			(21,834)
<b>Income tax payable (refundable)</b>			<b>(9,992)</b>

## Reconciliation of accounting profit and profit for income tax purposes for 2020:

	Thousands of euros		
	Increases	Decreases	Total
<b>Accounting profit after tax</b>			<b>35,647</b>
<b>Income tax</b>	<b>13,153</b>	—	<b>13,153</b>
<b>Permanent differences -</b>	<b>9,789</b>	<b>4,283</b>	<b>5,506</b>
Penalties	577	—	577
Donations	1,646	—	1,646
Impairment of investments	2,465	—	2,465
Elimination of dividends	—	4,283	(4,283)
Elimination of intragroup transactions	4,093	—	4,093
Other permanent differences	1,007	—	1,007
<b>Deductible temporary differences:</b>	<b>41,504</b>	<b>2,325</b>	<b>39,179</b>
<i>Originating in the current year:</i>			
Provisions for contingencies and charges	12,781	—	12,781
Non-current payables	28,723	—	28,723
<i>Originating in prior years:</i>			
Provisions for contingencies and charges	—	1,266	(1,266)
Non-current payables	—	368	(368)
Impairment losses	—	691	(691)
<b>Taxable temporary differences:</b>	<b>6,912</b>	—	<b>6,912</b>
<i>Originating in the current year:</i>			
Impairment losses	6,912	—	6,912
<b>Assignment EIGs</b>	—	<b>9,028</b>	<b>(9,028)</b>
<i>Assignment of tax losses EIGs</i>	—	9,028	
<b>Gross taxable profit</b>	<b>71,358</b>	<b>15,635</b>	<b>91,369</b>
<b>Offset of prior years' tax losses</b>			<b>(22,842)</b>
<b>Tax rate</b>			<b>25%</b>
<b>Gross tax payable</b>			<b>17,132</b>
Receivables from (payables to) group companies			129
Tax credits taken in 2020			(13,269)
Tax prepayments in 2020			(15,575)
<b>Income tax payable (refundable)</b>			<b>(11,584)</b>

In 2020, the Company acquired 99.9% stakes in two EIGs, "BAUMAN INVESTIGACIONES AIE" and "MASCA SCIENCE AIE", for EUR 3,499 thousand. These EIGs carry out research and development activities.

The particular taxation of EIGs (see Note 16.5) gave rise at year-end of deferred tax assets of EUR 5,231 thousand for the Company, cancelling the entire amount of the financial investment.

Of the EUR 5,231 thousand of financial assets passed on by the EIGs to Atresmedia Corporación, EUR 2,257 thousand related to tax losses (EUR 9,028 thousand tax base) and EUR 2,974 thousand are deductions for research and development.

The difference between the derecognition of the investment and the addition of deferred tax assets gave rise to finance income of EUR 1,734 thousand.

Tax losses were recognised directly in 2020, with the Company making a negative adjustment to taxable income of EUR 9,028 thousand.

### 17.3 Tax recognised in equity

Taxes recognised directly in equity in 2021:

	Thousands of euros		
	Increases	Decreases	Total
<b>Deferred tax</b>			
<i>Originating in the current year:</i>			
Revaluation of other financial assets	—	153	(153)
Recognition of assets at fair value	2,608	—	2,608
<b>Total deferred tax</b>	<b>2,608</b>	<b>153</b>	<b>2,455</b>
<b>Total tax recognised directly in equity</b>	<b>2,608</b>	<b>153</b>	<b>2,455</b>

Taxes recognised directly in equity in 2020:

	Thousands of euros		
	Increases	Decreases	Total
<b>Deferred tax</b>			
<i>Originating in the current year:</i>			
Revaluation of other financial assets	—	1,256	(1,256)
Recognition of assets at fair value	1,539	—	1,539
<b>Total deferred tax</b>	<b>1,539</b>	<b>1,256</b>	<b>283</b>
<b>Total tax recognised directly in equity</b>	<b>1,539</b>	<b>1,256</b>	<b>283</b>

### 17.4 Reconciliation of accounting profit and income tax expense

Reconciliation of accounting profit and income tax expense (in thousands of euros):

	2021	2020
<b>Profit/(loss) before tax</b>	<b>126,756</b>	<b>48,800</b>
<b>Tax charge at 25%</b>	<b>31,689</b>	<b>12,200</b>
<b>Tax credits earned in the year</b>	<b>(273)</b>	<b>(574)</b>
Audiovisual productions	—	—
Donations to not-for-profit entities	(260)	(574)
Other	(13)	—
<b>Offset of tax losses</b>	<b>—</b>	<b>—</b>
<b>Other-</b>		
Permanent differences (Note 17.2)	(2,610)	1,376
<b>Total current tax expense for the year</b>	<b>28,806</b>	<b>13,002</b>
<b>Income tax adjustments</b>	<b>(200)</b>	<b>151</b>
Difference in income tax per tax return	(200)	151
<b>Total income tax expense recognised in profit or loss</b>	<b>28,606</b>	<b>13,153</b>

Income tax expense for the year (in thousands of euros):

	2021	2020
Current tax	11,564	16,557
Deferred tax	17,242	(3,555)
<b>Total income tax expense for the year</b>	<b>28,806</b>	<b>13,002</b>

### 17.5 Deferred tax assets recognised

The difference between the tax charge allocated to the current year and to prior years and the tax charge already paid or payable for those years, recognised under "Deferred tax assets", arose as a result of temporary differences on the following items:

CHANGES IN DEFERRED TAX ASSETS	Thousands of euros				2021
	2020	Additions	Disposals	Other	
Contingencies and charges	11,445	5,067	2,702	(522)	13,288
Payables	7,501	1,463	1,272	—	7,692
Other items	1,122	—	199	61	985
Hedging instruments	(1,848)	153	—	—	(1,694)
<b>Total</b>	<b>18,220</b>	<b>6,683</b>	<b>4,173</b>	<b>(461)</b>	<b>20,270</b>

The detail for 2020 is as follows:

CHANGES IN DEFERRED TAX ASSETS	Thousands of euros				2020
	2019	Additions	Disposals	Other	
Contingencies and charges	8,611	3,195	317	(45)	11,445
Payables	412	7,180	92	—	7,501
Other items	1,328	—	173	(33)	1,122
Hedging instruments	(591)	—	1,256	—	(1,848)
<b>Total</b>	<b>9,760</b>	<b>10,376</b>	<b>1,838</b>	<b>(78)</b>	<b>18,220</b>

The tax effect of the valuation adjustments relating to the hedging instruments in 2021 amounted to a positive EUR 153 thousand, recognised under "Non-current assets".

These deferred tax assets were recognised in the balance sheet as the directors considered that, based on the best estimates of the Company's future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

On the basis of the estimate made by the Company's directors of the timing of future profits for the offset and use of these deferred tax assets, EUR 18,828 thousand were considered to be recoverable in the long term, while EUR 1,442 thousand were considered to be recoverable in the short term. Both amounts are recognised under "Deferred tax assets".

The Company has considered the following as positive evidence for recognising deferred tax assets:

- The tax loss carryforwards arose in the business combination with la Sexta, which had losses before being absorbed by the Atresmedia Group.
- The Atresmedia Group has a history of recurring profits, even after absorbing the loss-making La Sexta, with a stable customer portfolio.
- The Group operates in a mature sector, which allows it to plan convincing tax strategies.

Chapter IV of Title VI of the Income Tax Law sets a limit for the offset of taxes of 15 years and for R&D&I credits of 18 years. However, management assessed the recoverability of deferred tax assets, recognising those it expects to recover within seven years from 31 December 2021. It considered this to be the most appropriate period, given the uncertainties inherent in forecasts for longer periods.

Law 11/2020, of 30 December, of the state budget for 2021 introduced amendments to article 39.1 of the income tax law regarding the utilisation of credits, increasing the limit of 25% in place until 31/12/2020 to 50% for tax periods beginning in or after 2021. Nevertheless, Law 22/2021, of 28 December, of the state budget for 2022 included a minimum 15% tax on taxable profit for taxpayers with revenue equal to or greater than EUR 20 million or that file consolidated taxes, irrespective of the amount of revenue in the latter case.

In the light of this change in regulations, which places a new cap on the recognition of credits, the Company decided it was better not to recognise new credits, even if the deferred tax assets recognised will be recovered in full within that period.

Assessments were made regarding the outlook for growth of the advertising market in the coming years, based on estimated audience numbers, advertising effectiveness ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by management of the Company and updated in accordance with the performance of the advertising markets. These estimates do not provide any evidence that the tax assets and tax credits recognised will be not recovered.

The changes in deferred tax assets recognised in "Other" include mainly the difference between the estimated tax for 2016 and the tax return actually filed with the taxation authorities, giving rise to a negative adjustment in deferred tax assets of EUR 461 thousand. Also, the effect on expenses of this difference, amounting to a negative EUR 200 thousand, is recognised under "Income tax adjustments".

At 31 December 2021, Company had unused tax credits amounting to EUR 115,876 thousand, of which EUR 81,612 thousand are recognised in the balance sheet, as follows:

Tax credits				
Thousands of euros				
Unused at 31/12/2020	Used in the year	Other	Unused at 31/12/2021	Limit
11,723	(11,841)	119	—	2,027
10,990	—	—	10,990	2,028
11,500	(40)	—	11,460	2,029
14,946	—	—	14,946	2,030
12,945	—	—	12,945	2,031
13,230	—	—	13,230	2,032
11,410	—	—	11,410	2,033
15,647	—	(17)	15,630	2,034
17,916	—	(2,276)	15,640	2,035
9,625	—	—	9,625	2,036
<b>129,932</b>	<b>(11,881)</b>	<b>(2,175)</b>	<b>115,876</b>	



As a result of the merger by universal succession of La Sexta, the Company assumed the right to deduct the transferor's tax loss carryforwards shown in the table in the tax charge, in accordance with the following schedule:

Tax loss carryforwards				
Thousands of euros				
Year generated	Amount	Used in the year	Other	Unused at 31/12/2021
2007	34,715	(8,289)	161	26,587
2008	31,918	—	—	31,918
2009	28,965	—	—	28,965
2010	8,377	—	—	8,377
2011	15,473	—	—	15,473
2012	12,587	—	—	12,587
<b>Total tax assets</b>	<b>132,036</b>	<b>(8,289)</b>	<b>161</b>	<b>123,908</b>

"Other" includes the differences between the estimate made at the end of the reporting period and the income tax return effectively filed for a negative amount of EUR 2,175 thousand and a positive amount of EUR 161 thousand in tax credits and tax losses, respectively.

Pursuant to Spanish tax legislation, there is no time limit on the offset of tax losses. Of the total amount of unused tax losses, the Company recognised EUR 61,384 thousand.

Of the EUR 16,077 thousand of tax credits taken in the year, EUR 13,706 thousand were deductions for audiovisual production, EUR 1,184 thousand for international double taxation, EUR 284 thousand for donations to not-for-profit entities, and EUR 40 thousand for reversal of temporary measures (Transitional Provision Thirty-Seven of the Spanish Income Tax Law). Lastly, a EUR 1,201 thousand tax credit was recognised for foreign productions under article 36.2 of the Spanish Income Tax Law. Under article 39.2 of that Law, this can be utilised in the current financial year without applying the general limits.

### 17.6 Deferred tax liabilities recognised

Breakdown of deferred tax liabilities recognised in the year:

DEFERRED TAX LIABILITIES	Thousands of euros							
	2019	Additions	Disposals	Other	2020	Additions	Disposals	2021
Tax effect of identification of intangible assets	11,621	—	(1,728)	(14)	9,880	—	(1,720)	8,159
Tax effect of assets at fair value	1,539	—	(1,539)	—	—	2,608	—	2,608
<b>Total</b>	<b>13,160</b>	<b>—</b>	<b>(3,267)</b>	<b>(14)</b>	<b>9,880</b>	<b>2,608</b>	<b>(1,720)</b>	<b>10,767</b>

In accordance with income tax recognition and measurement standard number 13, the Company will recognise the deferred tax liabilities relating to goodwill provided that these do not arise on the initial recognition thereof.

The deferred tax liabilities relate to the identification of the "La Sexta" trademark and to the signal transmission licence. The trademark was being amortised for accounting purposes at an annual rate of 5%, with the amortisation taken in 2015 amounting to EUR

791 thousand. In 2016, the trademark began to be amortised at an annual rate of 10%, in accordance with Spanish Audit Law 22/2015, of 20 July (see Note 4.1).

The amortisation is not deductible for tax purposes and, therefore, gives rise to a positive adjustment to the taxable profit (tax loss) which is recognised as a deferred tax liability.

It also reflects the tax impact of the recognition of an asset held for sale at fair value.

### **17.7 Years open to inspection and tax audits**

The Company is open to inspection for income tax from 2016 and for the rest of the taxes applicable to it from 2018.

On 23 March 2021, the National Court (Audiencia Nacional) issued an order to raise to the Constitutional Court (Tribunal Constitucional) a matter of potential unconstitutionality of Royal Decree-Law 3/2016, of 2 December, adopting certain tax measures to consolidate public finances and other urgent social measures (the "RDL"). This RDL introduced considerable amendments to Spain's Corporate Income Tax (CIT) Law 27/2014, of 27 November, mainly Article 3.1. What mainly impacts the Company are the specific limits established on offsetting tax losses, i.e. 25% of taxable profit, and the non-deductibility of capital losses on sales of equity interests in certain entities (art. 21.6 of the CIT).

As the National Court raised the issue of unconstitutionality of the RDL to the Constitutional Court, the Company considered the possibility of annulment of the RDL. This would lead to changes in the income tax self-assessment filed, with considerably different and more favourable results for the Company's interests.

Accordingly, the Company submitted written requests for rectification of self-assessments of income tax for the years 2016 to 2020, inclusive.

Nevertheless, the Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, any liabilities that may arise would not have a material effect on the accompanying financial statements.

## **18. Foreign currency balances and transactions**

Significant balances and transactions in foreign currency, mainly US dollars, translated at the year-end exchange rate and the average exchange rates for the year, respectively (in thousands of euros):

	<b>2021</b>	<b>2020</b>
Receivables	2,443	5,587
Payables	206,820	193,711
Sales	12,869	198,213
Purchases	21,190	23,279

Exchange differences recognised in 2021 profit or loss by class of financial instruments (in thousands of euros):

	Transactions settled in the year	Unmatured balances	Total
Trade receivables	(433)	—	(433)
Financial assets	—	1,235	1,235
<b>Total financial assets</b>	<b>(433)</b>	<b>1,235</b>	<b>802</b>
Trade payables	(122)	(1,235)	(1,357)
Financial liabilities	—	(1,235)	(1,235)
<b>Total financial liabilities</b>	<b>(122)</b>	<b>(2,470)</b>	<b>(2,592)</b>

Data for 2020 (in thousands of euros):

	Transactions settled in the year	Unmatured balances	Total
Trade receivables	(398)	—	(398)
Financial assets	—	1,953	1,953
<b>Total financial assets</b>	<b>(398)</b>	<b>1,953</b>	<b>1,555</b>
Trade payables	404	1,956	2,359
Financial liabilities	—	(1,953)	(1,953)
<b>Total financial liabilities</b>	<b>404</b>	<b>2</b>	<b>406</b>

## 19. Revenue and expenses

### 19.1 Revenue

Breakdown of revenue in 2021 and 2020 from continuing operations by business line and geographical market (in thousands of euros):

Line of business	2021	2020
Advertising sales	674,059	616,236
<b>Total</b>	<b>674,059</b>	<b>616,236</b>

  

Geographical market	2021	2020
Spain	674,059	616,236
<b>Total</b>	<b>674,059</b>	<b>616,236</b>

“Other operating income” includes sales made by the Company that do not form part of its core business. The most important is income from the sale of broadcasting rights and the commercial exploitation of online content.

## 19.2 Procurements

Procurements in 2021 and 2020:

Thousands of euros	2021	2020
Broadcasting of in-house productions	241,508	223,100
External production services	229,461	205,758
Programme broadcasting rights	121,034	129,268
Performances and contributions of entertainers	17,745	16,344
Other amortisation	14,464	9,961
Live broadcasting rights	65	0
Inventories	(266,182)	(235,567)
<b>Total</b>	<b>358,095</b>	<b>348,864</b>

"Inventories" includes expenses incurred in programmes production. The Company's policy is to capitalise and subsequently amortise this expenditure as described in Note 4.7.

Of total procurements in 2020, EUR 20 million related to purchases in other European Union countries (2020: EUR 21 million) and approximately EUR 57 million to purchases in non-EU countries (2020: EUR 42 million), mainly the United States.

## 19.3 Employee benefits expense

Employee benefits expenses in 2021 and 2020:

Thousands of euros	2021	2020
Social Security payable by the	5,794	6,226
Other employee benefits expense	1,626	16,159
<b>Total</b>	<b>7,420</b>	<b>22,385</b>

The decrease in "Other employee benefits expense" compared to 2020 was caused by the recognition of a provision for employee remuneration for the 2020 Plan (see Note 14).

## 19.4 Other operating expenses

Breakdown of other operating expenses in 2021 and 2020:

Thousands of euros	2021	2020
Subcontracted work	79,673	90,848
Communications	35,129	35,605
Leases and royalties	26,369	23,342
Advertising and publicity	7,724	7,462
Copyrights and other expenses	72,221	62,612
<b>Total</b>	<b>221,116</b>	<b>219,869</b>

The most significant item under "Leases and royalties" is the television operators' contribution to the financing of Corporación RTVE.

"Copyrights and other expenses" includes changes in the allowance for doubtful receivables. In 2021, the Company charged EUR 230 thousand (2020: EUR 539 thousand).

### 19.5 Finance income and costs

Finance income and finance costs calculated using the effective interest rate method:

	2021	2020
Finance income	6,047	8,572
Finance costs	11,200	9,758

Of total finance income in 2021, EUR 4,557 thousand related to dividends received by Atresmedia Corporación de Medios de Comunicación, S.A. from its subsidiaries (2020: EUR 4,283 thousand) (see Note 9.3).

### 19.6 Changes in fair value of financial instruments

This item in the statement of profit or loss includes mainly the net gain or loss arising from changes in the fair value of the currency hedges and IRSs disclosed in Note 14.

Net gain/(loss) on changes in fair value in 2021 and 2020 by item:

Thousands of euros	2021	2020
Hedging instruments	404	(2,129)
Other non-current liabilities	1,197	—
<b>Total</b>	<b>1,601</b>	<b>(2,129)</b>

## 20. Related party transactions and balances

### 20.1 Related party transactions

Transactions with related parties in 2021 and 2020 (in thousands of euros):

	2021		2020	
	Group companies	Associates	Group companies	Associates
Revenue	699,236	284	633,492	—
Purchase and receipt of services	52,717	9,619	79,388	6,104
Accrued interest expenses	286	—	323	—
Accrued interest income	872	273	1,349	265
Guarantees and deposits (extended and received)	150	—	190	—
Dividends received	4,557	—	4,283	—

In addition to these transactions, advertising space was sold to and purchased from related parties in 2021 amounting to EUR 1,272 thousand (2020: EUR 1,354 thousand).

## 20.2 Related party balances

Balances with related parties on the balance sheet at 31 December 2021 and 2020 (in thousands of euros):

2021	Equity instruments	Non-current loans to companies	Trade receivables	Current investments	Non-current payables	Current payables	Trade payables
<b>Group companies</b>	<b>131,417</b>	<b>44,382</b>	<b>171,574</b>	<b>8,182</b>	<b>2</b>	<b>71,711</b>	<b>14,566</b>
Antena 3 Multimedia, S.L.U.	3	—	10	—	—	851	812
Antena 3 Noticias, S.L.U.	1,874	—	156	325	—	4,675	10,405
Antena 3 TDT Canarias, S.A.U.	—	—	—	—	—	1,686	121
Atres Advertising, S.L.U.	3	—	170,521	825	—	24,890	309
Atresmedia Cine, S.L.U.	6,266	17,913	134	—	—	2,663	118
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,629	—	78	492	—	4,157	—
Atresmedia Música, S.L.U.	102	—	—	71	—	791	—
Atresmedia Studios, S.L.U.	2,223	—	12	—	—	1,737	10
Diario Motor Medios Digitales, S.A.	6,639	—	—	—	—	—	—
Atresmedia Capital, S.L.U.	5,433	23,469	—	349	—	4,116	—
Música Aparte, S.A.U.	60	—	109	511	—	2,347	3
Uniprex, S.A.U.	106,635	3,000	444	3,660	2	1,065	851
I3 Televisión, S.L.	550	—	36	5	—	1,687	632
Inversión y Distribución Global de Contenidos, S.L.	—	—	—	5	—	—	—
Uniprex Televisión, S.L.U.	—	—	47	977	—	—	1,279
Smartclip Hispania, S.L.	—	—	27	897	—	12,043	26
Smartclip Latam, S.L.	—	—	—	65	—	8,916	—
Sociedad de Distribución Digital Sonora de Entretenimiento, S.L.	—	—	—	—	—	87	—
<b>Associates</b>	<b>1,880</b>	<b>—</b>	<b>730</b>	<b>7,028</b>	<b>—</b>	<b>—</b>	<b>173</b>
Hola Televisión América, S.L.	—	—	105	7,028	—	—	—
Hola Televisión América USA, S.L.	—	—	625	—	—	—	173
Suma Content, S.L.	1,880	—	—	—	—	—	—
<b>Investments</b>	<b>25,825</b>	<b>2,682</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Jointly controlled entities</b>	<b>3</b>	<b>—</b>	<b>1,196</b>	<b>1,607</b>	<b>—</b>	<b>—</b>	<b>5,311</b>
Buendía Estudios, S.L.	1	—	963	1,197	—	—	34
Buendía Producción, S.L.	2	—	233	410	—	—	5,277
<b>Related companies</b>	<b>—</b>	<b>—</b>	<b>281</b>	<b>999</b>	<b>—</b>	<b>—</b>	<b>1,417</b>
Planeta Group	—	—	273	—	—	—	931
RTL Group	—	—	8	999	—	—	486
<b>Total</b>	<b>159,125</b>	<b>47,064</b>	<b>173,781</b>	<b>17,816</b>	<b>2</b>	<b>71,711</b>	<b>21,467</b>



2020	Equity instruments	Non-current loans to companies	Trade receivables	Current investments	Non-current payable	Current payables	Trade payables
<b>Group companies</b>	<b>118,392</b>	<b>59,296</b>	<b>176,090</b>	<b>23,588</b>	<b>2</b>	<b>54,924</b>	<b>31,875</b>
Antena 3 Multimedia, S.L.U.	3	—	10	1,122	—	1	2,720
Antena 3 Noticias, S.L.U.	974	—	156	2,174	—	—	18,503
Antena 3 TDT Canarias, S.A.U.	—	—	—	8	—	1,722	116
Atres Advertising, S.L.U.	3	—	174,714	1,690	—	28,081	398
Atresmedia Cine, S.L.U.	5,566	29,827	233	—	—	5,053	685
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,561	—	78	1,411	—	—	4,570
Atresmedia Música, S.L.U.	102	—	176	123	—	738	—
Atresmedia Studios, S.L.U.	833	—	22	9,578	—	3,735	1,674
Atresmedia Capital, S.L.U.	2,205	23,469	—	1	—	1,596	—
Música Aparte, S.A.U.	60	—	94	792	—	108	3
Uniprex, S.A.U.	106,635	6,000	398	3,000	2	771	887
I3 Televisión, S.L.	450	—	36	47	—	511	1,691
Uniprex Televisión, S.L.U.	—	—	173	2,692	—	—	580
Smartclip Hispania, S.L.	—	—	—	849	—	12,600	48
Smartclip Latam, S.L.	—	—	—	101	—	8	—
Smartclip Mexico S.A.P.I. de C.V.	—	—	—	—	—	—	—
<b>Associates</b>	<b>—</b>	<b>—</b>	<b>952</b>	<b>6,490</b>	<b>—</b>	<b>—</b>	<b>112</b>
Fundación Atresmedia	—	—	—	—	—	—	—
Hola Televisión América, S.L.	—	—	371	6,490	—	—	—
Hola Televisión América USA, S.L.	—	—	581	—	—	—	112
<b>Investments</b>	<b>10,534</b>	<b>460</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Jointly controlled entities</b>	<b>4</b>	<b>1,607</b>	<b>64</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,043</b>
Buendía Estudios, S.L.	2	1,197	—	—	—	—	3
Buendía Producción, S.L.	2	410	64	—	—	—	6,040
<b>Related companies</b>	<b>0</b>	<b>0</b>	<b>162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,750</b>
Planeta Group	—	—	148	—	—	—	1,487
RTL Group	—	—	14	—	—	—	6,263
<b>Total</b>	<b>128,930</b>	<b>61,363</b>	<b>177,268</b>	<b>30,078</b>	<b>2</b>	<b>54,924</b>	<b>45,780</b>

“Current investments” includes the amounts drawn down against the credit facilities granted by the Company to companies in its Group and the balances receivable from them relating to income tax.

“Current payables” includes the balances relating to cash surpluses managed by the Company on behalf of its Group companies and the balances payable to them relating to income tax.

The sale of television advertising services has been managed by the Group company Atres Advertising, S.L. Unipersonal, in line with the most widely used sales model in the television advertising industry. Accordingly, this subsidiary deals with customers (advertisers and media centres).

The Company manages its cash and the cash of its subsidiaries centrally.

### **20.3 Remuneration of directors and senior management**

The remuneration earned in 2021 by the current and former members of the Company's Board of Directors (composed at 31 December 2021 and 2020 of four women and eight men) in the form of salaries, attendance fees and insurance premiums amounted to EUR 4,654 thousand, EUR 717 thousand and EUR 42 thousand, respectively (2020: EUR 3,520 thousand, EUR 648 thousand and EUR 28 thousand, respectively).

Salaries and life insurance premiums paid to members of senior management who are not directors in 2021 amounted to EUR 2,752 thousand and EUR 65 thousand, respectively (2020: EUR 2,995 thousand and EUR 69 thousand, respectively).

The third-party liability insurance taken out for Atresmedia Group directors and managers in 2021 amounted to EUR 200 (2020: EUR 120 thousand).

At 31 December 2021 and 2020, the Company had not granted any loans or advances to its Board members and senior executives, and it did not have any supplementary pension or retirement bonus obligations with them. As for two Executive Directors, the Annual Report on Director Remuneration sets out certain special conditions in the event their relationship with the Company is terminated.

At the General Meeting of the Company held on 28 April 2021, approval was given to implement a long-term variable remuneration scheme for executive directors and certain managers of the Group. The scheme is a long-term variable incentive tied to the Group's performance.

The plan has a duration of four years from approval, with 2021, 2022 and 2023 as the period for achieving targets. For entitlement to settlement, the reference date for fulfilment by beneficiaries of the requirement for continuing to hold their post at the Group is 28 April 2025. Payment of this remuneration will be between 28 April 2025 and 30 June 2025.

The targets assessed for calculating the remuneration are 1) profitability, linked to consolidated EBITDA, with a 70% weighting; 2) an income-source diversification target, with a 25% weighting, and 3) an environmental, social and corporate governance (ESG) target, with a 5% weighting.

Beneficiaries will be entitled to receive an amount, determined based on the achievement of the financial and non-financial targets outlined in the plan, and on fulfilment of the continued employment requirement.

According to the plan, an amount is established that vests at the end of the first two years linked to the level of achievement of the EBITDA target for those two years.

Of the amount of remuneration to which beneficiaries are entitled under this plan, the executive directors and managers will be paid 90% in cash and 10% in shares of Atresmedia Corporación, with treasury shares held by the Parent. To complete payment, the plan includes the possibility of buying back additional shares as necessary.

On 27 February 2020, the second and last part of the Plan agreed by shareholders at the General Meeting of Atresmedia Corporación de Medios de Comunicación, S.A. held on 22 April 2016 was settled, with delivery to beneficiaries of 118,750 shares. The closing price of those shares on the market that day was EUR 3.098.



## 20.4 Information regarding situations of conflict of interest involving directors

Pursuant to Article 229 et. seq. of the Corporate Enterprises Act, the following information is included:

- In 2021, none of the directors reported to the Board of Directors any direct or indirect conflict of interest that they or their affiliates, as defined in Article 213 of the Corporate Enterprises Act, might have with respect to the Company.

## 21. Other disclosures

### 21.1 Employees

In 2021, the average number of employees was 424 (2020: 449), broken down by professional category as follows:

Professional category	2021		2020	
	Female	Male	Female	Male
Senior management	1	10	1	11
Managers	29	49	33	55
Technicians	120	114	124	126
Administrative	33	12	37	11
Other	36	20	33	18
<b>Total</b>	<b>219</b>	<b>205</b>	<b>228</b>	<b>221</b>

There were 432 employees at year-end 2021 (2020: 425), broken down by gender and professional category as follows:

Professional category	2021		2020	
	Female	Male	Female	Male
Senior management	1	10	1	11
Managers	29	49	31	50
Technicians	124	119	118	117
Administrative	34	11	34	11
Other	36	19	32	20
<b>Total</b>	<b>224</b>	<b>208</b>	<b>216</b>	<b>209</b>

Data for senior management are obtained based on the criteria established in the preparation of the Annual Corporate Governance Report.

Senior management comprises three directors (all men).

Average number of employees in 2021 and 2016 with a disability of more than 33% by professional category:

Professional category	2021
Technicians	1
Administrative	1
Other	6
<b>Total</b>	<b>8</b>

### 21.2 Audit fees

Fees for financial audit and other professional services in 2021 and 2020 provided by the statutory auditor of the Company, or by a firm in the same group or related to the auditor (in thousands of euros):

	Audit of financial statements	Other audit-related services	Tax advisory services	Other services
2021	34	14	—	—
2020	35	14	—	—

"Other audit-related services" includes the reports of agreed-upon procedures on compliance with covenants on financing transactions, and the report on compliance with the investment in audiovisual production provided by KPMG Auditores, S.L. to the Company during the years ended 31 December 2021 and 2020.

Information on services provided by KPMG Auditores, S.L. to companies controlled by the Company in 2017, where applicable, are disclosed in the consolidated financial statements of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2021.

Other KPMG International affiliates did not provide professional services to the Company in the years ended 31 December 2021 and 2020.

The Annual Corporate Governance Report includes a description of the work of the Audit Committee and an explanation of how the auditor's objectivity and independence is guaranteed when providing non-audit services.

### 21.3 Off-balance sheet agreements

The Company has provided bank guarantees to third parties, primarily to respond to the obligations arising from the concession of television licences. The amounts of these guarantees in 2021 and 2020 were EUR 44,962 thousand and EUR 24,138 thousand, respectively.

The Company's directors consider that any liabilities not foreseen at 31 December 2021 that might arise from the guarantees provided would not be material.

## 22. Events after the reporting period

The Company was involved in FEVER LABS, Inc.'s last funding round. This startup has experienced significant growth in recent years in both sales and geographically, achieving a leadership position in the entertainment experiences and digital content sector. With a strong footprint in Europe and the US, it raised USD 227 million in the funding round held in January 2022, led by the Goldman Sachs growth equity fund. Atresmedia's stake in the company after the latest acquisitions and its participation in the funding round stands at 10.2% on a fully diluted basis; i.e. considering the stock options and plans granted to Fever Labs' management team.



**ATRESMEDIA**

**Atresmedia Corporación de Medios  
de Comunicación, S.A.**

Management Report for 2021

## **ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.**

### **MANAGEMENT REPORT FOR 2021**

#### **Business performance and situation of the Company**

Atresmedia Corporación de Medios de Comunicación, S.A. (Atresmedia) is the parent of a group that, through its TV and radio arms, produces and distributes audiovisual and radio content for a wide variety of audiences, in which it inserts the advertising formats it sells to advertisers for their advertising campaigns. Atres Advertising currently oversees this business activity, which is the Group's main source of revenue. Atresmedia also engages in other related activities. First, it sells various types of advertising on internet, which it inserts in proprietary web pages through Atres Advertising and third-party web pages through Smartclip. In online advertising, a leader in the automotive market, Diariomotor, was acquired in 2021. This company is a benchmark in generating audiovisual content for the automotive sector in Spain, with over 4.5 million unique monthly users.

Since the second half of 2020, after the acquisition of influencer marketing agency Human to Human, Atresmedia also offers advertisers a new way of promoting their brands, i.e. through influencers on social media.

Atresmedia has its own VOD (video on demand) offering, through Atresplayer (AVOD) or third-party supports. Thanks to all these activities, Atresmedia is the leading seller of advertising in Spain, with a share of the total advertising market of over 18%.

The Company is also involved in other businesses that are not advertising-driven, such as the sale of content produced by the Group to other television networks or the operation of VOD platforms, both individually (Atresplayer Premium) or packaged as complete International on international pay TV platforms. This bid to diversify includes third-party content creation and production, which originally led to the creation of Atresmedia Studios, whose business was transferred in 2020 to two newly created companies, Buendía Producción, S.L. and Buendía Estudios, S.L. These companies were set up jointly with Telefónica with the aim of becoming the largest creator of Spanish-language content, distributing their products across the globe. Lastly, Atresmedia complies with its statutory obligations to fund European audiovisual works (set out in the Spanish Audiovisual Act, *Ley General Audiovisual*) through its producer, Atresmedia Cine.

2020 saw COVID-19 have a major impact of all economic sectors in Spain, while 2021 was the year of recovery. The sharp contraction by the Spanish economy, with an 11% decline in gross domestic product (GDP), was followed by a rebound, but not quite back to the levels lost in 2020, with overall GDP rising by 5% in 2021. The first indicators released during the year and forecasts by various organisations pointed to a stronger recovery. The Spanish government estimated growth of 6.5%, while the IMF projected a level of 6.4%. However, from the second half of the year, supply disruptions for several crucial components for the industry, the spike in energy prices and the emergence of the Omicron variant in the last weeks of the year resulted in lower-than-expected growth in the last two quarters.

TV consumption in Spanish did return to pre-pandemic levels. With the end of lockdowns and the gradual return to normality, viewers spent 3 hours and 45 minutes in front of the TV. Consumption in 2020 (4 hours on average and 4 hours and 17 minutes in the first half) was the highest since 2017. People aged over 65 watched an average of 6 hours and 9 minutes of TV a day, those aged 45-65 spent an average of 4 hours and 27 minutes watching TV, and those aged 25-44 watched an average of 2 hours and 20 minutes. The youngest age groups consumed less TV: 1 hour and 22 minutes for children aged 13-24, and 1 hour and 32 minutes for those aged 4-13.

Advertising spend recouped part of the ground lost in 2020, but investment was still below 2019 levels. According to external sources, advertising's share of total spend in convention media rose by 11% in 2021, after plunging by 18.1% in 2020. All media's share of spend increased. TV advertising led the way among Atresmedia's markets, registering growth in the year of 8% (compared to a fall of 18.4% in 2020). The digital advertising market grew by 15% (after a decline of 5.3% the year before). Ratio also fared well, with a 13% increase in spend (after a 22.9% drop in 2020).

TV advertising spend varied across sectors. All sectors in general were expected to deliver strong growth after the previous year's fall, but some, such as automotive and health, struggled in the latter part of the year. Car ad spend fell by 17.2% and health ad spend by 9.2% in 2021. Meanwhile, beverage ad spend soared 38.2% in 2021, delivering the year's best performance. Second was retail, which increased ad spend by 24.7%. The telecommunications, beauty & personal hygiene and food sectors also regain some of the ground lost in 2020, with increases in ad spend of 14.7%, 9.0% and 7.7%, respectively. Growth in the finance sector was more muted (0.5%).

Atresmedia's six television channels had a combined audience share in 2021 of 27.3%, up from 26.3% the year, and delivered the year's best absolute performance in free-to-air (FTA) television. By channel, Antena 3 had a 13.3% share (+2.0 points), la Sexta a 6.4% share (-0.6 points) and the theme channels (Neox, Nova, Mega and Atreseries) a 7.5% share (-0.39 points). Antena 3 was the audience leader in the last two months of the year, beating out Telecinco for the first time since August 2018. It is still the leader thus far in 2022.

FTA is still the TV option of choice among the entire population, including younger people, for entertainment and news. Atresmedia's position as a leader in TV news in Spain is unquestionable: Antena 3 Noticias was the leader in 2021 for the fourth straight year, achieving its best share and viewer figures in 14 years (i.e. since 2007), with 19.2% and nearly 2.5 million viewers. It was the only news programme that grew, by 2.6 points, resulting in its largest ever lead over its competitors. This shows that consumers in Spain choose Atresmedia for current and breaking news.

Revenue totalled EUR 674.1 million in 2021, up 9.4% from the year before. This outstripped the growth of the total advertising market. Revenue growth was higher in the first half than the second, thanks to more favourable comparisons with the first half of 2020. The pace of year-on-year growth slowed in the last two quarters of the year, not only because of tougher comparisons with the second half of 2020, but also because circumstances beyond the Company's control, such as the electronic supply crisis, the emergence of the Omicron variant, and soaring electricity prices, which kept ad spend from rising higher.

Operating expenses totalled EUR 648.9 million, 0.1% lower than the figure reported in 2020. Lower revenue in 2020 caused by the downturn of the advertising market led to severe cost-cutting, especially in the year's first half. Activity picked back up in 2021 and with it spending on content. The Group was able to devise a content schedule that drew higher audiences than the year before and reasonable costs.

Operating profit for the year was EUR 125.7 million, up from EUR 44.5 million in 2020.

Profit before tax totalled EUR 126.8 million, up from EUR 48.8 million the year before, while net profit for the year was EUR 98.1 million, up from EUR 35.6 million in 2020.

Atresmedia's share price rose by 15.8% in 2021 after falling by 17.3% in 2020, fuelled by the recovery of the industry and the Company. Atresmedia outperformed many of its Spanish and European peers on the stock market, not to mention Spain's benchmark index, the Ibex 35, which gained just 7.9%.

### **Events after the reporting period**

Atresmedia was involved in FEVER LABS, Inc.'s last funding round. This startup has experienced significant growth in recent years in both sales and geographically, achieving a leadership position in the entertainment experiences and digital content sector. With a strong footprint in Europe and the US, it raised USD 227 million in the funding round held in January 2022, led by the Goldman Sachs growth equity fund. Atresmedia's stake in the company after the latest acquisitions and its participation in the funding round stands at 10.2% on a fully diluted basis; i.e. considering the stock options and plans granted to Fever Labs' management team.

### **Outlook for the Group**

The economic continued to rebound in 2021 after the severe impact caused by the COVID-19 pandemic.

After the pandemic caused global GDP to plummet by 11% in 2020, much of the pre-pandemic activity recovered in 2021. The IMF forecast GDP growth for Spain in 2021 of 6.4%, while the Spanish government estimated a 6.5% increase. Both of these forecasts were missed and Spanish GDP ended up advancing 5% in 2021, undermined by certain factors, such as supply chain disruptions caused by a lack of components, soaring commodity and energy prices, and the sixth wave of COVID-19 in Spain.

The main source expected GDP to grow again in 2022. If current trends hold, economic activity in Spain will get back to pre-pandemic levels within 2-3 years. Both the job market and private consumption are also set to recover gradually to the same extent. Meanwhile, the receipt of EU recovery funds (EUR 140,000 million for Spain between 2021 and 2026) bodes well for a rebound in activity in the sectors affected the most, e.g. leisure, tourism, culture, etc.

In any event, even with a brighter outlook for recovery, the advertising market, like GDP, is unlikely to return to pre-crisis levels in 2022. Therefore, cuts to certain expenditure decided by the Group in 2020 and kept up in 2021, will remain in place for some time. Some will even become permanent, so that the cost structure is more in tune with increasingly challenging circumstances.

Atresmedia continues to implement initiatives to diversify its revenue mix and take advantage of the improvement in the advertising market to promote other business line, e.g. the relaunch of its video-on-demand (VOD) platform, Atresplayer Premium, which ended December 2021 with over 427,000 subscribers. Another key area last year was content production, a crucial revenue-producing activity for the Group, which was reinforced with the creation of Buendía Estudios, a 50/50 content joint venture (JV) with Movistar+. Then there were all the IT developments run by Smartclip, our online advertising marketing subsidiary, which are helping us increase our market share and enhance our digital positioning. Last year also featured the acquisition of H2H, an influencer advertising agency, which is leveraging the vast size of this market and tripled its revenue in 2021. Atresmedia continued to make process in its digital native content development strategy via specialist verticals by acquiring Diariomotor, Spain's leading automotive news website. With this acquisition, Atresmedia Group reached over 27 million users, adding a firmly established and well recognised brand name in the automotive world with over 2.4 million unique monthly users according to independent media measurement company, Comscore, and a community of 300 thousand subscribers with over 20 million views per year.

Amid a fiercely competitive environment, while transforming the business model we will continue to keep this tight grip on costs, aiming to maximise margins at all times. We will also implement a prudent financing policy, aimed at preserving liquidity and a sound balance sheet, while limiting the Group's exposure to financial risks.

### **Research and development activities**

The Company does not directly carry out any research and development activities. However, it invests, on an ongoing basis, in all new technologies related to engineering, systems and content distribution. On this front, Atresmedia Corporación de Medios de Comunicación, S.A. has and uses state-of-the-art technology, enabling it to be at the forefront in the deployment of digital activities and in the internet.

### **Movements in treasury shares**

At 31 December 2021, the shares of the Company held by it represented 0.246% of the Company's share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share

### **Average supplier payment period**

"Average supplier payment period" is the time elapsed between the delivery of the goods or the rendering of the services by the supplier and the actual payment of the transaction.

The statutory payment limit applicable under Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions and the transitional provisions set out in Law 15/2010, of 5 July, was 60 days as from 2013.

The average supplier payment period in 2021 was 45 days.

### **Use of financial instruments and main financial risks**

The Company uses financial instruments to hedge the foreign currency risk on the purchases of broadcasting rights in the year.

At 31 December 2021, the Company had entered into hedging instruments on its foreign currency asset and liability positions amounting to EUR 23,980 thousand, at a weighted average exchange rate of 1.1913 (USD/USD). Hedging instruments at 31 December 2020 amounted to USD 33,072 thousand, at a weighted average exchange rate of 1.1880 (EUR/USD). At 31 December 2021, the estimated fair value of the Group's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 942 thousand and a financial liability of EUR 59 thousand (2020: asset of EUR 17 thousand and liability of EUR 1,108 thousand).

On 2 June 2021, the interest rate swap (IRS) entered into for the syndicated loan arranged in July 2017 and cancelled on that date was cancelled. The fair value at the cancellation date of those derivative financial instruments amounted to less than EUR 375 thousand, which was recognised in profit or loss. Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025. The fair value of the financial asset at 31 December 2021 amounted to EUR 920 thousand.

On 11 July 2018, the Company carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and debentures at a fixed rate in euros. At 31 December 2021 the fair value of the derivative related to the bond issue was EUR 910 thousand, of which EUR 1,804 thousand was recognised in derivative financial instruments in current assets and EUR 894 thousand under derivative financial instruments under non-current liabilities.

The Company's and the Group's risk management and control system is reviewed and updated regularly in response to how the Group's businesses perform and evolve, to risks that actually materialise, to changes in the law, and to how the organisation itself changes and evolves.

This risk management and control system helps the management team to make the right decisions and address risk effectively. We identify and implement any controls and action plans necessary targeting known risks; this enhances our ability to create value and minimises any impact of losses that actually materialise.

Risk analysis and control touches on all the Group's businesses and activities, and involves all our organisational units. This means that risk management and control is a corporate system in which the entire organisation is on alert. The system is headed and overseen by the Board, yet some of its functions are delegated to the Audit and Control Committee. Risk management also brings into play the coordinating role of the Compliance Committee, and input from the Legal Affairs, in risk management and compliance control, Finance, related to financial risks and the controls comprising the system for internal control over financial reporting (ICFR), and, lastly, Internal Audit and Process Control, the coordination and oversight of the overall operation of the risk management system.

The Company and the Group have the necessary tools and organisation to ensure the effectiveness of the control procedures approved.



The Group's main financial risks are:

- a) Foreign currency risk. Foreign currency risk is concentrated basically in payments in international markets to acquire broadcasting rights. To mitigate this risk, the Group enters into hedging instruments, mainly currency forwards.
- b) Liquidity risk. The Group's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business.
- c) Credit risk. The Group does not have significant credit risk since the average customer collection period is short and the advertising contract terms allow for bank guarantees to be required prior to the launch of advertising campaigns. Cash placements are made and derivative instruments are arranged with institutions of recognised solvency.
- d) Interest rate risk. The Group's borrowings are exposed to interest rate risk. Financing is arranged at interest rates tied to Euribor. To mitigate this risk, the Parent has entered into interest rate swaps (IRSs) to reduce its exposure to variable rates. Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate.
- e) Foreign currency cash flow risk. The Group uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros.

### **Non-financial statement**

The non-financial statement, which should form part of this management report in accordance with Law 11/2018, of 28 December, on non-financial and diversity information, is not presented as a section of this management report since that information is included in the consolidated management report of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2021.

### **Annual corporate governance report**

In accordance with article 538 of the Corporate Enterprises Act, the consolidated management report includes the 2021 Annual Corporate Governance Report, which is published on the website of the Spanish National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)) and our corporate website ([www.atresmediacorporacion.com](http://www.atresmediacorporacion.com)).

### **Annual report on director remuneration**

In accordance with article 538 of the Corporate Enterprises Act, the management report includes the 2021 Annual Report on Director Remuneration, which is published on the website of the Spanish National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)) and our corporate website ([www.atresmediacorporacion.com](http://www.atresmediacorporacion.com)).

The Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., at its meeting held on 23 February 2022, authorised for issue the financial statements and management report of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2021.

San Sebastián de los Reyes, 23 February 2022

José Creuheras Margenat  
Chairman

Silvio González Moreno  
Chief Executive Officer

Javier Bardají Hernando  
Director

Mauricio Casals Aldama  
Director

Marco Drago  
Director

Patricia Estany Puig  
Director

Carlos Fernández Sanchiz  
Director

Elmar Heggen  
Director

Rosa María Lleal Tost  
Director

Mónica Ribé Salat  
Director

Beatriz Roger Torres  
Director

Nicolas de Tavernost  
Director

**STATEMENT** issued for the record that, in accordance with article 253.2 of the Corporate Enterprises Act, the financial statements and management report (the latter of which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2021, were authorised for issue on 23 February 2022, with the agreement of all directors, as recorded in the minutes of the meeting, which reflect the unanimous vote in favour of all members of the Board of Directors for their authorisation for issue and signed, as recorded in this document, by all the directors, except for Mr. Heggen, who attended the meeting by videoconference, and Mr. Drago, whose proxy and vote in favour of the approval of these documents was exercised by Mr. Fernández by express delegation, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as explained.

## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL REPORT

The members of the Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., hereby state that, to the best of their knowledge, the financial statements for the year ended 31 December 2021, authorised for issue by the Board of Directors at the meeting held on 23 February 2022, have been prepared in accordance with the applicable accounting principles to give a true and fair view of the equity, financial position and results of Atresmedia Corporación de Medios de Comunicación, S.A. and that the management report presents fairly the business performance and the results and position of Atresmedia Corporación de Medios de Comunicación, S.A., and a description of the main risks and uncertainties it faces.

San Sebastián de los Reyes, 23 February 2022

José Creuheras Margenat  
Chairman

Silvio González Moreno  
Chief Executive Officer

Javier Bardají Hernando  
Director

Mauricio Casals Aldama  
Director

Marco Drago  
Director

Patricia Estany Puig  
Director

Carlos Fernández Sanchiz  
Director

Elmar Heggen  
Director

Rosa María Lleal Tost  
Director

Mónica Ribé Salat  
Director

Beatriz Roger Torres  
Director

Nicolas de Tavernost  
Director

**STATEMENT** issued for the record that, in accordance with article 253.2 of the Spanish Companies Act, the financial statements and management report (the latter of which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2021, were authorised for issue on 23 February 2022, with the minutes of the meeting reflecting the unanimous vote of all members of the Board of Directors in favour of their authorisation for issue and agreement with the statements of responsibility for their content, as signed by all them in this document except for Mr. Heggen, who attended the meeting by video conference, and Mr. Drago, whose proxy and vote in favour of the approval of these documents was exercised by Mr. Fernández by express delegation, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as explained.



# Auditor's Report on Atresmedia Corporación de Medios de Comunicación, S.A. and Subsidiaries

(Together with the consolidated annual accounts  
and consolidated directors' report of Atresmedia  
Corporación de Medios de Comunicación, S.A.  
and subsidiaries for the year ended 31 December  
2021)

*(Translation from the original in Spanish. In the  
event of discrepancy, the Spanish-language  
version prevails.)*



KPMG Auditores, S.L.  
Paseo de la Castellana 259C  
28046 Madrid

## **Independent Auditor's Report on the Consolidated Annual Accounts**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Atresmedia Corporación de Medios de Comunicación, S.A.

### **REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS**

#### **Opinion**

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We have audited the consolidated annual accounts of Atresmedia Corporación de Medios de Comunicación, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

#### **Basis for Opinion**

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We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

## Key Audit Matters

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

### Recognition of revenue: advertising sales

See notes 3. n) and 18. a) to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Advertising sales, which make up a large proportion of revenue, amount to Euros 778,365 thousand and are recognised in the income statement on airing of the commercials on television or radio. They are measured at the fair value of the consideration received or receivable, less trade discounts.</p> <p>This revenue is derived from a high number of transactions accrued on a daily basis on airing of the commercials through the Group's different channels and media, and is recognised on the basis of the terms negotiated with each customer.</p> <p>Due to the significance of the amount of advertising sales and the considerable number of transactions that make up this revenue, the existence and accuracy of this item has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>– We assessed the design and implementation of the most relevant controls established by Group management for the recognition of advertising sales revenue. We also tested the effectiveness of key controls related to the aforementioned revenue process.</li> <li>– For a sample of commercials broadcast by the various media managed by the Group, we also obtained supporting documentation for the broadcast.</li> <li>– We performed analytical substantive tests on the advertising sales.</li> <li>– We obtained confirmation from third parties for a sample of invoices reflecting trade receivables that were outstanding at the reporting date.</li> <li>– We assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</li> </ul>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

## Recoverable amount of goodwill and licences

See notes 2. a), 3. a), 3. c), 4 and 6 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2021, the Group has goodwill of Euros 162,463 thousand and licences, which are considered to have an indefinite useful life, amounting to Euros 82,804 thousand, as a result of the various business combinations entered into in prior years.</p> <p>The Group calculates the recoverable amount of goodwill and licences on an annual basis to determine whether they are impaired.</p> <p>Estimating the recoverable amounts requires the Group to exercise a high level of judgement as regards the assumptions applied in their calculation and the valuation methodology used.</p> <p>Due to the significance of the carrying amount of goodwill and licences and the high level of judgement associated with the methodology used to calculate the recoverable amount and with the key assumptions, as well as the related uncertainties, the recoverability of the value of goodwill and licences has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>– We assessed the design and implementation of the key controls relating to the process of estimating the recoverable amount of goodwill and licences.</li> <li>– With the assistance of our specialists, we analysed the reasonableness of the methodology, growth and discount rates and assumptions used by the Group to estimate the cash flows which served as the basis for calculating the recoverable amount of goodwill and licences.</li> <li>– Our audit procedures included reviewing the level of fulfilment of the assumptions used to estimate the recoverable amount of these assets in the prior year, and evaluating the sensitivity of the key assumptions used in 2021.</li> <li>– We assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</li> </ul>

## Recognition and recoverability of deferred tax assets

See notes 2. a), 3. o) and 21. d) to the consolidated annual accounts.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2021, the Group has recognised deferred tax assets amounting to Euros 183,852</p>	<p>Our audit procedures included the following:</p>

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

## Recognition and recoverability of deferred tax assets

See notes 2. a), 3. o) and 21. d) to the consolidated annual accounts.

Key audit matter	How the matter was addressed in our audit
<p>thousand. The recognition of deferred tax assets entails a high level of judgement by Group management in assessing the probability and sufficiency of future taxable profits and reversals of taxable temporary differences.</p> <p>Due to the significance of the balance of deferred tax assets, the high level of judgement regarding the key assumptions and estimates used and the uncertainty associated therewith, the recovery of the aforementioned assets has been considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>– We assessed the design and implementation of the most relevant controls established by the Group over the recognition and measurement of deferred tax assets.</li> <li>– We evaluated the key assumptions used to estimate future taxable profits and reversals of taxable temporary differences, comparing these assumptions and estimates with the Group's historical data.</li> <li>– We considered the sufficiency of future taxable profits to offset deferred tax assets within the time limit established in the financial reporting framework applicable to the Group.</li> <li>– We assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Group.</li> </ul>

## Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

- Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report





*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

### **Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts**

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The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

### **Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts**

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting



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from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

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

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **European Single Electronic Format**

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We have examined the digital files of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for 2021 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Atresmedia Corporación de Medios de Comunicación, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.



*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

## **Additional Report to the Audit Committee of the Parent**

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The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 24 February 2022.

## **Contract Period**

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We were appointed as auditor by the shareholders at the ordinary general meeting held on 28 April 2021 for a period of one year, from the year commenced 1 January 2021.

Previously, we had been appointed for a period of five years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2016.

KPMG Auditores, S.L.  
On the Spanish Official Register of  
Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

This report  
corresponds to  
stamp number  
01/22/00154 issued  
by the Spanish  
Institute of  
Registered Auditors  
(ICJCE)

On the Spanish Official Register of Auditors ("ROAC") with 17564



# ATRESMEDIA

**ATRESMEDIA CORPORACIÓN DE MEDIOS  
DE COMUNICACIÓN, S.A. AND  
SUBSIDIARIES**

Consolidated financial statements for the year ended  
31 December 2021

*Translation of a report originally issued in Spanish and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Note 2). In the event of discrepancy, the Spanish-language version prevails*

## **CONTENTS**

Consolidated balance sheet	1
Consolidated statement of profit or loss	2
Consolidated statement of comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5

## **Notes to the consolidated financial statements**

Note 1	Group activities	6
Note 2	Basis of preparation and consolidation	7
Note 3	Accounting policies	17
Note 4	Goodwill	37
Note 5	Business combinations	38
Note 6	Other intangible assets	40
Note 7	Property, plant and equipment	42
Note 8	Right-of-use assets and lease liabilities	43
Note 9	Investments accounted for using the equity method	44
Note 10	Programme rights	45
Note 11	Trade and other receivables	46
Note 12	Equity	47
Note 13	Provisions and contingent liabilities	50
Note 14	Financial instruments	53
Note 15	Trade and other payables	60
Note 16	Other guarantee commitments to third parties	61
Note 17	Risk management policy	62
Note 18	Revenue and expenses	63
Note 19	Other income/(expense)	66
Note 20	Operating and geographical segments	67
Note 21	Tax matters	67
Note 22	Related party transactions	76
Note 23	Earnings per share	78
Note 24	Proposed distribution of profit	78
Note 25	Remuneration and other benefits earned by the members of the Board of Directors of the Parent and senior management	79
Note 26	Information regarding situations of conflict of interest involving directors	80
Note 27	Events after the reporting period	80
	Consolidated management report	
	Non-financial statement	
	Annual corporate governance report	
	Annual report on director remuneration	

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021**

Thousands of euros	NOTES	31/12/21	31/12/20
<b>ASSETS</b>			
Goodwill	4	162,463	157,544
Other intangible assets	6	119,885	115,661
Property, plant and equipment	7	37,237	39,597
Right-of-use assets	8	3,931	3,912
Investments accounted for using the equity method	9	1,133	264
Non-current financial assets	14	49,898	35,270
Derivative financial instruments	14-c	1,110	—
Deferred tax assets	21-d	183,852	204,311
<b>NON-CURRENT ASSETS</b>		<b>559,509</b>	<b>556,559</b>
Programme rights	10	269,820	283,750
Inventories		10,951	7,415
Trade receivables	11	257,938	244,955
Other receivables	11	2,423	6,795
Current tax assets	21-d	22,804	26,897
Derivative financial instruments	14-c	2,556	1,726
Other current financial assets		18,136	13,070
Other current assets		1,789	4,987
Cash and cash equivalents	14	268,402	172,792
<b>CURRENT ASSETS</b>		<b>854,819</b>	<b>762,387</b>
<b>TOTAL ASSETS</b>		<b>1,414,328</b>	<b>1,318,946</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	12-a	169,300	169,300
Share premium	12-b	38,304	38,304
Legal and bylaw reserves	12-c	42,475	42,475
Retained earnings		333,557	216,716
Treasury shares	12-e	(6,168)	(6,168)
Interim dividends	12-f	(40,532)	—
Valuation adjustments		11,235	5,634
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>548,171</b>	<b>466,261</b>
Non-controlling interests	12-g	2,147	25
<b>EQUITY</b>		<b>550,318</b>	<b>466,286</b>
Provisions	13	63,938	66,138
Bonds and debentures	14-a	176,585	162,986
Bank borrowings	14-b	83,778	69,463
Derivative financial instruments	14-c	904	13,383
Other non-current financial liabilities	21-d	8,047	7,705
Non-current lease liabilities	8	2,975	2,738
Deferred tax liabilities	21-e	39,532	34,618
Other non-current liabilities		27	134
<b>NON-CURRENT LIABILITIES</b>		<b>375,786</b>	<b>357,165</b>
Provisions	13	54,704	46,541
Bonds and debentures	14-a	3,866	3,771
Bank borrowings	14-b	10,502	36,240
Derivative financial instruments	14-c	49	835
Other current financial liabilities		253	39
Current lease liabilities	8	1,069	1,248
Payable to suppliers	15	352,480	356,318
Other payables	15	44,716	35,332
Current tax liabilities		444	—
Other current liabilities	15	20,141	15,171
<b>CURRENT LIABILITIES</b>		<b>488,224</b>	<b>495,495</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,414,328</b>	<b>1,318,946</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated balance sheet as at 31 December 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR**

**ENDED 31 DECEMBER 2021**

Thousands of euros	NOTES	2021	2020
Revenue	18-a	877,870	799,116
Other operating income	18-a	85,388	67,184
Programme amortisation and other procurements	18-b	(395,574)	(393,801)
Staff costs	18-c	(168,546)	(197,577)
Other operating expenses	18-d	(226,632)	(200,660)
Depreciation and amortisation	6, 7 and 8	(18,076)	(19,028)
Impairment and gains/(losses) on disposals of non-current assets	4	112	(15,101)
<b>OPERATING PROFIT</b>		<b>154,542</b>	<b>40,133</b>
Net gain/(loss) on changes in value of financial instruments at fair value	19	1,368	(1,851)
Exchange differences	19	(1,978)	1,757
Financial loss	19	(6,224)	(5,898)
Impairment and gains/(losses) on disposals of financial assets	19	3,855	17
Share of profit/(loss) of associates	9	1,861	(382)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>153,424</b>	<b>33,776</b>
Income tax expense	21-b	(34,943)	(9,994)
<b>PROFIT FOR THE YEAR</b>		<b>118,481</b>	<b>23,782</b>
Profit/(loss) attributable to non-controlling interests		(59)	(71)
<b>PROFIT ATTRIBUTABLE TO THE PARENT</b>		<b>118,540</b>	<b>23,853</b>
<b>Earnings per share:</b>		<b>2021</b>	<b>2020</b>
From continuing operations			
Basic	23	0.526	0.106
Diluted	23	0.525	0.106

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2021.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR**  
**THE YEAR ENDED 31 DECEMBER 2021**

Thousands of euros	2021	2020
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>118,481</b>	<b>23,782</b>
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>	<b>6,212</b>	<b>—</b>
Equity instruments at fair through other comprehensive income	8,282	—
Tax effect	(2,070)	—
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:</b>	<b>(611)</b>	<b>3,424</b>
<b>Hedges:</b>	<b>(764)</b>	<b>4,681</b>
Valuation gains/(losses)	533	(14,151)
Amounts transferred to profit or loss	(1,297)	18,832
<b>Tax effect</b>	<b>153</b>	<b>(1,257)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>124,082</b>	<b>27,206</b>
<b>Profit/(loss) attributable to non-controlling interests</b>	<b>(59)</b>	<b>(71)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PARENT</b>	<b>124,141</b>	<b>27,277</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2021.

**ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.  
AND SUBSIDIARIES**



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

Thousands of euros	Share capital	Share premium	Legal and bylaw reserves	Treasury shares	Retained earnings	Interim dividend	Other equity instruments	Valuation adjustments	Equity attributable equity holders of the Parent	Non-controlling interests	Equity
<b>Balance at 31 December 2019</b>	<b>169,300</b>	<b>38,304</b>	<b>42,475</b>	<b>(7,489)</b>	<b>237,047</b>	<b>(45,012)</b>	<b>1,355</b>	<b>2,210</b>	<b>438,190</b>	<b>(30)</b>	<b>438,160</b>
<b>Total comprehensive income</b>	—	—	—	—	23,853	—	—	3,424	27,277	(71)	27,206
<b>Distribution of profit:</b>											
2019 interim dividend paid in 2019	—	—	—	—	(45,012)	45,012	—	—	—	—	—
<b>Changes in the scope of consolidation and other:</b>											
Shared-based payments (Note 25)	—	—	—	1,321	34	—	(1,355)	—	—	—	—
Other changes	—	—	—	—	794	—	—	—	794	126	920
<b>Balance at 31 December 2020</b>	<b>169,300</b>	<b>38,304</b>	<b>42,475</b>	<b>(6,168)</b>	<b>216,716</b>	<b>—</b>	<b>—</b>	<b>5,634</b>	<b>466,261</b>	<b>25</b>	<b>466,286</b>
<b>Total comprehensive income</b>	—	—	—	—	118,540	—	—	5,601	124,141	(59)	124,082
<b>Distribution of profit:</b>											
2021 interim dividend paid in 2021	—	—	—	—	—	(40,532)	—	—	(40,532)	—	(40,532)
<b>Changes in the scope of consolidation and other:</b>											
Other changes	—	—	—	—	(1,699)	—	—	—	(1,699)	2,181	482
<b>Balance at 31 December 2021</b>	<b>169,300</b>	<b>38,304</b>	<b>42,475</b>	<b>(6,168)</b>	<b>333,557</b>	<b>(40,532)</b>	<b>—</b>	<b>11,235</b>	<b>548,171</b>	<b>2,147</b>	<b>550,318</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2021.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR**  
**ENDED 31 DECEMBER 2021**

Thousands of euros	2021	2020
<b>1.- CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated profit for the year before tax	153,424	33,776
Adjustments for:	24,333	83,856
- Depreciation and amortisation	18,076	19,028
- Provisions and other:	(577)	58,836
- Provisions	5,251	43,370
- Net impairment losses (+/-)	(3,967)	15,084
- Share of profit/(loss) of associates	(1,861)	382
- Financial profit	6,834	5,992
Changes in working capital	22,523	(1,284)
Cash flows from operating activities	200,280	116,348
Income tax paid	(6,509)	(11,704)
<b>Net cash flows from operating activities</b>	<b>193,771</b>	<b>104,644</b>
<b>2.- CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments	(44,681)	(31,790)
Subsidiaries, joint ventures and associates	(27,099)	(17,134)
Property, plant and equipment and intangible assets	(17,582)	(14,656)
Disposals	7,344	9,515
Subsidiaries, joint ventures and associates	7,344	9,515
<b>Net cash flows used in investing activities</b>	<b>(37,337)</b>	<b>(22,275)</b>
<b>3.- CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease payments	(1,368)	(1,186)
Finance costs paid	(14,117)	(6,741)
Financing - Associates and related parties	461	1,219
Net bank borrowings	(7,877)	10,393
Dividends received	2,210	542
Dividends paid	(40,532)	—
<b>Net cash flows from/(used) in financing activities</b>	<b>(61,223)</b>	<b>4,227</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>95,211</b>	<b>86,596</b>
Cash and cash equivalents at beginning of year	172,792	85,831
Changes in the scope of consolidation	399	365
<b>Cash and cash equivalents at end of year</b>	<b>268,402</b>	<b>172,792</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2021.

## ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A. AND SUBSIDIARIES

Notes to the consolidated financial statements for the year ended 31 December 2021.

### **1. Group activities**

Atresmedia Corporación de Medios de Comunicación, S.A., parent of the Atresmedia Group, was incorporated on 7 June 1988 under the name Antena 3 de Televisión, S.A. It changed its corporate name in 2013. Its registered address and address for tax purposes is Avenida Isla Graciosa, 13, San Sebastián de los Reyes (Madrid). The company is on file at the Madrid Mercantile Register under page M- 34473.

The core business of the Parent is the provision of audiovisual communication services in any type of broadcasting. Specifically, it holds three national audiovisual television licences, under the legal framework of the General Audiovisual Communication Law (Ley General de Comunicación Audiovisual or "LGCA"). Two of these licences expire in 2025 and provide legal broadcasting coverage of five (5) terrestrial digital television channels: Antena 3, la Sexta, Neox, Nova and Mega. The third expires in 2030 and is for the high definition channel, Atreseries. All have the related concessions for use of public radioelectric domain. Atresmedia Corporación de Medios de Comunicación, S.A. Also broadcasts content through its digital platform, Atresplayer, and other channels outside Spain, such as Antena 3 Internacional, Atreseries and ¡HOLA! TV. Other activities include the production and marketing of content, telesales and licenses.

The wholly-owned subsidiary Uniprex, S.A.U. also provides audiovisual communication services via radio, pursuant to licences that are valid, under the LGCA, for a period of 15 years from their grant or, for concessions awarded before the LGCA became effective, from the date of their transformation into licences. Uniprex, S.A.U. broadcasts the Onda Cero (conventional radio), Europa FM and Melodía FM (music stations).

Atres Advertising, S.L.U.'s core business is the sale of advertising space in the Atresmedia Group's various media and of third parties, and the organisation of events. In 2017, Smartclip joined the Group. It provides digital advertising services of third-party support.

The other Group companies engage mainly in activities related to the production and operation of audiovisual content.

The Parent is required to prepare, in addition to its separate financial statements, the consolidated financial statements of the Group. In view of the business activities carried on by the Group companies, they do not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to the equity, financial position and results of operations of the corporate Group. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

## **2. Basis of preparation and consolidation**

### **a) Basis of preparation**

The consolidated financial statements have been prepared on the basis of the accounting records kept by the Parent and by the other Group companies in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements have been prepared taking into account all the mandatory accounting principles and rules, and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, and, accordingly, they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2021, and its results, the changes in consolidated equity and the consolidated cash flows in the year then ended.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2021 (EU-IFRSs) differ from those used by the Group companies (the Spanish General Accounting Plan, *Plan General de Contabilidad*), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with EU-IFRSs. In addition to EU-IFRSs, all the requirements included in the Spanish Commercial Code (Código de Comercio) and the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital) were applied in these consolidated financial statements, as well as other applicable aspects of Spanish accounting regulations in force.

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Parent's directors at the Board of Directors Meeting held on 23 February 2022. The Group's consolidated financial statements for 2021 and the separate financial statements of the Group companies, which were authorised for issue by the companies' respective directors, will be submitted for approval by shareholders at their respective General Meetings. They are expected to be approved without any changes.

The 2020 consolidated financial statements, which were approved by the shareholders at the General Meeting held on 28 April 2021 and are included for comparison purposes, were also prepared in accordance with EU-IFRSs.

The accounting policies and principles adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the 2020 annual consolidated financial statements except for the new standards described in section 1 of this note.

## 1. New standards effective

The following standards and amendments became effective in the first half of 2021 and were adopted by the Group in the preparation of the consolidated financial statements:

New standards, amendments and interpretations:		Mandatory application for annual periods beginning on or after:
<b>Approved for use in the European Union</b>		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 <i>Interest Rate Benchmark Reform</i> (issued in August 2020)	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 <i>Interest Rate Benchmark Reform</i> (Phase 2)	1 January 2021
Amendment to IFRS 4 <i>Extension of the Temporary Exemption from Applying IFRS 9</i> (issued in June 2020)	Exemption of the application of IFRS until 2023	
Amendments to IFRS 16 <i>Leases Covid-19-related Rent Concessions</i> (issued in March 2021)	Amendment to extend the period of application of the practical expedient of IFRS 16 for COVID-19-related rent concessions.	1 April 2021

Application of these amendments did not have a significant impact on the consolidated financial statements.

New mandatory standards, amendments and interpretations applicable in future reporting periods:

New standards, amendments and interpretations:		Mandatory application for annual periods beginning on or after:
<b>Amendments and/or interpretations</b>		
Amendments to IFRS 3 <i>Business Combinations</i> (issued in May 2020)	The amendments update IFRS 3 to align the definitions of assets and liabilities recognised in a business combination to the definitions in the conceptual framework. They also introduce certain clarifications regarding the recognition of contingent assets and contingent liabilities	1 January 2022
Amendments to IAS 16 <i>Proceeds before Intended Use</i> (issued in May 2020)	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.	
Amendments to IAS 37 <i>Onerous Contracts - Cost of Fulfilling a Contract</i> (issued in May 2020)	The amendment specifies that costs that relate directly to the contract include incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts	
Annual Improvements to IFRSs 2018-2020 Cycle (issued in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	
Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-current</i> (issued in January 2020)	Clarification regarding the presentation of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 <i>Disclosure of Accounting Policies</i> (issued in February 2021)	The amendments help entities decide which material accounting policies to disclose in their financial statements	
Amendments to IAS 8 <i>Definition of Accounting Estimates</i> (issued in February 2021)	Amendments and clarifications about what should be understood as a change in accounting estimates	
Amendments to IAS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (issued in May 2021)	Clarifications on how entities should recognise deferred tax on transactions such as leases and decommissioning obligations	
<b>New standards</b>		
IFRS 17 <i>Insurance Contracts</i> and amendments (issued in May 2017 and June 2020)	Replaces IFRS 4 and sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts	1 January 2023

### **Amendments to IFRS 3 *Reference to the Conceptual Framework***

The amendments update the definitions of assets and liabilities recognised in a business combinations so that they refer to the definitions in the 2018 Conceptual Framework. They also add new requirements for liabilities within the scope of IAS 31 and IFRIC 21. Acquirers must apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. Finally, the IABS adds an explicit statement in IFRS 3 that an acquirer should not recognise contingent assets acquired in a business combination.

### **Amendments to IAS 16 *Proceeds before Intended Use***

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while preparing the asset for its intended use. Therefore, proceeds from the sale of the items and related production costs are recognised in profit or loss and shown separately or disclosed in the explanatory notes to the financial statements.

### **Amendment to IAS 37 *Onerous Contracts***

The amendment specifies that costs that relate directly to the contract include incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. Before a provision is established for an onerous contract, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

### **Annual Improvements to IFRSs 2018-2020 Cycle**

Regarding IFRS 9 *Financial Instruments*, the amendment clarifies that fees in the '10 per cent test' for derecognition of financial liabilities only include those paid or received between the entity and the lender or those on the other's behalf. Third-party costs or fees should not be included.

### **Amendment to IAS 1 *Classification of Liabilities as Current or Non-current***

The amendment specifies that the right to defer settlement of the liability at least 12 months must exist at the reporting date. For a liability to be non-current, an assessment must be made of whether the entity has the right to defer settlement. Classification is unaffected by whether management intends to exercise that right. The entity must comply with covenants at the end of the reporting period, even if testing of compliance is not specified in the contract until a later date. Settlement refers to the transfer to the counterparty of cash, goods, services or own equity instruments that results in the extinguishment of the liability. The amendment clarifies that a liability that could, at the option of the counterparty, result in its settlement in the entity's own equity instruments does not affect its classification if the option is recognised separately as an equity instrument.

### **Amendments to IAS 1 *Disclosure of Accounting Policies***

Accounting policy information is material when it is needed for users of financial statements to understand other material information in the financial statements.

### **Amendments to IAS 8 *Definition of Accounting Estimates***

The amendment introduces a new definition of accounting estimate as monetary amounts in financial statements that are subject to measurement uncertainty. It also clarifies that a change in an accounting estimate that results from new information or new developments is not a

correction of an error. Changes in an input or a change in a measurement technique are changes in accounting estimates and are not recognised as the correction of prior period errors.

### ***Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

With this amendment, the exception to the initial recognition of an asset/liability no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Based on the analysis performed to date, the Group estimates that application of these standards and amendments will not have a material impact on the consolidated financial statements in the period when it first applies them.

## **2. Highlights of the year: Impact of COVID-19**

The economy continued to rebound in 2021 after the severe impact caused by the outbreak of the COVID-19 pandemic in 2019, recouping some of the ground lost in 2020, but not yet returning to 2019 levels. Considering how the pandemic evolved in 2021, it did not have a material impact on the accompanying financial statements.

After the pandemic caused global GDP to plummet by 11% in 2020, much of the pre-pandemic activity recovered in 2021. The IMF forecast GDP growth for Spain in 2021 of 6.4%, while the Spanish government estimated a 6.5% increase. Both of these forecasts were missed and Spanish GDP ended up advancing 5% in 2021, undermined by certain factors, such as supply chain disruptions caused by a lack of components, soaring commodity and energy prices, and the sixth wave of COVID-19 in Spain.

The main source expected GDP to grow again in 2022. If current trends hold, economic activity in Spain will get back to pre-pandemic levels within 2-3 years. Both the job market and private consumption are also set to recover gradually to the same extent. Meanwhile, the receipt of EU recovery funds (EUR 140,000 million for Spain between 2021 and 2026) bodes well for a rebound in activity in the sectors affected the most, e.g. leisure, tourism, culture, etc.

In any event, even with a brighter outlook for recovery, the advertising market, like GDP, is unlikely to return to pre-crisis levels in 2022. Therefore, cuts to certain expenditure decided by the Group in 2020 and kept up in 2021 will remain in place for some time. Some will even become permanent, so that the cost structure is more in tune with increasingly challenging circumstances.

The Group continues to implement initiatives to diversify its revenue mix and take advantage of the improvement in the advertising market to promote other business line, e.g. the relaunch of its video-on-demand (VOD) platform, Atresplayer Premium, which ended December 2021 with over 427,000 subscribers. Another key area last year was content production, a crucial revenue-producing activity for the Group, which was reinforced with the creation of Buendía Estudios, a 50/50 content joint venture (JV) with Movistar+. Then there were all the IT developments run by Smartclip, our online advertising marketing subsidiary, which are helping us increase our market share and enhance our digital positioning. Last year also featured the acquisition of H2H, an influencer advertising agency, which is leveraging the vast size of this market and tripled its revenue in 2021. Atresmedia continued to make process in its digital native content development strategy via specialist verticals by acquiring Diariomotor, Spain's leading automotive news website. With this acquisition, Atresmedia Group reached over 27 million users, adding a firmly established and well recognised brand name in the automotive world with over 2.4 million unique



monthly users according to independent media measurement company, Comscore, and a community of 300 thousand subscribers with over 20 million views per year.

Amid a fiercely competitive environment, while transforming the business model we will continue to keep this tight grip on costs, aiming to maximise margins at all times. We will also implement a prudent financing policy, aimed at preserving liquidity and a sound balance sheet, while limiting the Group's exposure to financial risks.

### **3. Responsibility for the information, and the key estimates and judgements made in applying the accounting policies**

The information in these consolidated financial statements is the responsibility of the directors of the Parent.

#### **Estimates**

In the consolidated financial statements for the year ended 31 December 2021, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein.

These estimates relate basically to:

- The Group tests its goodwill and intangible assets with indefinite useful lives for impairment annually. The determination of the recoverable amount of the cash-generating units (CGUs) to which the goodwill or the intangible asset with an indefinite useful life was assigned implies the use of estimates. Recoverable amount is the higher of fair value less costs of disposal and value in use. The Group generally uses discounted cash flow methods to determine these values. The discounted cash flow calculations are based on the five-year projections of the budgets approved by the Group. The cash flows take into account past experience and represent the best estimate of future market performance. Cash flows beyond the fifth year are extrapolated using individual growth rates. The key assumptions for measuring fair value less costs of disposal and value in use include growth rates, the weighted average cost of capital (WACC) and tax rates. The estimates, including the methodology applied, could have a significant impact on the values and impairment loss (see Notes 3-c and 4).

The fair value of equity instruments classified as financial assets is subject to uncertainties given the absence of benchmark market values for these investments. The directors' base these estimates on the business plans of the investees or the existence of possible commitments, rights or set-price repurchase or capitalisation agreements.

- The estimation of the useful life of certain intangible assets, such as trademarks and licenses, is highly subjective. Note 3-c indicates the useful lives considered for each type of intangible asset.

- Calculations of programme amortisation for both in-house and acquired programmes in each year require the application of estimates that best reflect the pattern of consumption. The main estimate used by the Group is the number of showings aired based on showings contracted, as detailed in Note 3-g.

- The Group performs estimates to calculate impairment losses on in-house programmes and on rights to acquired programmes in order to recognise the required impairment losses on such assets. These impairment losses require the use of estimates of future showings of the various types of products and are based on past experience.

- The Group assesses the recoverability of the tax assets based on the estimated future tax bases calculated using the business plan of the tax group of which the Parent is the head, and the periods considered to be reasonable (see Note 21).
- The estimates made in relation to share-based payments are subject to uncertainty in terms of the conditions to be satisfied and the evaluation of the plan. The conditions and evaluation of the plan are detailed in Note 25.
- The estimates, judgements and sources of uncertainty related to the application of IFRS 15, IFRS 9 and IFRS 16 are described in Note 3.
- The Group is subject to regulatory and legal procedures. If it is probable that an obligation at year-end will give rise to an outflow of resources, a provision is recognised provided the amount can be reliably estimated. Legal proceedings usually involve complicated matters and are subject to substantial uncertainty. Consequently, the directors make a significant judgement when determining whether it is probable that the process will result in an outflow of resources and estimating the amount (see Notes 3-I and 13).

Although these estimates were made on the basis of the best information available at 31 December 2021 regarding the facts analysed, future events could make it necessary to revise these estimates (upwards or downwards) in subsequent reporting periods. Any changes in accounting estimates would be applied prospectively in accordance with IAS 8, with the effects of the change in accounting estimates recognised in the consolidated statements of profit or loss of the periods affected.

At year-end 2021, the Group had positive working capital of EUR 366,595 thousand (2020: EUR 266,892 thousand). Excluding programme rights expected to be consumed in more than one year (see Note 10), working capital at year-end 2021 would still be positive at EUR 266,543 thousand (2020: EUR 137,246 thousand).

### Significant judgements in applying accounting principles

The Group considers that it exercises control over an investee when it has sufficient power to govern its financial and operating policies so as to obtain benefits from its activities.

The Group does not exercise control over the associates that are 50% owned, because under the shareholders agreements it has no powers to participate in the associates' financial and operating policies.

## b) Basis of consolidation

### Subsidiaries

Subsidiaries included the scope of consolidation:

Company name	Registered address	Year incorporated	Activity	Owner	2021 percentage
6&M Producciones y Contenidos Audiovisuales, S.L.U. (*)	Madrid	2013	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Antena 3 Multimedia, S.L.U.	Madrid	2004	Audiovisual services	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Antena 3 Noticias, S.L.U. (*)	Madrid	2012	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100

Atres Advertising, S.L.U. (*)	Madrid	2004	Advertising management	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Capital, S.L.U.	Madrid	2015	Holding company	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Cine, S.L.U. (*)	Madrid	2000	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Música, S.L.U.	Madrid	2015	Management of music rights	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Studios, S.L.U. (*)	Madrid	2010	Production, distribution, dissemination and marketing of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	100
I3 Televisión, S.L.	Madrid	2005	Provision of IT services	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Música Aparte, S.A.U. (*)	Madrid	1990	Management of copyrights	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Human to Human Communications, S.L.	Madrid	2017	Provision of marketing and advertising services	Atres Advertising, S.L.U.	70
Diariomotor Medios Digitales, S.L.	Madrid	2017	Development and operation of digital content	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Smartclip Hispania, S.L. (*)	Madrid	2008	Advertising services in digital environments	Atres Advertising, S.L.U.	100
Smartclip Latam, S.L. (*)	Madrid	2015	Provision of advertising services	Atres Advertising, S.L.U.	100
Smartclip Comunicacao Ltda (*)	Sao Paulo	2012	Advertising services in digital environments	Smartclip Latam, S.L.	100
Smartclip México S.A.P.I. de C.V. (*)	Mexico City	2011	Advertising services in digital environments	Smartclip Latam, S.L.	99.99
Smartclip Colombia S.A.S. (*)	Bogota, DC	2018	Advertising services in digital environments	Smartclip Latam, S.L.	100
Smartclip Perú S.A.C.	Lima	2018	Advertising services in digital environments	Smartclip Latam, S.L.	99.98
Smartclip Argentina S.A. (*)	Buenos Aires	2018	Advertising services in digital environments	Smartclip Latam, S.L.	55.2
Smartclip Chile SPA (*)	Santiago de Chile	2018	Advertising services in digital environments	Smartclip Latam, S.L.	100
Adconion Brasil, S.L.	Sao Paulo	2014	Dormant	Smartclip Latam, S.L.	99.99
Uniprex, S.A.U. (*)	Madrid	1982	Radio broadcasting services	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	Las Palmas	2006	Local digital terrestrial television	Uniprex, S.A.U.	100
Uniprex Televisión Digital Terrestre de Andalucía, S.L.	Seville	2006	Local digital terrestrial television	Uniprex, S.A.U.	74.2
Uniprex Televisión, S.L.U. (*)	Madrid	2004	Indirect management of TV service	Uniprex, S.A.U.	100
Sociedad de Distribución Digital Sonora de Entretenimiento, S.L.	Madrid	2021	Creation, production, distribution and marketing of audio content	Uniprex, S.A.U.	70
Inversión y Distribución Global de Contenidos, S.L.U.	Valencia	2005	Local digital terrestrial television	Uniprex, S.A.U.	100

(\*) Audited companies

Subsidiaries over which the Group exercises control are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements

after making adjustments to adapt the accounting policies used to those applied by the Group, and adjustments and eliminations relating to intra-Group transactions.

The profit or loss of subsidiaries acquired during the year are included in the consolidated statement of profit or loss only from the acquisition date to the year-end.

### **Joint operations and joint ventures**

Under IFRS 11, joint arrangements are classified as either joint operations or joint venture. The classification depends upon the contractual rights and obligations of the parties to the arrangement. A key feature of a joint arrangement is the existence of two or more parties that have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation. Investments in joint ventures are accounted for using the equity method.

Company name	Registered address	Year incorporated	Activity	Owner	2021 percentage
Buendía Producción, S.L. (1)	Madrid	2020	Production of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	50
Buendía Estudios, S.L. (2)	Madrid	2020	Production of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	50

(1) Joint operation, (2) joint venture

### **Associates**

Ownership interests in associates over which Atresmedia Corporación de Medios de Comunicación, S.A. or its subsidiaries do not exercise control, but have the capacity to exercise significant influence in their management, normally through agreements with other shareholders, were accounted for using the equity method. Under the equity method of accounting, the investment is recognised at cost, including any goodwill arising on the acquisition, and is subsequently adjusted on the basis of the changes in its equity, in proportion to the Group's share of ownership. The Group's share of the profit and loss of these companies is recognised, net of the related tax effect, under "Share of profit/(loss) of companies accounted for using the equity method" in the consolidated statement of profit or loss, and any dividends received from these companies are deducted from the value of the investment.

Associates:

Company name	Registered address	Year incorporated	Activity	Owner	2021 percentage
Atres Hub Factory, S.L.	Barcelona	2015	Creation of digital businesses	Atresmedia Corporación de Medios de Comunicación, S.A.	50
Suma Content, S.L.	Madrid	2021	Production of audiovisual works	Atresmedia Corporación de Medios de Comunicación, S.A.	30
Hola Televisión América, S.L.	Madrid	2011	Audiovisual communication services	Atresmedia Corporación de Medios de Comunicación, S.A.	50
Hola TV Latam, S.L.	Madrid	2013	Audiovisual communication services	Hola Televisión América, S.L.	100
Hola TV US, LLC	Miami	2013	Audiovisual communication services	Hola TV Latam, S.L.	100

### **Changes in the scope of consolidation and main transactions in 2021**

- On 6 May 2021, subsidiary Uniprex, S.L.U. incorporated Sociedad de Distribución Digital Sonora de Entretenimiento, S.L., subscribing and paying for 2,100 shares of EUR 1 par value each representing 70% of the company's share capital. Its object is to create, produce, publish, distribute and market any type of audio content through one or more technology platforms. This company is fully consolidated. On 6 June 2021, the company carried out a capital increase, whereby Uniprex, S.L.U. subscribed for 67,900 shares for EUR 67.9 thousand and a share premium of EUR 6,030 thousand, thus retaining its percentage interest in the company.

- On 18 November 2021, Atresmedia Corporación de Medios de Comunicación, S.A. signed an agreement to purchase from Diariomotor Medios Digitales, S.L. 1,828,592 shares of EUR 0.01 par value each of Diariomotor Medios Digitales, S.L. representing 100% of its share capital for EUR 4,705 thousand plus deferred consideration of EUR 1,933 thousand measured at the acquisition date. This company is engaged in the development and operation of digital content. It was fully consolidated (see Note 5).

- On 20 December 2021, Smartclip Latam entered into an agreement whereby it transferred the 6,024 shares of Smartclip Hispania, S.L. representing 100% of its share capital to subsidiary Atres Advertising, S.L. This transaction completed Smartclip Group's reorganisation. Its recognition did not have any impact on these consolidated financial statements.

### **Other changes not affecting the scope of consolidation in 2021**

- On 30 June 2021, a resolution was passed at the General Shareholders' Meeting of investee Atres Hub Factory, S.L. to contribute funds to offset credit claims it held against subsidiary Atresmedia Capital, S.L. of EUR 159 thousand. This contribution did not result in any change in percentage ownership interest in this company.

- On 29 July 2021, Suma Content, S.L. was incorporated, with the Parent subscribing 900 shares of EUR 1 par euro each representing 30% of its share capital. This company's objects include the development, production and marketing of audiovisual works. The Parent also made contributions to equity holders amounting to EUR 1,879 thousand. This company was fully consolidated.

## Subsidiaries, jointly controlled entities and associates at 31 December 2020:

Company name	Registered address	Year incorporated	Activity	Owner	2020 percentage
6&M Producciones y Contenidos Audiovisuales, S.L.U. (*)	Madrid	2013	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Antena 3 Multimedia, S.L.U.	Madrid	2004	Audiovisual services	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Antena 3 Noticias, S.L.U. (*)	Madrid	2012	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atres Advertising, S.L.U. (*)	Madrid	2004	Advertising management	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Capital, S.L.U.	Madrid	2015	Holding company	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Cine, S.L.U. (*)	Madrid	2000	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Música, S.L.U.	Madrid	2015	Management of music rights	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Atresmedia Studios, S.L.U. (*)	Madrid	2010	Production, distribution, dissemination and marketing of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	100
I3 Televisión, S.L.	Madrid	2005	Provision of IT services	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Música Aparte, S.A.U. (*)	Madrid	1990	Management of copyrights	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Human to Human Communications, S.L.	Madrid	2017	Provision of marketing and advertising services	Atres Advertising, S.L.U.	70
Smartclip Latam, S.L. (*)	Madrid	2015	Provision of advertising services	Atres Advertising, S.L.U.	94.82
Smartclip Hispania, S.L. (*)	Madrid	2008	Advertising services in digital environments	Smartclip Latam, S.L.	100
Smartclip Comunicacao Ltda (*)	Sao Paulo	2012	Advertising services in digital environments	Smartclip Latam, S.L.	77.84
Smartclip México S.A.P.I. de C.V. (*)	Mexico City	2011	Advertising services in digital environments	Smartclip Latam, S.L.	99.99
Smartclip Colombia S.A.S. (*)	Bogota, DC	2018	Advertising services in digital environments	Smartclip Latam, S.L.	100
Smartclip Perú S.A.C.	Lima	2018	Advertising services in digital environments	Smartclip Latam, S.L.	99.98
Smartclip Argentina S.A. (*)	Buenos Aires	2018	Advertising services in digital environments	Smartclip Latam, S.L.	55.2
Smartclip Chile SPA (*)	Santiago de Chile	2018	Advertising services in digital environments	Smartclip Hispania, S.L.	100
Adconion Brasil, S.L.	Sao Paulo	2014	Dormant	Smartclip Latam, S.L.	99.99
Uniprex, S.A.U. (*)	Madrid	1982	Radio broadcasting services	Atresmedia Corporación de Medios de Comunicación, S.A.	100
Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	Las Palmas	2006	Local digital terrestrial television	Uniprex, S.A.U.	100
Uniprex Televisión Digital Terrestre de Andalucía, S.L.	Seville	2006	Local digital terrestrial television	Uniprex, S.A.U.	74.2
Uniprex Televisión, S.L.U. (*)	Madrid	2004	Indirect management of TV service	Uniprex, S.A.U.	100
Inversión y Distribución Global de Contenidos, S.L.U.	Valencia	2005	Local digital terrestrial television	Uniprex, S.A.U.	100

(\*) Audited companies

Company name	Registered address	Year incorporated	Activity	Owner	2020 percentage
Atres Hub Factory, S.L.	Barcelona	2015	Creation of digital businesses	Atresmedia Corporación de Medios de Comunicación, S.A.	50
Aunia Publicidad Interactiva, S.L.	Madrid	2013	Online advertising management	Atres Advertising, S.L.U.	50
Hola Televisión América, S.L.	Madrid	2011	Audiovisual communication services	Atresmedia Corporación de Medios de Comunicación, S.A.	50
Hola TV Latam, S.L.	Madrid	2013	Audiovisual communication services	Hola Televisión América, S.L.	100
Hola TV US, LLC	Miami	2013	Audiovisual communication services	Hola TV Latam, S.L.	100

Company name	Registered address	Year incorporated	Activity	Owner	2020 percentage
Buendía Producción, S.L. (1)	Madrid	2020	Production of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	50
Buendía Estudios, S.L. (2)	Madrid	2020	Production of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	50

(1) Joint operation, (2) joint venture

### **Changes in the scope of consolidation and main transactions in 2020**

– On 26 June 2020, Buendía Producción, S.L. and Buendía Estudios, S.L. were incorporated, with the Parent holding 50% stakes in each. Both companies have share capital of EUR 3 thousand and their company object is the creation and production of audiovisual content. These companies were set up under the framework of the joint arrangement between Atresmedia and Telefónica to produce audiovisual content for both partners and third parties.

– On 30 July 2020, Atres Advertising, S.L.U. acquired 2,100 shares of EUR 1 par value each of Human to Human Communications, S.L. representing 70.00% of its share capital. Its purpose is the rendering of marketing and advertising services. This company was fully consolidated (see Note 5).

### **Other changes not affecting the scope of consolidation in 2020**

– On 31 May 2020, the share capital increase agreed on the same date by the Parent as sole shareholder of Atresmedia Capital S.L.U. was completed with the creation of 500 shares of EUR 1 par value each. The capital increase included a share premium of EUR 2,202 thousand euros and was fully paid through the offset and debt-to-equity swap of EUR 2,203 thousand of profit participating loans owed to the Company.

On the same date, the Parent also contributed EUR 2,134 thousand of funds to Atresmedia Capital, S.L.U. to offset losses. Accumulated losses for 2019 amounting to EUR 1,914 thousand had been offset as at 31 May 2020.

– On 31 December 2020, the Parent contributed additional funds of EUR 1,783 thousand to Atresmedia Capital, S.L.U. to offset losses.

### **c) Comparative information**

The information contained in consolidated financial statements for 2020 is presented solely for comparison with the information relating to the annual period ended 31 December 2021.

## **3. Accounting policies**

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with EU-IFRSs, were as follows:

## a) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition, plus the non-controlling interests and fair value of any previous investment in the acquiree, over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

The assets and liabilities acquired are measured provisionally at the date on which control of the company is obtained, and the resulting value is reviewed within a maximum period of one year from the acquisition date until the fair value of the assets and liabilities has been calculated definitively. Any difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognised provisionally as goodwill.

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and goodwill acquired before then is stated at the carrying amount at 31 December 2003. In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment and gains/(losses) on disposals of non-current assets" in the accompanying consolidated statement of profit or loss.

In this connection, the goodwill arising from the business combination is allocated to each of the Group's cash-generating units (CGUs) or groups of CGUs expected to benefit from the synergies of the combination.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

## b) Business combinations

Business combinations are accounted for using the acquisition method.

The application of the acquisition method requires, as indicated in IFRS 3 *Business Combinations*, at the acquisition date, the recognition and fair value measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of a gain from a bargain purchase made on highly favourable terms.

The acquirer shall identify the acquisition date, which is the date on which it obtains control of the acquiree.

The cost of a business combination is the sum of the acquisition-date fair values of the consideration transferred, and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Costs related to the issue of equity instruments or the financial liabilities given as consideration for the acquired assets and liabilities are not included in the cost of the business combination.

The cost of a business combination also does not include the fees paid to legal advisers and other professionals involved in the combination, or any costs incurred internally in this connection. These amounts are taken directly to profit or loss.

Any contingent consideration transferred by the Group in exchange for the acquiree shall be recognised at the acquisition-date fair value.



At the acquisition date, the acquirer shall recognise a gain or goodwill, measured as the excess of the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value. If the consideration is lower, the resulting gain shall be recognised in profit or loss.

The consideration transferred by the acquirer in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

If the measurement process required for the application of the acquisition method is incomplete by the end of the reporting period in which the combination occurs, the accounting is considered provisional. The provisional values may be adjusted over the necessary period to obtain the information required. This period shall not exceed one year. The effects of measurement period adjustments are recognised retrospectively against goodwill, and comparative information for prior periods must be adjusted as needed.

Subsequent changes that are not measurement period adjustments to the fair value of the contingent consideration classified as an asset or a liability shall be recognised in accordance with IAS 39, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income, unless the contingent consideration has been classified as equity, in which case it shall not be remeasured and its subsequent settlement shall be accounted for within equity.

After initial recognition at cost, goodwill acquired in a business combination is measured at cost less accumulated impairment losses. The impairment tests are performed annually, or more frequently if events or changes in circumstances indicate that the asset may have become impaired.

In accordance with IAS 36, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's CGUs that are expected to benefit from the synergies of the business combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those units.

Impairment of goodwill is measured as the excess of its carrying amount over the recoverable amount of the CGU or CGUs to which the goodwill relates.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

### **c) Other intangible assets**

#### *Administrative concessions*

"Administrative Concessions" includes mainly the cost assigned to administrative concessions for radio broadcasting acquired by Uniprex, S.A. Unipersonal. The amount recognised in the accompanying consolidated balance sheet relates to the expenses incurred to directly obtain the concession from the State or from the related public body. This amount is amortised on a straight-line basis over the initial term of the radio licence.

### *Licences and trademarks*

These accounts include the amounts relating to the licence and the trademark identified in the purchase price allocation process arising from the merger with Gestora de Inversiones Audiovisuales La Sexta, S.A. carried out in 2012 (see Note 6).

The trademark is amortised on a straight-line basis over its estimated useful life of 20 years.

This license has a specific expiration, but historically has been tacitly renewed. Based on an analysis of all the relevant factors, the Group considers that there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group. As a result, the licence was classified as an intangible asset with an indefinite useful life and, therefore, is not amortised. This indefinite useful life classification is reviewed at each reporting date and is consistent with the related business plans.

At the end of each reporting period the directors assess the licence for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, it is written down with a charge to "Impairment and gains/(losses) on disposals of non-current assets" in the accompanying consolidated statement of profit or loss.

Impairment losses on this intangible asset may not be reversed in a subsequent reporting period.

In 2013, the Parent reviewed the values of the licence and trademark identified in the purchase price allocation process performed under the framework of the aforementioned merger. For this review, which involved an independent expert, the standard procedures for analyses of this kind were used. It was concluded that the assigned values were within reasonable valuation ranges. Consequently, it was not necessary to modify the initial estimates or make any adjustments at that year-end.

### *Computer software*

Costs incurred by third parties for the acquisition and development of the basic computer systems used in the Group's management are recognised with a charge to "Other intangible assets" in the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated statement of profit or loss for the year in which they are incurred.

Computer software is amortised on a straight-line basis over a period of between three and five years from the entry into service of each application, on the basis of its estimated useful life.

### *Audiovisual productions*

"Audiovisual productions" relates to the costs incurred by the Group in film productions. The carrying amount includes the production costs incurred for remuneration paid to co-producers, and the launch and initial marketing costs. The Group begins amortising films from the date of commercial release or of when the rating certificate is obtained. Each film production is amortised on an annual basis over the film's first commercial cycle, which the Group considers to be four years. Accordingly, at the end of each reporting period, the percentage amortised until then is approximately the same as the percentage of the income generated until then with respect to the present value of the estimated total income for that period. The Group recognises the appropriate write-downs to reduce the carrying amounts of these film productions when it is considered necessary based on future marketing expectations.

Since the activities relating to the acquisition, production and marketing of audiovisual productions are part of the Group's normal operations, the amortisation charges to consolidated profit or loss are included under "Programme amortisation and other procurements". Acquisitions of productions are classified as investing activities in the statement of cash flows since the related amounts are recovered over various years.

#### **d) Property, plant and equipment**

Land and buildings acquired for the performance of the Group's business activity or for administrative purposes are stated in the consolidated balance sheet at acquisition or production cost, less any accumulated depreciation and any recognised impairment losses.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the statement of profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand are considered to have an indefinite useful life and, therefore, is not depreciated.

The annual property, plant and equipment depreciation charge is recognised in the consolidated statement of profit or loss using the straight-line method at rates based on the following average years of estimated useful life of the various assets:

	<b>Years of useful life</b>
Buildings	33
Plant	5 to 8
Machinery and tools	6 to 10
Furniture	10
Computer hardware	3 to 7
Transport equipment and other items of property, plant and equipment	5 to 10

Property, plant and equipment held under finance leases are recognised in the corresponding asset category of the leased item and depreciated over the shorter of the expected useful life of the asset, on the same basis as owned assets, or the lease term.

#### **Impairment of other intangible assets and property, plant and equipment**

The Group assesses the existence of indications of potential impairment of the non-financial assets subject to amortisation and depreciation, in order to check whether carrying amount exceeds recoverable amount, understood to be the higher of fair value less costs of disposal and value in use.

For property, plant and equipment and audiovisual productions, impairment is calculated item by item, on an individual basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss

been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income.

## e) Leases

The Group has entered into several leases granting it the right to use the leased assets.

### Right-of-use assets and lease liabilities

As of 1 January 2019, in accordance with IFRS 16, at inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period of use by the Group of an asset includes consecutive and non-consecutive periods of time. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

At the commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred in dismantling or restoring the underlying asset, as explained in the accounting policy for provisions.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts the lease payments at the appropriate incremental borrowing rate except where the interest rate implicit in the lease can be readily determined.

Outstanding lease payments comprise fixed payments, less any lease incentive receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if it is reasonably certain that the option will be exercised, and payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The Group measures right-to-use assets at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects the exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the criteria for impairment of non-current assets explained in section d above for the right-of-use asset.

Lease contracts whose payments for the right to use the asset over the lease term depend on an index, such as the CPI, are recognised initially using the index at the commencement date, remeasuring the liability and adjusting the asset in subsequent measurements in accordance with the change in the index used.

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and

remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the variable lease payments not included in the initial recognition in profit or loss in the period in which the event or condition that triggers those payment occurs.

The Group recognises the remeasurement of the liability as an adjustment to the right-of-use asset until it has been reduced to zero and then in profit or loss.

The Group remeasures the lease liability by discounting the lease payments using a revised interest rate if there is a change in the lease term or in the assessment of an option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review.

The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If the modification does not give rise to a separate asset, at the date of the modification, the Group allocates the consideration in the modified contract as explained previously, determines the lease term and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset to reflect partial or full termination of the lease for lease modifications that decrease the scope of the lease and recognises any gain or loss in profit or loss. For other modifications, the Group adjusts the carrying amount of the right-of-use asset.

## **f) Financial instruments**

### *(i) Recognition and classification of financial instruments*

Financial instruments are classified, at initial recognition, as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument provided for in IAS 32 *Financial Instruments: Presentation*.

Financial instruments are recognised when the Group acquires an obligation as a party to an agreement or legal business in accordance with the related terms.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those designated initially as held for trading or mandatorily measured at fair value through profit or loss, financial assets and liabilities measured at amortised cost and financial assets at fair value through other comprehensive income, separating equity instruments designated as such from the rest of the financial assets. The Group classifies financial assets other than those designated as at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income, in accordance with the business model and the contractual cash flow characteristics. The Group classifies financial liabilities as measured at amortised cost, except those designated as at fair value through profit or loss and those held for trading.

The Group classifies a financial asset or liability as held for trading if:

- is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments; or
- is an obligation to deliver financial assets obtained in a loan that it does not own.

The Group classifies a financial asset at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group classifies a financial asset at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

The business model is determined by the Group's key management personnel at a level that reflects how groups financial assets are managed together to achieve a particular business objective. The Group's business model refers to how it manages its financial assets in order to generate cash flows.

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The Group manages the assets held within the portfolio to collect those particular contractual cash flows. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity. However, sales in themselves do not determine the business model and therefore cannot be considered in isolation. Instead, information about past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised. The Group considers information about past sales within the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions. For these purposes, the Group considers that trade debtors and receivables that will be transferred to third parties and that will not result in their derecognition are held in this business model.

Although the objective of the Group's business model may be to hold financial assets in order to collect contractual cash flows, it need not hold all of those instruments until maturity. Thus, the Group's business model is to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future. The Group understands that this requirement is met when sales are due to an increase in the financial assets' credit risk. In the rest of the cases, the sales are insignificant both individually and in aggregate, whether they are frequent or infrequent.

The financial assets that are held within a business model whose objective is achieved by both holding assets to collect contractual cash flows and selling them are managed to realise cash flows by collecting contractual payments and selling them in accordance with the Group's various

needs. In this type of business model, the Group's key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. To achieve this objective, the Group will both collect contractual cash flows and sell financial assets. Compared to the previous business model, this business model will typically involve greater frequency and value of sales.

The contractual cash flows that are payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. However, in such an arrangement, interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement.

The Group, at initial recognition, designates a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The rest of the financial assets as measured at fair value through profit or loss.

The Group classifies a financial asset at fair value through equity if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. After initial recognition, financial assets classified in this category are measured at fair value through equity.

Financial assets and liabilities that are contingent consideration arising in a business combination are classified as financial assets and liabilities measured at fair value through profit or loss.

The Group classifies liabilities held for trading as at fair value through profit or loss.

The Group, at initial recognition, designates a financial liability as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the assets or liabilities or recognising the gains and losses on them on different bases, of a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about the group is provided internally on that basis to the Group's key management personnel.

The Group classifies the rest of its financial liabilities, except financial guarantee contracts, commitments to provide a loan at a below-market interest rate, and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition or when the continuing involvement approach applies, such as financial liabilities at amortised cost.

## *(ii) Offsetting*

A financial asset and a financial liability are offset when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. For the Group to have a legally enforceable right, the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy.

*(iii) Financial assets and liabilities at fair value through profit or loss*

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability are recognised as an expense as incurred.

The fair value of a financial instrument at initial recognition is normally the transaction price, unless the price contains different elements of the instrument, in which case the Group determines its fair value. If the Group determines that the fair value of an instrument differs from the transaction price, it recognises the difference as a gain or loss, only where the value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. In the rest of the cases, the Group recognises the difference in profit or loss to the extent that it arises from a change in a factor that market participants would take into account when pricing the asset or liability. (IFRS 7.28 a)

After initial recognition, the instruments are measured at fair value through profit or loss. Changes in fair value include the interest and dividend component. Fair value is not reduced by transaction costs incurred on sale or disposal.

Nevertheless, for financial liabilities designated at fair value through profit or loss, the Group recognises the gains or losses attributable to own credit risk in other comprehensive income. Amounts deferred in other comprehensive income are not reclassified subsequently to profit or loss.

The Group determines the changes in fair value attributable to credit risk by first computing the liability's internal rate of return at the start of the period using the fair value of the liability and the liability's contractual cash flows, and deducting from this rate of return the benchmark interest rate to arrive at an instrument-specific component of the credit risk, provided that the changes in the benchmark interest rate are not significant and there are no other factors giving rise to significant changes in fair value. At the end of each reporting period, the Group discounts the contractual cash flows at the rate equal to the sum of the benchmark interest rate at that date and the instrument-specific component of the credit risk. The difference between the fair value at the end of the reporting period and this amount represents the change attributable to credit risk.

*(iv) Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are recognised initially at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method.

*(v) Financial assets measured at cost*

Equity instruments for which there is insufficient information available to measure fair value or those for which there is a wide range of possible fair value measurements and related derivative instruments that must be settled by delivery of the investments are measured at cost. However, any time a more reliable measurement of the asset or contracts becomes available to the Group, these assets are measured at fair value, with any gains or losses recognised in profit or loss, or other comprehensive income if the instrument is designated as at fair value through other comprehensive income.



*(vi) Reclassifications of financial instruments*

The Group reclassifies financial assets when it changes its business model for managing those financial assets. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, it recognises any gains or losses between the fair value and the carrying amount in profit or loss. From that moment, the Group does not separately recognise the interest on the financial asset.

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortised cost measurement category, it considers the new gross carrying amount for applying the effective interest rate method and the recognition of credit losses.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, it recognises any gains or losses between the fair value and the carrying amount in other comprehensive income. The effective interest rate and measurement of expected credit losses are not adjusted as a result of the reclassification. However, the cumulative amount of expected credit losses is recognised in other comprehensive income and disclosed in the notes.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value. The amount deferred in equity is adjusted against the carrying amount of the asset. The effective interest rate and measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the effective interest rate and expected credit losses are determined by reference to the fair value at the reclassification date.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the amount deferred in equity is reclassified to profit or loss. From that moment, the Group does not separately recognise the interest on the financial asset.

*(vii) Impairment*

The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets measured at amortised cost, fair value through profit or loss, finance lease receivables, contract assets, loan commitments and financial guarantee contracts.

For financial assets measured at fair value through other comprehensive income, expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

At each reporting date, the Group measures the loss allowance at an amount equal to 12-month expected credit losses for financial instruments for which the credit risk has not increased significantly since initial recognition or when it considers that the credit risk has no longer increased significantly.

At each reporting date, the Group assesses whether the credit risk on a financial instrument - whether assessed on an individual or collective basis- has increased significantly since initial

recognition. For the collective assessment, the Group has grouped instruments on the basis of shared credit risk characteristics. When making an assessment of whether the credit risk on a financial instrument or group of financial instruments has increased significantly, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring at each reporting date with that at the date of initial recognition.

When assessing whether there has been a significant increase in credit risk, the Group considers all reasonable and supportable information, including that which is forward-looking, specifically:

- Internal and external credit ratings;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Relevant macroeconomic information.

The Group has determined the impairment of cash and cash equivalents at 12-month expected credit losses. The Group considers that cash and cash equivalents have low credit risk based on the credit ratings of the financial institutions where it holds its cash and deposits.

For trade receivables, the Group uses an expected credit loss model entailing a three-stage approach. It must distinguish between measuring loss allowances based on 12-month expected credit losses from initial recognition (Stage 1), lifetime expected credit losses when there is a significant increase in credit risk (Stage 2) and lifetime expected credit losses where a credit event has occurred (Stage 3). The criteria adopted by the Group is to recognise as incurred losses balances more than 180 days past due and events occurring that indicate the existence of an incurred loss. The Group has chosen a simplified approach for measuring expected credit losses in Stages 1 and 2, based on an analysis of debt performance from a history of trade receivables segmented by business models. A matrix of default rates is established applicable to outstanding balances not impaired due to age of the debt or the borrower's financial position.

*(viii) Derecognitions, modifications and cancellations of financial assets*

The Group applies criteria of derecognition of financial assets to a part of a financial asset or a part of a group of similar financial assets, or a financial asset or a group of similar financial assets.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. In addition, financial assets for which the Group retains the contractual rights to receive the cash flows are only derecognised when it assumes contractual obligations to pay the cash flows to one or more recipients and the following requirements are met:

- Payment of the cash flows is dependent on prior collection;
- The Group may not sell or pledge the financial asset; and

- The cash flows collected on behalf of the eventual recipients are remitted without any material delay. The Group is not entitled to reinvest the cash flows. Investments in cash and cash equivalents made by the Group during the settlement period, i.e. between the collection date and the date of required remittance agreed with the eventual recipients, are excluded from the application of this criterion, provided that the interest earned is passed to the eventual recipients.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received net of transaction costs, including any new asset obtained less any liability assumed, plus any accumulated gain or loss deferred in other comprehensive income is recognised in profit or loss, except for equity instruments designated as at fair value through in other comprehensive income.

*(ix) Interest and dividends*

The Group recognises interest revenue using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the carrying amount, based on the contractual terms of the financial asset and excluding expected credit losses, except for purchased or originated credit-impaired financial assets.

Interest is recognised on the gross carrying amount of the financial assets, except for purchased or originated credit-impaired financial assets and financial assets that have subsequently become credit-impaired financial assets. For the first, the Group applies the effective interest rate adjusted for the initial credit risk and for the second it applies the effective interest rate to the amortised cost.

Changes in estimates of cash flows are discounted at the effective interest rate or the original credit-adjusted effective interest rate and are recognised in profit or loss.

*(x) Derecognition and modifications of financial liabilities*

The Group derecognises a financial liability, or part of a financial liability, when it discharges the obligation or is legally released from primary responsibility for the obligation through a judicial proceeding or by the creditor.

An exchange between the Group and the counterparty of debt instruments with substantially different terms and substantial modifications of the terms of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the original financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. Otherwise, the modified cash flows are discounted at the original effective interest rate, with any difference with the previous carrying amount recognised in profit or loss. In addition, any costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of the financial liability or part of that liability extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liability assumed, in profit or loss.

The Group has arranged reverse factoring agreements with several banks to manage payments to suppliers. Trade payables whose settlement is managed by banks are recorded under "Trade and other payables" in the balance sheet as the Company only transfers management of payment to the financial institutions, but is still the primary obligor for payment of the liabilities with trade creditors until they are settled, cancelled or expire.

## **g) Programme rights**

Programme rights are measured, based on their nature, as follows:

1. Inventoriable in-house productions (programmes produced to be rerun, such as fictional series) are measured at acquisition and/or production cost, which includes both external costs billed by third parties for programme production and for the acquisition of resources, and internal production costs calculated by applying previously determined internal rates on the basis of the time during which operating resources are used in production. The costs incurred in producing the programmes are recognised, based on their nature, under the appropriate headings in the consolidated statement of profit or loss and are included under "Programme rights" in the consolidated balance sheet with a credit to "Additions to programme rights" under "Programme amortisation and other procurements" in the accompanying consolidated statement of profit or loss.

Amortisation of these programmes is recognised under "Programme amortisation and other procurements" in the consolidated statement of profit or loss, on the basis of the number of showings. Following the analyses performed by the Parent of actual showings of this type of programme, series broadcast weekly are amortised at 99% of the production cost when the first showing of each episode is broadcast and at 1% when the broadcast is repeated. Series broadcast daily are amortised in full when first broadcast. In any event, the maximum period for the amortisation of programmes is three years, after which the unamortised amount is written off. These digital programmes are amortised on a straight-line basis over a period of three years from when the programme is available on the platform.

2. Non-inventoriable in-house productions (programmes produced to be shown only once) are measured using the same methods and procedures as those used to measure inventoriable in-house productions. Programmes produced and not shown are recognised at year-end under "Programme rights - In-house productions and productions in progress" in the consolidated balance sheet. The cost of these programmes is recognised as an expense under "Programme amortisation and other procurements" in the consolidated statement of profit or loss at the time of the first showing.
3. Rights on external productions (films, series and other similar productions) are measured at acquisition cost. These rights are deemed to have been acquired when the term of the right commences for the Group.

When payments to external production distributors are made in foreign currency, these rights are recognised in the consolidated balance sheet by applying the spot exchange rate prevailing when the term of the right commences to the foreign currency amount.

Also, the initial value of all the external productions acquired by the Group for which derivative instruments designated as cash flow hedges pursuant to IFRS 9 were entered into in order to hedge foreign currency risk includes:

- the portion of the cumulative gain or loss on the hedging instrument recognised in equity (effective hedge) at the beginning of the term of the right; and
- the accumulated exchange gains or losses on that date for payments made prior to the commencement of the term of the right.

The amortisation of the rights is recognised under "Programme amortisation and other procurements" in the consolidated statement of profit or loss, on the basis of the number of showings, at the rates shown below, which are established on the basis of the number of showings contracted:

<b>FILMS</b>	<b>Number of showings contracted</b>		
	<b>1</b>	<b>2</b>	<b>3 or more</b>
1st showing	100%	50%	50%
2nd showing	—	50%	30%
3rd showing	—	—	20%

<b>SERIES</b>	<b>Number of showings contracted</b>	
	<b>1</b>	<b>2 or more</b>
1st showing	100%	50%
2nd showing	—	50%

There are no assets specifically acquired to be amortised within a period of over 12 months. All the programme assets are subject to amortisation, i.e. included in the operating cycle, once they are recognised as assets. It is not possible to ascertain which assets will be amortised beyond the period of 12 months. The programming policy has differing degrees of specificity depending on when the programme schedules are prepared. The Parent estimates the total amount which would be amortised beyond that year, based on past experience and the approximate estimate of amortisation.

4. Live broadcasting rights are measured at cost. The cost of these rights is recognised as an expense under "Programme amortisation and other procurements" in the consolidated statement of profit or loss at the time of broadcast of the event on which the rights were acquired.

#### *Advances on purchases of rights*

Payments made to external production distributors prior to the commencement of the term of the rights are recognised under "Programme rights - Advances on purchases of rights" in the consolidated balance sheet and if such payments are in foreign currency they are translated to euros at the year-end exchange rate.

#### *Provisions*

The Group makes write-downs to reduce the unamortised value of in-house productions and of the rights on external productions which it considers will not be shown. When these rights expire, the amounts set aside are applied to cancel the costs.

### *Classification of programme rights*

In accordance with standard industry practice, programme rights are classified as current assets, since they are consumed in the operating cycle. There are no programme assets specifically acquired to be consumed within a period of over 12 months.

## **h) Current versus non-current classification**

In the accompanying consolidated balance sheet, financial assets and liabilities are classified on when they are expected to be realised or settled, i.e. financial assets and liabilities that are expected to be realised or settled over the course of the company's normal operating cycle or within 12 months are classified as current, and those that do not meet these requirements as non-current.

Deferred tax assets and liabilities are classified as non-current regardless of when they are expected to be realised or settled.

## **i) Derivative hedging instruments**

All the derivatives held by the Group at 31 December 2021 were OTC derivatives, whose prices are not quoted on active futures and options markets. Therefore, it is necessary to apply generally accepted valuation techniques, based on objective market data, used in the measurement of financial instruments of this nature.

### *Foreign currency hedges*

The derivative financial instruments held by the Group companies are basically cash flow hedges arranged to mitigate the exposure of the cash flows associated with external production rights to fluctuations in the USD/EUR exchange rate.

Foreign currency hedging contracts are measured using the spot exchange rate and the forward interest rate curves of the related currencies. The "market" foreign currency hedge is calculated at year-end and is compared with the price of the foreign currency hedge entered into.

### *Interest rate hedges*

For the syndicated financing arranged, the Parent entered into interest rate swaps (IRSs) to fix the finance cost arising from the floating rates applicable to each of the tranches of this financing. For new syndicated financing, it entered into cash flow hedges (CAP) to minimise interest rate risk (see Note 14).

With IRSs, the parties agree to swap, on predetermined dates, the cash flows resulting from applying an interest rate to a nominal amount. The rate applied to the payments of a portion is fixed, whereas the other portion is a floating rate (based on a benchmark rate).

### *Cross currency swaps*

The Group uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros. These are cash flow hedges that hedge exposure to the currency and interest rate risk of the cash flows related to the hedged underlying.

Hedging instruments are recognised in the consolidated balance sheet at fair value, with the portion of any gain or loss on the hedging instrument determined to be effective recognised directly in equity, in accordance with hedge accounting.

For foreign currency hedges, when the term of the broadcasting rights designated as a hedged item commences, the related gains or losses on the derivative that were recognised in equity are included in the initial carrying amount of the asset. Any changes in fair value of the hedging instrument from then are recognised directly in profit or loss for the year.

The Group measures the effectiveness of these cash flow hedges by analysing the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of hedged items attributable to the hedged risk. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. This determination is made using the European Central Bank's benchmark exchange rate on the closing date, the quoted prices of swaps at the measurement date, interest rates prevailing on the measurement, credit risk and generally accepted techniques in the market. For effective hedges, the gain or loss on the hedging instrument is recognised temporarily in equity and taken to profit or loss in the periods in which the hedged transaction affects profit or loss.

When the hedge no longer meets the criteria for hedge accounting and the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss.

The Group's policy is to categorise its assets and liabilities measured at fair value within the fair value hierarchy, based on the availability of observable market inputs, and only transfers items between levels when these inputs are not available. In 2021, no transfers were made between the fair value hierarchy levels corresponding to the Group's financial instruments.

#### **j) Treasury shares**

All the treasury shares of the Parent held at 31 December 2021 and 2020 represented 0.2461% of the share capital of the Parent of the Group. Transactions involving treasury shares in 2021 and 2020 are summarised in Note 12-e. The amount relating to these treasury shares is recognised as a reduction of equity.

Acquisitions or sales of treasury shares (see Note 12-e) are debited or credited to equity at the amount paid or received, respectively. Therefore, the gains or losses arising from these transactions are not reflected in the consolidated statement of profit or loss, but are recognised as an addition to or a reduction of equity, respectively.

#### **k) Bonds and debentures and bank borrowings**

Payables for bonds and debentures, loans, credit facilities and bank overdrafts are recorded at the amount received. Borrowing costs are recognised in the consolidated statement of profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the liability to the extent that they are not settled in the period in which they arise.

#### **l) Provisions and contingencies**

When preparing the consolidated financial statements, the Group's directors made a distinction between:

- Provisions: the Group recognises provisions when it has a present obligation (legal or constructive) as a result of a past event, and a reliable estimate can be made of the amount of the obligation.

- Contingent liabilities: possible obligations arising from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group.
- Provisions for termination benefits: termination benefits for involuntary termination are recognised when there is a formal plan for the termination and a valid expectation among the affected employees that the employment will be terminated either because the plan has started or because its main characteristics have been published.

The consolidated financial statements include all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources is considered to be remote.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation or transfer it, taking into account the information available on the event and its consequences. Adjustments arising from the discounting of the provision are recognised as a finance expense when accrued.

Reimbursement receivable from another party on settlement of the obligation is recognised as an asset, provided that the reimbursement is virtually certain, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Group is not liable; in this situation, the reimbursement is taken into account for the purpose of estimating the amount of the related provision that should be recognised.

#### **m) Employee benefits**

Termination benefits are recognised at the earlier of the date from which the Group can no longer withdraw its offer and that on which it recognises the costs of a restructuring effort that will entail the payment of termination benefits.

In respect of termination benefits as a result of employees deciding to accept an offer, the Group is deemed unable to withdraw its offer from the earlier of the date on which the employees accept the offer or the date of effectiveness of any form of restriction on the Group's ability to withdraw the offer.

In respect of involuntary termination, the Group is deemed unable to withdraw its offer when it has communicated the plan to the affected employees or their union representatives and the actions needed to complete the plan suggest that it is unlikely that there will be significant changes in its terms; the plan identifies the number of employees whose services are to be terminated, their job classification or function, their location and their expected termination date; and the termination benefits to be received by the laid-off employees have been established in sufficient detail to enable them to determine the type and amount of remuneration they will receive upon termination.

If the Group expects to settle the benefits wholly after 12 months after the end of the annual reporting period, the liability is discounted by reference to market yields on high quality corporate bonds.

#### **n) Revenue and expense recognition**

The Group performs an extensive analysis of the various classes of customer contracts covered by IFRS 15, identifying the performance obligations for each contract type as provided for in the standard, and verifying the approaches for determining the transaction price and its allocation to



each of the obligations, and recognising the revenue upon satisfaction of the obligation of the contract.

For advertising revenues from television, radio and digital, which make up approximately more than 90% of the Group's total revenue, the performance obligation is met when the advertising campaign is broadcast, which is when the related revenue is recognised. IFRS 15 requires allocation of the transaction price on a stand-alone selling price basis, which can affect the amount and the timing of revenue recognition. In the case of certain commercial policies that could include a separate performance obligation (no-cost showings), the conclusion is that since the accrual of these campaigns coincides with the annual period, the estimation of the stand-alone selling price of the performance obligations satisfied with the customer is not applicable.

For other business lines, including audiovisual production and distribution, and the sale of content, customer contracts generally have a large variety of performance obligations, from contracts involving production services to multi-year licensing agreements, as well as ancillary rights and services (e.g. commercial rights, sponsorship rights, production consultancy services) and distribution activities. Application of IFRS 15 requires Atresmedia to assess the nature of its promise in contracts (access or usage rights) to determine whether the licences grant a right to access content (revenue recognised over time) or a right to use content (revenue recognised at a point in time). The Group has determined that most of the licences granted are licences for which revenue is recognised when the customer obtains control. In addition, variable consideration is recognised based on the best estimate in accordance with the entity's experience.

The Group's expenses are recognised on an accrual basis.

#### **o) Income tax: deferred tax assets and liabilities**

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year less any allowable tax deductions, taking into account changes in deferred tax assets and liabilities.

In general, deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets (including those relating to temporary differences, and the carry forward of unused tax credits and unused tax losses) are recognised only to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are calculated by applying the tax rate expected to apply at the date of reversal, which is 25% for 2021 and subsequent years.

The Group began filing consolidated tax returns in 2001, with Atresmedia Corporación de Medios de Comunicación, S.A. as the head of the tax group (see Note 21).

#### **p) Foreign currency transactions and balances**

The functional currency of the Parent and its investees is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated to euros at the year-end exchange rates, while non-monetary items measured at historical cost are translated at the exchange rates prevailing on the date of the transaction. Non-monetary assets measured

at fair value are translated to euros by applying the exchange rate prevailing at the date when the fair value was determined.

The gains or losses arising on settlement of foreign currency transactions and on the translation to euros of monetary assets and liabilities denominated in foreign currency are recognised in profit or loss. However, the exchange differences arising in monetary items forming part of a net investment in a foreign operation are recognised as translation differences in other comprehensive income.

The exchange gains and losses related to monetary financial assets or liabilities denominated in foreign currency are also recognised in profit or loss.

Monetary financial assets denominated in foreign currency are considered recognised at amortised cost in the foreign currency. Therefore, the exchange differences associated with the changes in amortised cost are recognised in profit or loss.

The Group presents the effect of translating the deferred tax assets and liabilities denominated in foreign currency, together with deferred income tax, in profit or loss.

#### **q) Earnings per share**

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares of the Parent outstanding during the year.

Diluted earnings per share is calculated by dividing net profit for the period attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding adjusted for the dilutive effects of potential ordinary shares, understood as shares whose conversion into outstanding shares could reduce earnings per share. (See Note 23)

#### **r) Share-based payments**

Until 2020, the Group had a remuneration scheme entailing the delivery of shares to certain directors and managers (see Note 25).

Remuneration via the issue of equity instruments is recognised by applying the following criteria:

- If the equity instruments granted vest immediately upon being granted, the services received are recognised with a charge to profit or loss, with a simultaneous increase in "Other equity instruments";
- If the equity instruments granted vest when the beneficiaries complete a specified period of service, the services received are recognised over the vesting period with a credit to "Other equity instruments".

The Group determines the fair value of the instruments granted on the grant date.

The market vesting conditions are considered when the fair value of the instrument is determined. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the amount of the transaction, so that, ultimately, the amount recognised for services received is based on the number of equity instruments expected to eventually vest. Consequently, the Group recognises the amount for the services received over the vesting period, based on the best estimate of the number of instruments that will vest, and this estimate is revised based on the rights expected to vest.

Once the services received and the corresponding increase in "Other equity instruments" are recognised, no additional adjustments are made to equity after the vesting date, without prejudice to making the corresponding reclassifications in equity.

If the Group withholds equity instruments to pay income tax to the taxation authority, the plan is treated as having been settled in full in equity instruments, except for the portion of the instruments withheld that exceed the fair value of the tax obligation.

#### **4. Goodwill**

Changes in goodwill in the consolidated balance sheets in 2021 and 2020:

Thousands of euros	Balance at 31/12/19	Additions	Impairment	Balance at 31/12/20	Additions	Balance at 31/12/21
<b>RADIO BUSINESS:</b>						
Uniprex, S.A.U.	150,012	—	(15,150)	134,862	—	134,862
<b>OTHER BUSINESSES:</b>						
Human to Human Communications, S.L.	—	9,471	—	9,471	—	9,471
Diariomotor Medios Digitales, S.L. (Note 5)	—	—	—	—	3,922	3,922
Smartclip Group	13,211	—	—	13,211	997	14,208
<b>Total</b>	<b>163,223</b>	<b>9,471</b>	<b>(15,150)</b>	<b>157,544</b>	<b>4,919</b>	<b>162,463</b>

The addition in 2021 of EUR 3,922 thousand arose from the business combination entailing the acquisition in November of Diariomotor Medios Digitales, S.L. (see Note 5). The amounts reported for the business combination are provisional and may be adjusted within one year from the acquisition date, as provided for in the standards.

The addition in 2020 related to the business combination of Human to Human Communications, S.L. Impairment was recognised on the goodwill allocated to the "Radio" CGU amounting to EUR 15,150 thousand under "Impairment and gains/(losses) on disposals of non-current assets" in the consolidated statement of profit or loss.

The Group periodically assesses the recoverability of the goodwill described in the foregoing table, considering the CGUs on the basis of the business activities of its subsidiaries, which at year-end were the television, radio business and other businesses.

The Group uses the strategic plans of the various businesses to calculate any possible impairment losses and discounts expected future cash flows. The Group prepares the various projections individually, taking into account the expected future cash flows of each CGU.

For the "Radio" CGU (which coincides with the radio segment) and the "Other businesses" CGU, which includes Smartclip, the key assumptions on which the cash flow projections are based relate mainly to advertising markets (the data relate to scenarios used by market participants to set prices, based on a consensus among analysts, who are independent third parties, employed by the industry in general), audience figures, advertising efficiency ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by management of the Company and updated in accordance with the performance of the advertising markets.

These future projections cover the next five years. The cash flows for the years not considered in the projections are estimated to be perpetual, with growth of 1.5% for the "Radio" CGU (2020: 1.5%) and 1.5% for the "Other businesses" CGU (2020: 2%).

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. In order to calculate the rate, the current time value of money and the risk premiums generally used by analysts for the business and geographical area (Spain) are taken into account, giving rise to future discount rates of 9.5% for the "Radio" CGU in 2021 (2020: 9.5%) and 9.5% for the "Other businesses" CGU (2020: 12%).

Based on the methods used and the estimates, projections and assessment of value in use available to the Parent's directors, at the date of presentation of these consolidated financial statements it was determined that the goodwill recognised by the Group represents its carrying amount and, therefore, it was not necessary to recognise any impairment losses.

The Group also performs sensitivity analyses when there are reasonably possible changes in the key assumptions used to calculate the recoverable amounts of the "Radio" and "Other businesses" CGUs. In this respect, the sensitivity analyses are prepared using different assumptions according to the variables deemed most significant, i.e. advertising revenue, which depends mainly on the performance of the advertising market and the investment share, and the discount rate.

According to the sensitivity analysis carried out for the "Radio" CGU, a decrease in the growth in perpetuity rate of 0.5% would result in a decrease in value of EUR 8,115 thousand, while an increase of 0.5% would increase the value by EUR 9,197 thousand. A 1.0% increase in the discount rate would reduce the value by EUR 19,736 thousand, while a 1.0% decrease would increase its value by EUR 25,438 thousand. The sensitivity analysis indicates that recoverable amount would not fall below carrying amount in any of the scenarios.

For the "Other businesses" CGU, which includes the Smartclip and Human to Human Communications, S.L. businesses, no impairment was required since based on the methods used and estimates, projections and value in use measurements, its recoverable amount was not lower than its carrying amount.

The sensitivity analysis for the Smartclip business indicates that an increase in the growth in perpetuity rate of 0.5% would give rise to an increase in value of EUR 2,759 thousand, whereas a decrease in the growth in perpetuity rate of 0.5% would give rise to a decrease in value of EUR 2,434 thousand. Meanwhile, a 1.0% decrease in the discount rate would give rise to an increase of EUR 7,689 thousand, and a 1.0% increase in the discount rate would give rise to a decrease of EUR 5,977 thousand. The changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

For the H2H business, an increase in the growth in perpetuity rate of 0.5% would increase its value by EUR 790 thousand, while a 0.5% decrease would reduce its value by EUR 697 thousand. A 1% increase in the discount rate would reduce the value of the business by EUR 1,710 thousand, while a 1% decrease would increase it by EUR 2,201 thousand. Therefore, the changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

## **5. Business combinations**

On 18 November 2021, Atresmedia Corporación de Medios de Comunicación, S.A. placed on public record the agreement to purchase from Diariomotor Medios Digitales, S.L. 1,828,592 shares of EUR 0.01 par value each of Diariomotor Medios Digitales, S.L. representing 100% of

its share capital, with the sellers retaining the right of benefits of 20% of the shares as guarantee of payment of the earn-out agreement entered into between the parties. The amount will be determined based on the achievement of business milestones during the reference period, which runs until December 2025. The acquisition-date fair value of the contingent consideration amounted to EUR 1,933 thousand and was part of the consideration transferred.

Diariomotor Medios Digitales, S.L.'s objects include the development and operation of digital content. By adding this company, the Group has made further progress in its digital native content-development strategy, reinforcing its positioning in this area.

As a result of the transaction, in accordance with the accounting rules in IFRS 3, the Group assessed the assets and liabilities of the acquiree to determine the goodwill as of the acquisition date, measured as the difference between the consideration transferred and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. This goodwill was allocated to the "Other businesses" CGU.

As at the date of authorisation for issue of the consolidated financial statements, the Group had not completed the purchase price allocation (PPA) process. Therefore, until the end of the measurement period, the Group has recognised a provisional PPA, as explained below. The definitive amount will be accounted for within the 12 months provided for in IFRS 3, i.e. no longer than 18 November 2022, based on information about facts and circumstances that existed as of the acquisition date. The following table summarises the consideration transferred, the acquisition-date fair values of the identifiable assets and liabilities of the company, the date on which control was obtained, and the provisional goodwill generated. These provisional amounts may be modified within one year from the acquisition, as provided for in the standard.

Thousands of euros	2021
Consideration paid in cash	4,705
Contingent consideration	1,933
<b>(+) Consideration transferred</b>	<b>6,638</b>
Intangible assets - Trademark (Note 6)	2,716
Other intangible assets	8
Property, plant and equipment	4
Other financial assets	2
Trade and other receivables	415
Other non-financial assets	19
Cash and cash equivalents	400
Deferred tax liabilities	(679)
Trade and other payables	(169)
<b>(-) Fair value of net assets</b>	<b>2,716</b>
<b>Provisional goodwill</b>	<b>3,922</b>

To measure the trademark (intangible assets), the income approach was used; i.e. the relief-from-royalty method was applied. A finite useful life of 25 years was considered for these assets.

The Group fully consolidated the company from the acquisition date (i.e. the date on which it obtained control).

## 6. Other intangible assets

Breakdown of balances and transactions under other intangible assets in the consolidated balance sheets in 2021 and 2020:

	Balance at 1/1/21	Additions or charges	Disposals or reductions	Transfers	Additions due to changes in the scope of consolidation	Balance at 31/12/21
<b>Thousands of euros</b>						
<u>Cost:</u>						
Administrative concessions	46,302	—	—	—	—	46,302
Licences	82,804	—	—	—	—	82,804
Trademarks	21,591	—	—	—	2,716	24,307
Intellectual property	2,100	85	—	75	—	2,260
Computer software	79,388	176	(3)	3,929	22	83,512
Audiovisual productions	166,828	268	(74)	306	—	167,328
Other intangible assets	5,279	3,085	—	—	—	8,364
Intangible assets in progress	1,926	8,984	(251)	(4,310)	—	6,349
	<b>406,218</b>	<b>12,598</b>	<b>(328)</b>	<b>—</b>	<b>2,738</b>	<b>421,226</b>
<u>Accumulated amortisation:</u>						
Administrative concessions	(43,985)	(551)	—	—	—	(44,536)
Trademarks	(8,962)	(1,080)	—	—	—	(10,042)
Intellectual property	(1,848)	(93)	—	—	—	(1,941)
Computer software	(68,054)	(6,397)	48	—	(14)	(74,417)
Audiovisual productions	(163,851)	—	—	(2,081)	—	(165,932)
Other intangible assets	(3,581)	(454)	—	—	—	(4,035)
	<b>(290,281)</b>	<b>(8,575)</b>	<b>48</b>	<b>(2,081)</b>	<b>(14)</b>	<b>(300,903)</b>
Provisions:	<b>(276)</b>	<b>(287)</b>	<b>125</b>	<b>—</b>	<b>—</b>	<b>(438)</b>
<b>Total</b>	<b>115,661</b>	<b>3,736</b>	<b>(155)</b>	<b>(2,081)</b>	<b>2,724</b>	<b>119,885</b>

	Balance at 1/1/20	Additions or charges	Disposals or reductions	Transfers	Additions due to changes in the scope of consolidation	Balance at 31/12/20
<b>Thousands of euros</b>						
<u>Cost:</u>						
Administrative concessions	46,302	—	—	—	—	46,302
Licences	82,804	—	—	—	—	82,804
Trademarks	21,591	—	—	—	—	21,591
Intellectual property	2,036	—	—	64	—	2,100
Computer software	74,039	35	(2)	5,316	—	79,388
Audiovisual productions	165,830	33	(32)	997	—	166,828
Other intangible assets	5,279	—	—	—	—	5,279
Intangible assets in progress	1,763	6,661	(121)	(6,377)	—	1,926
	<b>399,644</b>	<b>6,729</b>	<b>(155)</b>	<b>—</b>	<b>—</b>	<b>406,218</b>
<u>Accumulated amortisation:</u>						
Administrative concessions	(43,434)	(551)	—	—	—	(43,985)
Trademarks	(7,882)	(1,080)	—	—	—	(8,962)
Intellectual property	(1,707)	(141)	—	—	—	(1,848)
Computer software	(62,401)	(5,655)	2	—	—	(68,054)
Audiovisual productions	(160,499)	—	6	(3,358)	—	(163,851)
Other intangible assets	(3,241)	(340)	—	—	—	(3,581)
	<b>(279,164)</b>	<b>(7,766)</b>	<b>8</b>	<b>(3,358)</b>	<b>—</b>	<b>(290,281)</b>
Provisions:	<b>(510)</b>	<b>(99)</b>	<b>333</b>	<b>—</b>	<b>—</b>	<b>(276)</b>
<b>Total</b>	<b>119,970</b>	<b>(1,136)</b>	<b>186</b>	<b>(3,358)</b>	<b>—</b>	<b>115,661</b>

Additions due to changes in the scope of consolidation in 2021 related to the business combination with Diariomotor Medios Digitales, S.L. (see Note 5).

Fully amortised intangible assets in use at 31 December 2021 amounted to EUR 228,779 thousand (2020: EUR 220,721 thousand).

There were no impairments of intangible assets in 2020 and 2021. The existence of impairment of audiovisual productions was determined based on an analysis of the related investment through a case-by-case assessment of the value in use of each film, taking into account updated estimates of the revenue produced in each commercial exploitation window, recognising, where necessary, an impairment loss under "Programme amortisation and other procurements" since the impairment relates to cinema productions shown on television channels.

For the licence, since this asset has an indefinite useful life, a recoverability assessment was performed at year-end. The key assumptions on which the cash flow projections are based relate mainly to advertising markets (the data relate to scenarios used by market participants to set prices, based on a consensus among analysts, who are independent third parties, employed by the industry in general), audience figures, advertising efficiency ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by management of the Parent and updated in accordance with the performance of the advertising markets. The measurement of this licence is included in the "Television" CGU.

Taking the correlation between the advertising market and the trend of domestic demand and private consumption as a reference, a retrospective analysis was conducted using the historical data of these two variables, based on market consensus. These future projections cover the next five years. The discount rate used to measure this intangible asset in 2021 was 8.9% (2020: 8.9%). A growth in perpetuity rate of 0.5% was used.

The sensitivity analysis shows that a 1.0% increase in the growth in perpetuity rate gives rise to an increase in value of EUR 42.3 million, while a decrease of 1.0% gives rise to a decrease of EUR 33.3 million. Similarly, a 1.0% increase in the discount rate gives rise to a decrease of EUR 43.7 million, and a 1.0% decrease in the discount rate gives rise to an increase of EUR 49.5 million. The changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

## 7. Property, plant and equipment

Breakdown of the balances and transactions recognised under property, plant and equipment in the consolidated balance sheets in 2021 and 2020:

Thousands of euros	Balance at 1/1/21	Additions or charges	Disposals or reductions	Transfers	Additions due to changes in the scope of consolidation	Balance at 31/12/21
<b>Cost:</b>						
Land and buildings	72,647	—	—	180	—	72,827
Plant and machinery	102,044	13	(525)	2,725	—	104,257
Other fixtures and tools	61,765	—	(152)	870	—	62,483
Furniture	11,816	6	(121)	24	1	11,726
Computer hardware	41,411	191	(556)	1,493	7	42,546
Transport equipment and other items of property, plant and equipment	1,057	18	(64)	—	—	1,011
Property, plant and equipment in progress	36	5,629	—	(5,292)	—	373
	<b>290,776</b>	<b>5,857</b>	<b>(1,418)</b>	<b>—</b>	<b>8</b>	<b>295,223</b>
<b>Accumulated depreciation:</b>						
Land and buildings	(43,903)	(1,609)	—	—	—	(45,512)
Plant and machinery	(96,332)	(3,585)	525	—	—	(99,392)
Other fixtures and tools	(57,328)	(1,172)	152	—	—	(58,348)
Furniture	(11,092)	(244)	120	—	—	(11,216)
Computer hardware	(38,700)	(1,610)	554	—	(4)	(39,760)
Transport equipment and other items of property, plant and equipment	(956)	(23)	81	—	—	(898)
	<b>(248,311)</b>	<b>(8,243)</b>	<b>1,432</b>	<b>—</b>	<b>(4)</b>	<b>(255,126)</b>
<b>Provisions:</b>	<b>(2,868)</b>	<b>—</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>(2,860)</b>
<b>Total</b>	<b>39,597</b>	<b>(2,386)</b>	<b>22</b>	<b>—</b>	<b>4</b>	<b>37,237</b>

Thousands of euros	Balance at 1/1/20	Additions or charges	Disposals or reductions	Transfers	Additions due to changes in the scope of consolidation	Balance at 31/12/20
<b>Cost:</b>						
Land and buildings	72,171	—	—	476	—	72,647
Plant and machinery	100,315	—	(367)	2,096	—	102,044
Other fixtures and tools	61,149	—	(78)	694	—	61,765
Furniture	11,781	4	(8)	39	—	11,816
Computer hardware	39,977	85	(507)	1,856	—	41,411
Transport equipment and other items of property, plant and equipment	1,172	—	(115)	—	—	1,057
Property, plant and equipment in progress	87	5,110	—	(5,161)	—	36
	<b>286,652</b>	<b>5,199</b>	<b>(1,075)</b>	<b>—</b>	<b>—</b>	<b>290,776</b>
<b>Accumulated depreciation:</b>						
Land and buildings	(42,275)	(1,628)	—	—	—	(43,903)
Plant and machinery	(91,989)	(4,708)	365	—	—	(96,332)
Other fixtures and tools	(55,929)	(1,477)	78	—	—	(57,328)
Furniture	(10,819)	(285)	12	—	—	(11,092)
Computer hardware	(37,456)	(1,750)	506	—	—	(38,700)
Transport equipment and other items of property, plant and equipment	(904)	(52)	—	—	—	(956)
	<b>(239,372)</b>	<b>(9,900)</b>	<b>961</b>	<b>—</b>	<b>—</b>	<b>(248,311)</b>
<b>Provisions:</b>	<b>(2,877)</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>(2,868)</b>
<b>Total</b>	<b>44,403</b>	<b>(4,701)</b>	<b>(105)</b>	<b>—</b>	<b>—</b>	<b>39,597</b>



At 31 December 2021, fully depreciated property, plant and equipment in use amounted to EUR 223,903 thousand (2020: EUR 214,605 thousand). The Group does not have any temporarily idle items.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities.

## **8. Right-of-use assets and lease liabilities**

The relevant amounts of leases by class of asset at 31 December 2021 and 2020 are as follows:

Thousands of euros	Right-of-use assets		Total
	Offices and premises	Broadcasting stations	
<b>Balance at 1/1/21</b>	<b>3,535</b>	<b>377</b>	<b>3,912</b>
Additions of right-of-use assets	1,098	180	1,278
Depreciation of right-of-use assets	(1,127)	(132)	(1,259)
<b>Balance at 31/12/21</b>	<b>3,506</b>	<b>425</b>	<b>3,931</b>
<b>Balance at 31/12/21</b>			
Lease liabilities	3,604	440	4,044
Interest expenses on lease liabilities	127	18	145

  

Thousands of euros	Right-of-use assets		Total
	Offices and premises	Broadcasting stations	
<b>Balance at 1/1/20</b>	<b>3,269</b>	<b>518</b>	<b>3,787</b>
Additions of right-of-use assets	1,484	3	1,487
Depreciation of right-of-use assets	(1,218)	(144)	(1,362)
<b>Balance at 31/12/20</b>	<b>3,535</b>	<b>377</b>	<b>3,912</b>
<b>Balance at 31/12/20</b>			
Lease liabilities	3,601	385	3,986
Interest expenses on lease liabilities	126	17	143

The Group's right-of-use assets are classified in accordance with the nature of the underlying assets as offices and premises, and broadcasting stations.

For leases whose payments for the right to use the asset over the lease term are linked to the IPC, the liability was remeasured during the year for changes in the updated value of lease payments not made and to adjust the related right-of-use asset.

At the end of the current period, there was no indication that any of the right-of-use assets recognised was impaired, nor had there been any material changes to the existing leases as a result of the pandemic.

Breakdown of lease liabilities by maturity at 31 December 2021 and 2020:

<b>2021</b>						
Thousands of euros	2022	2023	2024	2025	2026 and beyond	Total
Lease liabilities	1,069	707	546	510	1,212	<b>4,044</b>

2020	2021	2022	2023	2024	2025	Total
Thousands of euros						
Lease liabilities	1,248	572	455	307	1,404	<b>3,986</b>

The Group also has short-term leases of assets for operations of the various businesses for which it recognised an expense at 31 December 2021 of EUR 8,149 thousand (2020: EUR 7,659) under "Other expenses" in the consolidated statement of profit or loss.

## 9. Investments accounted for using the equity method and interests in joint arrangements

Changes in investments accounted for using the equity method in 2021 and 2020:

Thousands of euros	Balance at 1/1/21	Changes in the scope of consolidation	Additions or disposals	Share of profit/(loss)	Other changes	Balance at 31/12/21
<b>Associates:</b>						
Atres Hub Factory, S.L.	264	—	(1,522)	2,010	—	752
Suma Content, S.L.	—	—	413	(32)	—	381
Hola TV América Group	—	—	(967)	92	875	—
<b>Joint ventures:</b>						
Buendía Estudios, S.L.	—	—	10	(209)	199	—
<b>Investments accounted for using the equity method</b>	<b>264</b>	<b>—</b>	<b>(2,066)</b>	<b>1,861</b>	<b>1,074</b>	<b>1,133</b>

Thousands of euros	Balance at 1/1/21	Changes in the scope of consolidation	Additions or disposals	Share of profit/(loss)	Other changes	Balance at 31/12/21
<b>Associates:</b>						
Atres Hub Factory, S.L.	204	—	93	(33)	—	264
Aunia Publicidad Interactiva, S.L.	—	—	—	—	—	—
Hola TV América Group	—	—	741	(148)	(593)	—
<b>Joint ventures:</b>						
Buendía Estudios, S.L.	—	2	—	(201)	199	—
<b>Investments accounted for using the equity method</b>	<b>204</b>	<b>2</b>	<b>834</b>	<b>(382)</b>	<b>-394</b>	<b>264</b>

None of the Group's investees are listed on Spanish or foreign stock exchanges.

In June 2021, the deed for the liquidation of Aunia Publicidad Interactiva, S.L. was placed on public record and the investment, which was fully impaired, was derecognised (see Note 2-b).

In January 2020, subsidiary Atresmedia Capital, S.L.U., based on a resolution adopted at Atres Hub Factory, S.L.'s Extraordinary General Meeting held on 31 December 2019, made a contribution of funds to Atres Hub Factory, S.L. of EUR 97 thousand through the offset of credits it held at that date against the company.

The following tables presents key financial indicators of associates accounted for using the equity method for 2021 and 2020:

Thousands of euros	2021					
	% ownership	Assets	Liabilities	Equity	Revenue	Profit or loss
Atres Hub Factory, S.L.	50%	1,793	290	1,503	15	4,019
Suma Content, S.L.	30%	1,486	215	1,271	534	(107)
Hola TV América Group	50%	7,962	26,949	(18,986)	4,938	185

<b>2020</b>						
<b>Thousands of euros</b>	<b>% ownership</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Revenue</b>	<b>Profit or loss</b>
Atres Hub Factory, S.L.	50%	931	403	529	24	(67)
Aunia Publicidad Interactiva, S.L.	50%	536	587	(51)	—	—
Hola TV América Group	50%	7,256	24,491	(17,235)	4,347	(298)

Key financial indicators of the Group's interests in joint arrangements at 31 December 2021 and 2020:

<b>2021</b>						
<b>Thousands of euros</b>	<b>% ownership</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Revenue</b>	<b>Profit or loss</b>
Buendía Producción, S.L.	50%	25,791	26,610	(818)	27,340	(505)
Buendía Estudios, S.L.	50%	7,281	8,226	(945)	6,473	(418)

<b>2020</b>						
<b>Thousands of euros</b>	<b>% ownership</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Revenue</b>	<b>Profit or loss</b>
Buendía Producción, S.L.	50%	13,770	14,083	(313)	7,381	(316)
Buendía Estudios, S.L.	50%	3,355	3,881	(527)	1,256	(530)

## 10. Programme rights

Breakdown of programme rights:

<b>Thousands of euros</b>	<b>2021</b>	<b>2020</b>
<b>Programme rights, net</b>		
Rights on external productions	214,052	235,646
In-house productions and productions in progress	92,887	73,140
Sports broadcasting rights	3,214	3,214
Write-down of external productions	(42,152)	(36,636)
Impairment of sports broadcasting rights	(3,214)	(3,214)
	<b>264,787</b>	<b>272,150</b>
<b>Advances to suppliers</b>	<b>5,033</b>	<b>11,600</b>
<b>Total</b>	<b>269,820</b>	<b>283,750</b>

At 31 December 2021, the Parent had commitments, mainly for the purchase of audiovisual property rights and the production of programmes, amounting to EUR 35,532 thousand (2020: EUR 74,402 thousand). In addition, the Parent has purchase commitments to distributors, the definitive amount and price of which will be determined once the programmes are produced and, in certain cases, by establishing the acquisition price on the basis of box-office takings. The best estimate of these commitments amounted to EUR 42,872 thousand (2020: EUR 47,030 thousand).

Inventoriable in-house productions are expected to be amortised in full and approximately EUR 114,000 thousand of external production rights will be amortised in 2022.

Changes in write-downs of external production rights included under "Programme rights" in the consolidated balance sheet:

<b>Thousands of euros</b>	<b>Balance at 1/1/21</b>	<b>Additions</b>	<b>Disposals or reductions</b>	<b>Balance at 31/12/21</b>
<b>Write-downs</b>	<b>(39,850)</b>	<b>(7,051)</b>	<b>1,535</b>	<b>(45,366)</b>

Thousands of euros	Balance at 1/1/20	Additions	Disposals or reductions	Balance at 31/12/20
<b>Write-downs</b>	<b>(31,506)</b>	(11,414)	3,070	<b>(39,850)</b>

The write-downs recognised arose as a result of the decision, based on estimates made by the Parent, that certain titles would not be marketable and it was not likely that they would form part of the Parent's programme schedule. The changes are reflected in "Programme amortisation and other procurements" in the consolidated statement of profit or loss.

## 11. Trade and other receivables

Trade and other receivables in the consolidated balance sheets as at 31 December 2021 and 2020:

Thousands of euros	2021	2020
Trade receivables	254,130	241,352
Receivables from associates and related parties (Note 22)	3,808	3,603
<b>Total trade receivables</b>	<b>257,938</b>	<b>244,955</b>
Other receivables	2,423	6,795
<b>Total other receivables</b>	<b>2,423</b>	<b>6,795</b>

The balances of "Trade receivables" are shown net of allowances for doubtful receivables. The allowance for doubtful receivables at year-end 2021 stood at EUR 22,259 thousand (2020: EUR 20,429 thousand). The charge for 2021 amounted to EUR 5,028 thousand (2020: EUR 4,159 thousand), and EUR 3,198 thousand of the allowance was utilised in the year (2020: EUR 2,237 thousand).

As set out in the measurement bases disclosed in Note 3 to these consolidated financial statements, impairment losses are recognised or reversed as a result of valuation adjustments of trade and other receivables based on their due dates and the debtors' equity position. The related write-downs and amounts charged to profit or loss are recognised under "Other operating expenses" in the consolidated statement of profit or loss.

Detail of ageing of past-due balance of trade receivables and the related impairment allowance at 31 December 2021 and 2020:

Thousands of euros	2021		2020	
	Trade receivables	Impairment allowance	Trade receivables	Impairment allowance
Not yet due	242,413	(3,302)	228,612	(259)
Past-due 0-60 days	15,219	(203)	13,280	(666)
Past-due 61-120 days	2,837	(163)	2,701	(273)
Past-due 121-150 days	924	(172)	1,048	(90)
Past-due 151-180 days	473	(88)	1,170	(568)
Past-due +180 days	18,331	(18,331)	18,573	(18,573)

## **12. Equity**

### **a) Share capital**

The Parent's share capital at 31 December 2021 and 2020 amounted to EUR 169,300 thousand, represented by 225,732,800 fully subscribed and paid shares of EUR 0.75 par value each, which carry the same rights.

The Parent's shareholder structure at year-end 2021:

<b>% ownership</b>	<b>2021</b>
Grupo Pasa Cartera, S.A. Unipersonal	41.70
Ufa Film und Fernseh GMBH	18.65
Treasury shares	0.25
Free float	39.40
<b>Total</b>	<b>100.00</b>

The shares of the Parent are admitted to trading on the Spanish Stock Market Interconnection System (Continuous Market) and all carry the same voting and dividend rights.

There are agreements among the main shareholders that guarantee the Parent's shareholder stability, the grant of mutual rights of acquisition on their shares, the undertaking not to take control of the Parent or to permit a third party to do so, and also include Group management agreements, as described in the consolidated management report.

For management purpose, the Group considers equity attributable to the Parent as capital. The only external requirements to which this capital for management purposes is subject are those contained in current Spanish corporate law. There are no other legal restrictions.

For management purposes, quantitative capital data relating to 2021 and 2020 are presented in the consolidated balance sheet and amount to EUR 548,171 thousand and EUR 466,261 thousand, respectively, under "Equity attributable to equity holders of the parent".

No qualitative or quantitative changes took place in capital management in 2021 from the year before. The change in the amount of capital for management purposes in 2021 did not arise due to any external requirement. In addition, dividends were distributed to the shareholders listed in Note 12-f to the consolidated financial statements.

The Group determines the financial resources required with the dual objective of ensuring the Group companies' capacity to continue operating and maximising profitability by optimising Group debt and equity. The Group's financial structure taken as a whole consists of the equity attributable to the equity holders of the parent (comprising share capital, share premium, retained earnings and other items), borrowings, and cash and cash equivalents. The Group reviews this structure regularly and, taking into account the costs and risks associated with each type of funding (debt or equity), takes the appropriate decisions to achieve the aforementioned objectives.

### **b) Share premium**

This reserve is unrestricted.

### c) Legal and bylaw reserves

#### Legal reserve

Under the Corporate Enterprises Act, the Company must earmark an amount equal to 10% of profit for the year to a legal reserve until such reserve reaches at least 20% of the capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the increased capital amount. Except for this purpose, until the legal reserve exceeds the limit of 20% of share capital, it can only be used to offset losses, if there are no other reserves available.

The Parent's legal reserve has reached the legally required minimum.

#### Capital redemption reserve

The capital redemption reserve has been appropriated in compliance with Article 335 of the Corporate Enterprises Act, which establishes that, when the reduction is performed with a charge to profit or unrestricted reserves or through the redemption of shares acquired by the Parent free of charge, the amount of the par value of the redeemed shares or of the decrease in the par value of the shares must be appropriated to a reserve, which shall only be unrestricted where the same requirements as for the capital reduction are met. The amount of this reserve is EUR 8,333 thousand.

#### Other restricted reserves

"Legal and bylaw reserves" includes a restricted amount of EUR 281 thousand related to "Reserve for the adjustment of share capital to euros".

At 31 December 2020, "Equity - Retained earnings" in the consolidated balance sheet included a restricted reserve for goodwill arising from subsidiary Uniprex, S.A. Unipersonal of EUR 41,295 thousand. At 31 December 2021, this amount was not changed.

According to the single transitional provision of Royal Decree 602/2016, of 2 December, the goodwill reserve will be reclassified to the Company's voluntary reserves in the amount exceeding the goodwill recognised on the asset side of the balance sheet of this subsidiary.

### d) Contributions to consolidated profit/(loss) by company

Contributions to the consolidated profit/(loss) for the year of fully consolidated companies and companies accounted for using the equity method at 31 December 2021 and 2020:

Thousands of euros	2021	2020
Atresmedia Corporación de Medios de Comunicación subgroup	112,094	38,632
Uniprex subgroup	6,387	(14,850)
<b>Total</b>	<b>118,481</b>	<b>23,782</b>

### e) Treasury shares

Treasury shares held by the Parent at the end of 2021 and 2020:

Year	No. of shares	Par value (euros)	Average acquisition price (euros)	Total cost (thousands of euros)
2021	554,376	415,782	11.13	6,168
2020	554,376	415,782	11.13	6,168

At 31 December 2021 shares of the Parent held by it represented 0.246% of share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share.

Movements in the treasury shares held by the Parent in 2021 and 2020:

Number of shares	2021	2020
At beginning of year	554,376	673,126
Acquisitions	—	—
Sales	—	—
Delivery of shares (Note 25)	—	(118,750)
<b>At end of year</b>	<b>554,376</b>	<b>554,376</b>

On 27 February 2020, with settlement of the second and final part of the remuneration plan (see Note 25), 118,750 shares were delivered to the beneficiaries.

Shareholders at the General Meeting held on 29 April 2020 approved a resolution authorising the Parent to acquire treasury shares provided that they did not exceed the maximum legal limit permitted by law at any given time. This limit is set at 10% of the subscribed share capital by Article 509 of the Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010, of 2 July. This authorisation is in force until 2025 and rendered null and void the authorisation granted at the General Meeting on 22 April 2015.

#### f) Dividends

At the Parent's Board of Directors meeting, held on 17 November 2021, a resolution was passed to distribute, out of the Parent's profit for 2021, the gross amount of eighteen euro cents (EUR 0.18) for each of the 225,732,800 shares of EUR 0.75 par value representing the share capital, of which 554,376 were treasury shares. Accordingly, the dividend rights inherent to treasury shares were attributed proportionately to the other shares in accordance with Article 148 of the Corporate Enterprises Act. This dividend was paid to shareholders as an interim dividend on 16 December 2021, for a total amount of EUR 40,532 thousand.

The Parent's Board of Directors, at the meeting held on 23 April 2020, as provided for in Royal Decree-Law 8/2020, of 17 March, as amended by Royal Decree-Law 11/2020 of 31 March, agreed, among other proposals to be laid before shareholders at the General Meeting held on 29 April, to withdraw the proposal to approve the appropriation of 2019 profit, which included payment of a EUR 0.25 per share dividend, for a total of EUR 56,433 thousand.

#### g) Non-controlling interests

Non-controlling interests and changes in 2021 and 2020 (in thousands of euros):

Company	% non-controlling interest	Balance at 31/12/19	Changes in the scope of consolidation	Profit/(loss) for the year	Balance at 31/12/20	Changes in the scope of consolidation	Profit/(loss) for the year	Balance at 31/12/21
Sociedad de Distribución Digital Sonora de Entretenimiento, S.L.	30.00%	—	—	—	—	2,130	(55)	2,075
Uniprex Televisión Digital Terrestre de Andalucía, S.L.U.	25.80%	(20)	—	—	(20)	—	—	(20)
Smartclip Argentina S.A.	44.80%	(10)	126	(71)	45	51	(4)	92
<b>Total</b>		<b>(30)</b>	<b>126</b>	<b>(71)</b>	<b>25</b>	<b>2,181</b>	<b>(59)</b>	<b>2,147</b>

### 13. Provisions and contingent liabilities

Changes in provisions in 2021 and 2020:

Thousands of euros	Balance at 31/12/20	Charges	Amounts used and payments	Surplus	Transfers	Changes in the scope of consolidation	Balance at 31/12/21
Employee benefits	30,031	5,880	(521)	—	(6,173)	—	29,217
Provisions for litigation	24,564	—	—	—	—	—	24,564
Other provisions	11,543	1,290	—	(2,676)	—	—	10,157
<b>Total non-current provisions</b>	<b>66,138</b>	<b>7,170</b>	<b>(521)</b>	<b>(2,676)</b>	<b>(6,173)</b>	<b>—</b>	<b>63,938</b>
Operating provisions	28,090	18,521	(14,073)	(43)	—	—	32,495
Employee benefits	6,510	24	(6,319)	—	6,173	—	6,388
Provisions for litigation	8,813	1,973	(913)	(2,634)	74	—	7,313
Other provisions	3,128	5,929	(343)	(132)	(74)	—	8,508
<b>Total current provisions</b>	<b>46,541</b>	<b>26,447</b>	<b>(21,648)</b>	<b>(2,809)</b>	<b>6,173</b>	<b>—</b>	<b>54,704</b>

Thousands of euros	Balance at 31/12/19	Charges	Amounts used and payments	Surplus	Transfers	Changes in the scope of consolidation	Balance at 31/12/20
Employee benefits	—	30,031	—	—	—	—	30,031
Provisions for litigation	24,564	—	—	—	—	—	24,564
Other provisions	<b>12,911</b>	1,180	—	(2,548)	—	—	11,543
<b>Total non-current provisions</b>	<b>37,475</b>	<b>31,211</b>	<b>—</b>	<b>(2,548)</b>	<b>—</b>	<b>—</b>	<b>66,138</b>
Operating provisions	62,720	13,566	(42,675)	(5,521)	—	—	28,090
Employee benefits	—	6,510	—	—	—	—	6,510
Provisions for litigation	8,933	2,237	(42)	(2,315)	—	—	8,813
Other provisions	686	3,012	(306)	—	(264)	—	3,128
<b>Total current provisions</b>	<b>72,339</b>	<b>25,325</b>	<b>(43,023)</b>	<b>(7,836)</b>	<b>(264)</b>	<b>—</b>	<b>46,541</b>

Provisions" in the consolidated balance sheet includes provisions classified by their nature as trade provisions, provisions for employee benefits, and provisions for civil, labour, criminal and administrative lawsuits against Group companies, which were taken into account in estimating potential contingent liabilities and other provisions.

#### Employee benefits provision

During the year ended 31 December 2020, the Group offered the Group's permanent employees aged 57 and over and more than 15 years of service by year-end 2020 a voluntary redundancy plan (the "2020 Plan"). The 2020 Plan was of limited duration, to 31 December 2020, and entailed the voluntary termination of employment through individual agreements. The severance scheme for employees taking part included monthly income until ordinary retirement age calculated based on the employee's base salary and including the payment of any social security supplements to which the employee is entitled. The total amount of obligations arising from these agreements recognised in 2020 was calculated for the 110 employees who signed up to the 2020 Plan, updated using the yield curve of Spanish 10-year bonds, as explained in Note 3-m. As at 31 December 2021, the provision had been utilised in accordance with the payment schedule agreed with each employee.

At the General Meeting of Atresmedia Corporación de Medios de Comunicación, S.A. held on 28 April 2021, approval was given to implement a long-term variable remuneration scheme, with partial delivery of shares, for executive directors and certain managers of the Group. Note 25 details the plan's main features. As at 31 December 2021, the Group had recognised the provision for this remuneration under "Staff costs" in the consolidated statement of profit or loss.



## Provisions for litigation

There are "Provisions for litigation" relating to civil, labour, criminal and administrative lawsuits filed against Group companies, which were taken into account in estimating potential contingent liabilities. Noteworthy, in view of their amount, were the lawsuits with certain collection societies. Specifically, a favourable ruling was handed down in the case involving the Spanish Intellectual Rights Management Association (AGEDI)-Artistas Intérpretes o Ejecutantes, Sociedad de Gestión de España (AIE), the management entity for music performers and executant musicians. However, the impact cannot be quantified since the ruling has yet to be enforced. The payment schedule related to litigation is based on court judgements and is therefore difficult to estimate. "Other provisions" relates mainly to estimated future risks. For both, charges, amounts used and surpluses are recognised under "Other operating expenses" in the consolidated statement of profit or loss.

The directors of the Parent and its legal advisers do not expect any material liabilities in addition to those already recognised to arise from the outcome of the ongoing lawsuits.

## Contingencies

In November 2019, the Comisión Nacional de los Mercados y la Competencia (CNMC, Spain's competition watchdog) arrived at a decision in disciplinary proceedings S/DC/0617/17 *Atresmedia/Mediaset*. Both operators, Atresmedia and Mediaset, were fined, and barred from specified courses of conduct.

In its decision, the CNMC found that Atresmedia and Mediaset had breached Article 1 of *Ley 15/2007, de 3 de julio, de Defensa de la Competencia*, Spain's competition statute, and Article 101 of the Treaty on the Functioning of the European Union, by setting terms in arrangements with television advertisers and media agencies that were apt to restrict competition.

The specific restrictions on competition disapproved by the CNMC are:

1. contractual imposition on advertisers of minimum quotas of television advertising,
2. a bundled marketing system that makes sale of television advertising subject to advertisers buying channel bundles and simulcast or single-platform television advertising, and
3. a system of rewarding media agencies for brokering advertising deals.

The CNMC found in its decision that the Atresmedia Group parties liable for the breach are Atresmedia Corporación de Medios de Comunicación, S.A. and Atres Advertising, S.L.U.

In its decision, the CNMC determined that the unlawful conduct of the two television operators started no later than 2013, when all the restrictions were in place, and continued until 2017 or later. The fine imposed on Atresmedia was EUR 38,246,520. In addition, Atresmedia and Mediaset were ordered to immediately cease the course of conduct complained of, and any other conduct of equivalent effect, and to refrain from such conduct in future. Within three months of notice of the decision, the parties must take steps to align their commercial and contractual relations to the requirements of the decision. Finally, the Competition Department of the CNMC was instructed to monitor compliance with the decision.

Atresmedia challenged the decision in 2020, filing an application for judicial review with the Administrative Chamber of the Audiencia Nacional, Spain's national court. That application was subsequently found admissible. Therefore Atresmedia will submit an appeal as soon as the CNMC provides it with all the necessary information requested by Atresmedia from that Chamber. That Chamber will set the legal deadline for Atresmedia to submit written arguments against the

CNMC's decision. These arguments are currently under discussion and it is expected that they will be legally correct.

Concurrently with its application for judicial review, Atresmedia sought an interim suspension of the orders to pay a fine and immediately cease the disapproved conduct. This request regarding the financial penalties was granted (contingent on delivering a bank guarantee or similar) but the rest were rejected. In June 2021, a bank guarantee was secured for the full amount of the fine. An appeal for reversal was filed against this ruling, but a response is still pending.

Nevertheless, in keeping with maximum prudence, Atresmedia amended its commercial policy to ensure that its conduct is compatible with that order to cease such contact and, more broadly, the content of the sanction. In addition, as expected, the CNMC initiated surveillance to ensure the resolution, asking Atresmedia for certain information which it has been duly providing.

The directors and legal advisers of the Company believe that the application for judicial review against the CNMC's decision is likely to succeed. It is probable that the court decision will be favourable to the interests of Atresmedia, and therefore the business model so far implemented by the Company will not be materially affected.

Meanwhile, in 2017, Central Examining Court 2 of the Audiencia Nacional (National Court) made an order to enter and search the homes of several authors and other parties related to the engagement under contract for television of musical authors and works. These court proceedings at criminal law affected Atresmedia directly in the person of its musical rights management officer and indirectly via Atresmedia's contractual relationship with the SGAE for settlements of musical broadcasts on television in early morning hours.

In February 2020, this Court decided to investigate Atresmedia in the same proceedings for alleged criminal activities that could include business corruption as provided for and punishable in article 286 bis of the Criminal Code. This offence may be attributed to the legal person where one of its employees or managers has committed the offence, provided that (i) the company benefited directly or indirectly and (ii) the company lacks effective monitoring and control measures to prevent the crime. The charge contained in the ruling extends to 13 other public and private television operators with national and regional coverage.

The Company's directors and Atresmedia's legal advisors specialised in criminal law consider that no crime has been committed by any natural person, employee or manager of Atresmedia. In their opinion, the initial budget required by Article 31.bis 1 of the Criminal Code is not met, so the risk of a conviction for the Company is considered remote.

## 14. Financial instruments

The Group's financial assets and liabilities at 31 December 2021 are as follows:

Thousands of euros	Categories				Fair value level			Carrying amount at 31/12/21
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through equity	Measured at fair value through Hedging instruments	Level 1 (market prices)	Level 2 (estimates based on other observable market data)	Level 3 (estimates not based on other observable market data)	
Equity instruments	—	5,753	39,898	—	—	—	45,651	45,651
Non-current loans	3,842	—	—	—	—	—	—	3,842
Guarantees and deposits	405	—	—	—	—	—	—	405
<b>Non-current financial assets</b>	<b>4,247</b>	<b>5,753</b>	<b>39,898</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>45,651</b>	<b>49,898</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,110</b>	<b>—</b>	<b>1,110</b>	<b>—</b>	<b>1,110</b>
<b>Total non-current financial assets</b>	<b>4,247</b>	<b>5,753</b>	<b>39,898</b>	<b>1,110</b>	<b>—</b>	<b>1,110</b>	<b>45,651</b>	<b>51,008</b>
<b>Trade receivables</b>	<b>257,938</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>257,938</b>
Loans and other receivables	15,113	—	—	—	—	—	—	15,113
Guarantees and deposits	3,023	—	—	—	—	—	—	3,023
<b>Other current financial assets</b>	<b>18,136</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,136</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,556</b>	<b>—</b>	<b>2,556</b>	<b>—</b>	<b>2,556</b>
<b>Cash and cash equivalents</b>	<b>268,402</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>268,402</b>
<b>Total current financial assets</b>	<b>544,476</b>	<b>—</b>	<b>—</b>	<b>2,556</b>	<b>—</b>	<b>2,556</b>	<b>—</b>	<b>547,032</b>
<b>Bonds and debentures</b>	<b>176,585</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176,585</b>
<b>Bank borrowings (Note 14.b)</b>	<b>83,778</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>83,778</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>904</b>	<b>—</b>	<b>904</b>	<b>—</b>	<b>904</b>
Loans and other payables	3	8,044	—	—	—	—	8,044	8,047
<b>Other financial liabilities</b>	<b>3</b>	<b>8,044</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,044</b>	<b>8,047</b>
<b>Total non-current financial liabilities</b>	<b>260,366</b>	<b>8,044</b>	<b>—</b>	<b>904</b>	<b>—</b>	<b>904</b>	<b>8,044</b>	<b>269,314</b>
<b>Bonds and debentures</b>	<b>3,866</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,866</b>
<b>Bank borrowings (Note 14.b)</b>	<b>10,502</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10,502</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>49</b>	<b>—</b>	<b>49</b>	<b>—</b>	<b>49</b>
Loans and other payables	253	—	—	—	—	—	—	253
<b>Other financial liabilities</b>	<b>253</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>253</b>
<b>Payable to suppliers</b>	<b>352,480</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>352,480</b>
<b>Advances from customers</b>	<b>265</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>265</b>
<b>Other current liabilities</b>	<b>20,141</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>20,141</b>
<b>Total current financial liabilities</b>	<b>387,507</b>	<b>—</b>	<b>—</b>	<b>49</b>	<b>—</b>	<b>49</b>	<b>—</b>	<b>387,556</b>

“Non-current financial assets - Equity instruments” includes the fair value of non-current investments in the equity instruments of companies over which the Group does not exercise significant influence either because its ownership interest is below 20% or because it does not participate in the setting of financial or commercial policies. In line with its strategy of diversifying the sources of growth other than advertising revenues, the Group makes investments using the

model of broadcasting advertising in exchange for an ownership interest in a company. Key investments include Fever Labs Inc., Fintonic Servicios Financieros, S.L., JobToday, S.A. and Bady App2015 S.L., which represent a combined 66% of the total investment made.

At year-end, the Group assesses the fair value of its equity instruments in accordance with the measurement standards explained in Note 3-f. At 31 December 2021, it recognised in equity a net increase in value of EUR 6,212 thousand for assets measured at fair value through equity. "Impairment and gains/(losses) on disposals of financial assets" in the consolidated statement of profit or loss for the current period included EUR 3,997 thousand of gains on disposals of equity instruments measured at fair value through profit or loss.

As at 31 December 2020, impairments amounting to EUR 1,965 thousand on equity instruments measured at fair value through profit or loss were recognised under "Impairment and gains/(losses) on disposals of financial assets" in the consolidated statement of profit or loss. In 2020, gains on disposals of financial assets under that line item amounted to EUR 1,982 thousand.

Loans and other receivables includes mainly short- and long-term loans with associates bearing interest at a fixed annual market rate.

The Group's financial assets and liabilities at 31 December 2020 are as follows:

Thousands of euros	Categories				Fair value level			Carrying amount at 31/12/20
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through equity	Measured at fair value Hedging instruments	Level 1 (market prices)	Level 2 (estimates based on other observable market data)	Level 3 (estimates not based on other observable market data)	
Equity instruments	—	8,701	22,602	—	—	—	31,303	31,303
Non-current loans	3,651	—	—	—	—	—	—	3,651
Guarantees and deposits	316	—	—	—	—	—	—	316
<b>Non-current financial assets</b>	<b>3,967</b>	<b>8,701</b>	<b>22,602</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>31,303</b>	<b>35,270</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total non-current financial assets</b>	<b>3,967</b>	<b>8,701</b>	<b>22,602</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>31,303</b>	<b>35,270</b>
<b>Trade receivables</b>	<b>244,955</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>244,955</b>
Investments	—	215	—	—	—	—	215	215
Loans and other receivables	9,782	—	—	—	—	—	—	9,782
Guarantees and deposits	3,073	—	—	—	—	—	—	3,073
<b>Other current financial assets</b>	<b>12,855</b>	<b>215</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>215</b>	<b>13,070</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,726</b>	<b>—</b>	<b>1,726</b>	<b>—</b>	<b>1,726</b>
<b>Cash and cash equivalents</b>	<b>172,792</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>172,792</b>
<b>Total current financial assets</b>	<b>430,602</b>	<b>215</b>	<b>—</b>	<b>1,726</b>	<b>—</b>	<b>1,726</b>	<b>215</b>	<b>432,543</b>
<b>Bonds and debentures</b>	<b>162,986</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>162,986</b>
<b>Bank borrowings (Note 14.b)</b>	<b>69,463</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>69,463</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,383</b>	<b>—</b>	<b>13,383</b>	<b>—</b>	<b>13,383</b>
Loans and other payables	178	7,527	—	—	—	—	7,527	7,705
<b>Other financial liabilities</b>	<b>178</b>	<b>7,527</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,527</b>	<b>7,705</b>
<b>Total non-current financial liabilities</b>	<b>232,627</b>	<b>7,527</b>	<b>—</b>	<b>13,383</b>	<b>—</b>	<b>13,383</b>	<b>7,527</b>	<b>253,537</b>
<b>Bonds and debentures</b>	<b>3,771</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,771</b>
<b>Bank borrowings (Note 14.b)</b>	<b>36,240</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>36,240</b>
<b>Derivatives (Note 14.c)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>835</b>	<b>—</b>	<b>835</b>	<b>—</b>	<b>835</b>
Loans and other payables	39	—	—	—	—	—	—	39
<b>Other financial liabilities</b>	<b>39</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>39</b>
<b>Payable to suppliers</b>	<b>356,318</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>356,318</b>
<b>Advances from customers</b>	<b>1,738</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,738</b>
<b>Other current liabilities</b>	<b>15,171</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15,171</b>
<b>Total current financial liabilities</b>	<b>413,277</b>	<b>—</b>	<b>—</b>	<b>835</b>	<b>—</b>	<b>835</b>	<b>—</b>	<b>414,112</b>

#### a) **Bonds and debentures**

On 11 July 2018, the Group, to diversify its funding sources, carried out an issuance of senior series A notes, for seventy-five million US dollars with maturity at five years, with semi-annual interest payment of an applicable coupon in US dollars of 4.48%, and an issuance of senior series B notes, for one hundred and twenty-five million US dollars with maturity at seven years, with semi-annual interest payment of an applicable coupon in US dollars of 4.75%, targeting US institutional investors. All the notes are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Cross currency swaps were entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly coupon payments at a fixed rate in euros see Note (see Note 14-c).

## **b) Loans and credit facilities**

On 2 June 2021, the Parent arranged a new syndicated facility with an initial limit of EUR 250,000 thousand, which was earmarked to repay the syndicated financing arranged in July 2017 and to meet the Company's general corporate and cash requirements. Six banks with which the Company has regular dealings participated in the transaction.

Of the total amount, 40% is a five-year loan, with partial repayments, and 60% a revolving credit facility maturing at five years. No amounts had been drawn down on the credit facility as at 31 December 2021.

The applicable interest rate is Euribor plus a market spread, subject to compliance with financial covenants habitually used in transactions of this kind: the debt to EBITDA ratio and the interest coverage ratio, with semi-annual and annual assessments, and three ESG indicators based on level of compliance and reviewed annually. The Parent's directors expect the covenants to be complied with at 31 December 2021.

The fair value of this financing approximates its carrying amount. In July, the Group entered into cash flow hedges (CAP) to minimise the interest rate risk related to this financing (see Note 14-c).

The Parent also has bilateral financing facilities to meets its cash requirements.

Bank borrowings at 31 December 2021 and 2020:

Thousands of euros	2021			2020		
	Limit	Current balance drawn down	Non-current balance drawn down	Limit	Current balance drawn down	Non-current balance drawn down
Syndicated financing	250,000	10,000	83,763	280,000	35,000	69,085
Credit facilities	92,000	42	15	92,450	114	378
Interest payable	—	460	—	—	1,126	—
<b>Total</b>	<b>342,000</b>	<b>10,502</b>	<b>83,778</b>	<b>372,450</b>	<b>36,240</b>	<b>69,463</b>

Breakdown by maturity of non-current financial liabilities relating to financing activities in 2021 and 2020:

Thousands of euros	2023	2024	2025	2026	Total
Bonds and debentures	66,219	—	110,366	—	176,585
Syndicated financing	18,572	18,572	18,572	28,046	83,763
Bank borrowings	7	8	—	—	15
<b>Total at 31/12/21</b>	<b>84,799</b>	<b>18,580</b>	<b>128,938</b>	<b>28,046</b>	<b>260,362</b>

Thousands of euros	2022	2023	2024	2025	Total
Bonds and debentures	—	61,120	—	101,866	162,986
Syndicated financing	69,085	—	—	—	69,085
Bank borrowings	143	88	89	58	378
<b>Total at 31/12/20</b>	<b>69,228</b>	<b>61,208</b>	<b>89</b>	<b>101,924</b>	<b>232,449</b>

Reconciliation between the change in financial liabilities related to financing activities and the related cash flows in 2021 and 2020:

	Balance at 31/12/20	Additions/Receipts		Disposals/ Payments	Translation differences	Changes in fair value	Other changes	Balance at 31/12/21
Thousands of euros		Principal	Interest					
Bonds and debentures	166,757	—	2,062	(2,062)	13,693	—	—	<b>180,450</b>
Derivatives, net	17,123	—	—	—	—	(13,693)	—	<b>3,430</b>
Bank borrowings	105,703	—	—	(6,099)	—	(5,933)	609	<b>94,280</b>
<b>Total</b>	<b>289,583</b>	<b>—</b>	<b>2,062</b>	<b>(8,161)</b>	<b>13,693</b>	<b>(19,626)</b>	<b>609</b>	<b>278,160</b>

	Balance at 31/12/19	Additions/Receipts		Disposals/ Payments	Translation differences	Changes in fair value	Other changes	Balance at 31/12/20
Thousands of euros		Principal	Interest					
Bonds and debentures	182,076	—	3,815	(3,815)	(15,319)	—	—	<b>166,757</b>
Derivatives, net	(15,428)	17,034	—	—	—	15,319	198	<b>17,123</b>
Bank borrowings	112,192	—	—	(7,099)	—	—	610	<b>105,703</b>
<b>Total</b>	<b>278,840</b>	<b>17,034</b>	<b>3,815</b>	<b>(10,914)</b>	<b>(15,319)</b>	<b>15,319</b>	<b>808</b>	<b>289,583</b>

### c) Derivative financial instruments

#### Foreign currency hedges

The Group uses currency derivatives to hedge significant future transactions and cash flows in USD and mitigate the foreign currency risk. They relate, in all cases, to cash flow hedges for payment obligations in EUR relating to the purchase of broadcasting rights (the underlying), in which the exposure to the EUR/USD exchange rate is hedged (hedged risk), which gives rise to a potential change in the cash flows payable in euros for broadcasting rights. This change affects the profit or loss of the period(s) in which the planned payment transaction has not been performed. The Group applies hedge accounting and documents the hedging relationships and measures their effectiveness as required by IFRS 9.

In general, on assumption of the commitment to purchase the broadcasting rights, the Group enters into a foreign currency derivative that expires on the payment dates of the payables to suppliers. A hedging relationship is arranged that covers the entire term of the derivative, i.e. the derivative is considered to be a hedging instrument from its inception (when the commitment to purchase the broadcasting rights is assumed) up to the date of payment of the contracted broadcasting rights. Changes in the fair value of the derivative instrument determined to be an effective hedge are recognised temporarily in equity up to the beginning of the term, when they are transferred to profit or loss in order to offset the impact on profit or loss of changes in the value of the hedged item. Therefore, once the broadcasting rights and the related payables to suppliers are recognised, the changes in fair value of the foreign currency derivatives and in the value of the payables are recognised in the statement of profit or loss at each accounting close.

At 31 December 2021, the Group had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (EUR/USD). Hedging instruments at 31 December 2020 amounted to USD 33,072 thousand, at a weighted average exchange rate of 1.1880 (EUR/USD).

Total amounts of the outstanding forward currency purchase contracts entered into by the Group at year-end 2021 and 2020:

2021	Classification	Type	Maturity	Amount contracted (thousand euros)	Ineffective portion recognised in profit or loss (thousands of euros)	Fair value (thousands of euros)	
						Assets	Liabilities
Currency forwards	Foreign currency hedge	Purchase of USD	2022	15,893	—	752	49
Currency forwards	Foreign currency hedge	Purchase of USD	2023	4,237	—	190	10
<b>Total</b>				<b>20,130</b>	<b>—</b>	<b>942</b>	<b>59</b>

2020	Classification	Type	Maturity	Amount contracted (thousand euros)	Ineffective portion recognised in profit or loss (thousands of euros)	Fair value (thousands of euros)	
						Assets	Liabilities
Currency forwards	Foreign currency hedge	Purchase of USD	2021	19,566	—	17	835
Currency forwards	Foreign currency hedge	Purchase of USD	2022	7,096	—	—	247
Currency forwards	Foreign currency hedge	Purchase of USD	2023	1,177	—	—	26
<b>Total</b>				<b>27,839</b>	<b>—</b>	<b>17</b>	<b>1,108</b>

At 31 December 2021, the estimated fair value of the Group's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 942 thousand and a financial liability of EUR 59 thousand (2020: asset of EUR 17 thousand and liability of EUR 1,108 thousand). The impact on profit or loss of changes in the fair value of foreign currency hedges whose underlying was effective at the closing date amounted to EUR 1,204 thousand, recognised under "Net gain/(loss) on changes in value of financial instruments at fair value". This impact offsets exchange differences on balances with suppliers in USD, which at that date were less than EUR 1,978 thousand.

For derivatives whose underlying was not effective at the closing date, the net impact recognised in equity amounted to EUR 26 thousand.

The measurement method consists of estimating the present value of the future cash flows that will arise under the terms and conditions arranged by the parties for the derivative instrument. The spot price is taken to be the reference exchange rate of the European Central Bank on 31 December 2021, the swap points (offer/bid), the interest rates prevailing at the measurement date and the credit risk.

The Group assesses whether the credit risk component has a significant impact on the performance of currency hedges.

The sensitivity analysis of the foreign currency derivative financial instruments demonstrates that changes of +/-10% in the EUR/USD exchange rate prevailing at year-end would give rise to changes in fair value within a range of EUR +/-2.0 million for hedges whose underlying is in force at year-end, and changes of EUR +/-0.1 million for hedges whose underlying is not yet in force



and therefore affect equity. Appreciations in the USD/EUR exchange rate give rise to increases in value, and depreciations to decreases.

The sensitivity analysis of the balances payable to suppliers in USD, shows that changes of +/- 10% in the EUR/USD exchange rate prevailing at year-end would give rise to changes in the fair value recognised of around EUR +/-2.0 million, and would be sufficiently offset by the changes in the value of the derivatives entered into.

In 2020, changes of +/-10% in the exchange rate prevailing at year-end would give rise to changes in fair value within a range of EUR +/-2.4 million for hedges whose underlying was in force at year-end and changes of EUR +/-0.3 million for hedges whose underlying was not yet in force and therefore affected equity.

Financial instruments measured at fair value must be classified into Levels 1 to 3, based on the degree to which their fair value is observable (inputs). Level 1 inputs are quoted prices in active markets. Level 2 inputs are from external data other than quoted prices. Level 3 inputs are values obtained from valuation techniques that include unobservable inputs in active markets. The Group's derivatives detailed in this item would be classified as Level 2, since they are observable inputs that refer to market data.

### **Interest rate hedges**

On 2 June 2021, the interest rate swap (IRS) entered into for the syndicated loan arranged in July 2017 and cancelled on that date was cancelled. The fair value at the cancellation date of those derivative financial instruments amounted to less than EUR 375 thousand, which was recognised in profit or loss.

Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025.

The fair value of the financial asset at 31 December 2021 amounted to EUR 920 thousand.

Hedge effectiveness was assessed using a qualitative assessment to verify the economic relationship between the hedged item and the hedging instrument, analysing the compatibility of notional amounts, interest settlement periods, maturity dates and the reference of the variable-interest cash flows. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. The market swap curve at the measurement date and other normal market techniques are used for the calculation. Changes in the fair value of this financial instrument designated as a hedge are recognised temporarily in equity as they meet the hedge effectiveness requirements, and reclassified to profit or loss as the changes in fair value of the hedged item affect profit or loss. This derivative would be included in Level 2.

### **Cross currency swaps**

As indicated in Note 14-a, on 11 July 2018, the Group carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and

debentures at a fixed rate in euros. These are cash flow hedges that hedge exposure to the currency and interest rate risk of the cash flows related to the hedged underlying.

At 31 December 2021 the fair value of the derivative related to the bond issue was EUR 910 thousand, of which EUR 1,804 thousand was recognised in derivative financial instruments in current assets and EUR 894 thousand under derivative financial instruments under non-current liabilities. At 31 December 2020, the fair value amounted to less than EUR 10,669 thousand, EUR 1,709 thousand recognised as derivatives under current assets and EUR 12,379 thousand under non-current liabilities.

The Group measures the effectiveness of these cash flow hedges by analysing the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of hedged items attributable to the hedged risk. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. This determination is made using the quoted prices of swap rates at the measurement date, interest rates prevailing on the measurement, credit risk and generally accepted techniques in the market. It determined that they are effective hedges, so the gain or loss on the hedging instrument is recognised temporarily in equity and taken to profit or loss in the periods in which the hedged transaction affects profit or loss. Both derivatives would be included in Level 2.

In 2017, no transfers were made between the fair value hierarchy levels corresponding to the Group's derivative financial instruments.

The Group assessed the hedge effectiveness of outstanding hedges at the end of the current period. It verified the continuing economic relationship between the hedged item and the hedging instrument and the absence of a significant COVID-19-related impact on credit risk that could affect the measurement of the hedging instrument.

## **15. Trade and other payables**

Trade and other payables in the consolidated balance sheets as at 31 December 2021 and 2020:

Thousands of euros	2021	2020
Payable to suppliers	349,762	347,325
Payable to associates and related parties (Note 22)	2,718	8,993
<b>Total payables to suppliers</b>	<b>352,480</b>	<b>356,318</b>
Other tax payable (Note 21.d)	22,267	16,507
Other non-trade payables	20,705	17,087
Advances from customers	1,744	1,738
<b>Total other payables</b>	<b>44,716</b>	<b>35,332</b>

"Payables to suppliers" included EUR 46,102 thousand (2020: EUR 66,966 thousand) of payables to suppliers through reverse factoring agreements with banks.

The Group has payables to suppliers, relating mainly to external production rights denominated in foreign currency, mostly USD, which are recognised at each accounting close using the EUR/USD exchange rate prevailing at that date. Breakdown by maturity in 2021 and 2020:

Thousands of euros	2021	2022	2023	2024	Total
<b>Foreign currency payables to suppliers</b>		18,522	5,234	—	<b>23,756</b>

2020	2021	2022	2023	Total
Thousands of euros				
<b>Foreign currency payables to suppliers</b>	18,222	3,014	643	<b>21,879</b>

Note 14-c Derivative financial instruments refers to the sensitivity analysis of the balances payable to suppliers in USD in relation to changes in the exchange rate at year-end.

At 31 December 2021, the balance of other current liabilities, of EUR 20,141 thousand (2019: EUR 15,171 thousand), related mainly to advance payments obtained on audiovisual productions in progress.

The following table presents the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	2021	2020
	Days	Days
Average supplier payment period	46	50
Ratio of transactions paid	49	59
Ratio of transactions outstanding	25	15
	Thousands of euros	Thousands of euros
Total payments made	689,095	568,198
Total payments outstanding	108,428	134,900

In accordance with the ICAC Resolution, the calculation of the average supplier payment period considered commercial transactions involving the delivery of goods and the rendering of services from the effective date of Law 31/2014, of 3 December.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in "Payable to suppliers" and "Payable to suppliers - Payable to associates and related parties" under current liabilities in the consolidated balance sheet.

"Average supplier payment period" is the time elapsed between the delivery of the goods or the rendering of the services by the supplier and the actual payment of the transaction.

## **16. Other guarantee commitments to third parties**

At 31 December 2021 Group had provided bank guarantees to third parties amounting to EUR 24,328 thousand (2020: EUR 24,328 thousand).

These guarantees relate mainly to obligations arising from ongoing litigation and the concession of television and radio licences.

The Parent's directors consider that any liabilities not foreseen at 31 December 2021 that might arise from the guarantees provided would not be material.

## **17. Risk management policy**

The Group's risk management and control system is reviewed and updated regularly in response to how the Group's businesses perform and evolve, to risks that actually materialise, to changes in the law, and to how the organisation itself changes and evolves.

This risk management and control system helps the management team to make the right decisions and address risk effectively. We identify and implement any controls and action plans necessary targeting known risks; this enhances our ability to create value and minimises any impact of losses that actually materialise.

Risk analysis and control touches on all the Group's businesses and activities, and involves all our organisational units. This means that risk management and control is a corporate system in which the entire organisation is on alert. The system is headed and overseen by the Board, yet some of its functions are delegated to the Audit and Control Committee. Risk management also brings into play the coordinating role of the Compliance Committee, and input from the Legal Affairs, in risk management and compliance control, Finance, related to financial risks and the controls comprising the system for internal control over financial reporting (ICFR), and, lastly, Internal Audit and Process Control, the coordination and oversight of the overall operation of the risk management system.

The Group has the necessary tools and organisation to ensure the effectiveness of the control procedures approved.

The Corporate Governance Report contains a broad summary of the risk control systems in place.

The main financial risks to which the Group is exposed are outlined below:

### **a) Credit risk**

The Group generally places cash and cash equivalents with financial institutions with high credit ratings. The Group does not have significant credit risk since the average customer collection period is short and the advertising contract terms allow for bank guarantees to be required prior to the launch of advertising campaigns.

There is also no significant concentration of credit risk to third parties and no significant incidents arose in the year. The Group enters into derivatives with institutions of recognised solvency. The percentage of past-due receivables at 31 December 2021 was 5.54% (2020: 6.16%).

### **b) Liquidity risk**

The Group's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business. All are at floating rates (see Note 14-b).

### **c) Market risk (interest rate and currency risk)**

The Group's cash and borrowings are exposed to interest rate risk, which could have an adverse impact on its financial performance and cash flows. The Group's financing is arranged at interest rates tied to Euribor. Based on the level of borrowings at 31 December 2021, a 100 basis point increase or decrease in the average interest rate on the debt would result in a +/- EUR 0.1 million change in the interest on the borrowings at that date (2020: +/- EUR

1.0 million). To mitigate this risk, the Parent has entered into interest rate hedges (CAP) to reduce its exposure to increases in the benchmark rate (see Note 14-c).

Foreign currency risk is concentrated in the Parent and relates basically to payments in international markets to acquire broadcasting rights. To mitigate foreign currency risk, the Parent enters into hedging instruments, mainly currency forwards, to hedge its exposure to the EUR/USD forward exchange rate. Sensitivity to changes in exchange rates is described in Note 14-c.

#### **d) Foreign currency risk**

The Group uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros (see Note 14-c).

## **18. Revenue and expenses**

### **a) Revenue**

Group revenue in 2021 and 2020 by business line:

Thousands of euros	2021	2020
Advertising sales	778,365	713,510
Other sales	117,662	95,525
Trade and other discounts	(18,157)	(9,919)
<b>Total</b>	<b>877,870</b>	<b>799,116</b>

In 2021, transactions equal to or greater than 10% of total operating income were conducted with three customers -media buyers grouping together advertising orders of various advertisers- with individual shares of 10%-13% and representing a combined 33% of total advertising sales.

In 2020, transactions equal to or greater than 10% of total operating income were conducted with three customers -media buyers grouping together advertising orders of various advertisers- with individual shares of 10%-11% and representing a combined 31% of total advertising sales.

Geographical breakdown of Group revenue in 2021 and 2020:

Thousands of euros	2021	2020
Spain	829,505	755,149
International market	48,365	43,967
A) European Union	28,344	17,551
a) Euro area	28,314	14,271
b) Non-euro area	30	3,280
B) Other	20,021	26,416
<b>Total</b>	<b>877,870</b>	<b>799,116</b>

"Other operating income" in the consolidated statement of profit or loss for the year ended 31 December 2021 amounted to EUR 85,388 thousand (2019: EUR 67,184 thousand) and included sales made by the Group that do not form part of its core business. The most important was income from the sale of broadcasting rights and the commercial exploitation of online content.

## b) Programme amortisation and other procurements

Programme amortisation and other procurements in 2021 and 2020:

Thousands of euros	2021	2020
External production services	230,356	202,043
Broadcasting of in-house productions	256,932	260,439
Programme broadcasting rights	134,924	143,666
Live broadcasting rights	237	87
Performances and contributions of entertainers	25,182	24,140
Other amortisation	11,118	8,010
Other procurements	25,854	17,736
Addition to programme rights	(289,029)	(262,320)
<b>Total</b>	<b>395,574</b>	<b>393,801</b>

"Addition to programme rights" includes expenses incurred in programmes production. The Parent's policy is to capitalise and subsequently amortise this expenditure as described in Note 3.f.

## c) Staff costs

Staff costs in 2021 and 2020:

Thousands of euros	2021	2020
Wages and salaries	135,876	128,257
Social Security costs	28,971	29,402
Other employee benefits expense	3,699	39,918
<b>Total</b>	<b>168,546</b>	<b>197,577</b>

The increase in "Other employee benefits expense" in 2020 was caused by the recognition of a provision for employee remuneration for the 2020 Plan (see Note 13).

In 2021, the Group had an average of 2,512 employees (2020: 2,571), broken down by gender and professional category as follows:

Professional category	2021		2020	
	Female	Male	Female	Male
Senior management	1	10	1	10
Managers	90	163	87	169
Technicians	890	867	884	887
Administrative	118	24	127	24
Other	206	143	224	158
<b>Total</b>	<b>1,305</b>	<b>1,207</b>	<b>1,323</b>	<b>1,248</b>

At year-end 2021, the Group had a total of 2,569 employees (2020: 2,485), broken down by gender and professional category as follows:

Professional category	2021		2020	
	Female	Male	Female	Male
Senior management	1	10	1	10
Managers	91	163	85	157
Technicians	889	878	882	846
Administrative	124	30	126	27
Other	229	154	206	145
<b>Total</b>	<b>1,334</b>	<b>1,235</b>	<b>1,300</b>	<b>1,185</b>

Data for senior management are obtained based on the criteria for the preparation of the Annual Corporate Governance Report. Senior management comprises three directors (all men).

Average number of employees in 2021 and 2020 with a disability of more than 33% by professional category:

Professional category	2021	2020
Managers	3	3
Technicians	20	18
Administrative	7	14
Other	11	8
<b>Total</b>	<b>41</b>	<b>43</b>

#### d) Other operating expenses

Breakdown of other operating expenses in the consolidated statement of profit or loss:

Thousands of euros	2021	2020
Operating leases and royalties	31,971	28,872
Subcontracted work	53,682	47,976
Copyrights	43,137	39,970
Communications	38,588	38,581
Advertising and publicity	6,363	6,139
Other overheads	52,891	39,122
<b>Total</b>	<b>226,632</b>	<b>200,660</b>

The most significant item under "Operating leases and royalties" in the accompanying consolidated statement of profit or loss is the television operators' contribution to the financing of Corporación RTVE.

#### e) Other disclosures

Fees for financial audit and other professional services in 2021 and 2020 provided by the statutory auditor of the Parent and its subsidiaries, or by a firm in the same group or related to the auditor (in thousands of euros):

	Audit of financial statements	Other accounting assurance services	Tax advisory services	Other services
2021	277	48	—	—
2020	253	54	—	—

Other accounting assurance services entail the limited review report of the condensed consolidated financial statements as at 30 June 2021, reports of agreed-upon procedures on compliance with covenants in financing transactions, and report on compliance with the investment in audiovisual production provided by KPMG Auditores, S.L. to Atresmedia Corporación de Medios de Comunicación during the years ended 31 December 2021 and 2020.

Other Grant Thornton affiliates invoiced the Group for fees and professional audit service expenses in the year ended 31 December 2021 amounting to EUR 42 thousand (2020: EUR 57 thousand by KPMG International).

Other auditors also provided audit services in 2020 amounting to EUR 7 thousand (2021: EUR 0).

The Annual Corporate Governance Report includes a description of the work of the Audit Committee and an explanation of how the auditor's objectivity and independence is guaranteed when providing non-audit services.

## **19. Other gains/(losses)**

### **a) Net gain/(loss) on changes in value of financial instruments at fair value**

This item in the consolidated statement of profit or loss includes mainly the net gain or loss arising from changes in the fair value of the currency and interest rate hedges disclosed in Note 14.

Net gain/(loss) on changes in fair value in 2021 and 2020 by item:

Thousands of euros	2021	2020
Hedging instruments (Note 14)	1,204	(2,129)
Other non-current financial assets	164	278
Other non-current liabilities	—	—
<b>Total</b>	<b>1,368</b>	<b>(1,851)</b>

### **b) Exchange differences**

This item includes the exchange gains and losses arising on the Group's commercial and financial transactions, relating to the purchase of audiovisual productions and financing transactions in foreign currencies.

### **c) Financial income/(loss)**

This item in the consolidated statement of profit or loss for 2021 includes mainly the interest expense on bank borrowings and interest on bonds and debentures. Finance costs in the year ended 31 December 2021 amounted to EUR 11,874 thousand and finance income to EUR 5,650 thousand (2020: EUR 9,742 thousand and EUR 3,844 thousand, respectively).

### **d) Impairment and gains/(losses) on disposals of financial assets**

This item in the consolidated statement of profit or loss includes impairment losses or reversals on financial assets recognised in the year, determined on the basis of an analysis of the recoverability of the investments, including investments in companies accounted for using the equity method, and the net gains or losses arising from the disposal of these assets.

The balance as at 31 December 2021 related mainly to the recognition of impairment losses on investments in debt instruments amounting to EUR 142 thousand and gains on disposals of equity instruments of EUR 3,997 thousand.



The balance as at 31 December 2020 related mainly to the recognition of impairment losses on equity instruments amounting to EUR 1,965 thousand and gains on disposals of these instruments of EUR 1,982 thousand.

## 20. Operating and geographical segments

### Basis of segmentation

The Atresmedia Group's segment reporting organises its operations into two large lines of business: audiovisual and radio. The objective of this model is to contribute to a better understanding and provide more details on the Group's business performance, especially in its digital activity, and the production and distribution of content in the audiovisual business.

Key segment information for 2021 and 2020:

Thousands of euros	2021	2020
<b>REVENUE</b>		
<b>Audiovisual</b>	<b>901,156</b>	<b>807,925</b>
Television advertising	719,561	660,317
Digital advertising	67,082	51,229
Production and distribution of content	79,035	75,041
Other income	35,478	21,338
<b>Radio</b>	<b>70,750</b>	<b>67,023</b>
Inter-segment eliminations	(8,648)	(8,648)
<b>TOTAL REVENUE</b>	<b>963,258</b>	<b>866,300</b>

Thousands of euros	Audiovisual		Radio		Adjustments and inter-segment eliminations		Atresmedia Group consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Total revenue</b>	901,156	807,925	70,750	67,023	(8,648)	(8,648)	963,258	866,300
<b>Operating expenses</b>	739,492	736,058	59,908	64,628	(8,648)	(8,648)	790,752	792,038
<b>GROSS OPERATING PROFIT</b>	<b>161,664</b>	<b>71,867</b>	<b>10,842</b>	<b>2,395</b>	—	—	<b>172,506</b>	<b>74,262</b>
Amortisation and depreciation, impairment and gains/(losses) on disposal of non-current assets	15,396	16,387	2,568	2,592	—	15,150	17,964	34,129
<b>OPERATING PROFIT</b>	<b>146,268</b>	<b>55,480</b>	<b>8,274</b>	<b>(197)</b>	—	<b>(15,150)</b>	<b>154,542</b>	<b>40,133</b>

Thousands of euros	Audiovisual		Radio		Adjustments and inter-segment eliminations		Atresmedia Group consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Investments accounted for using the equity method	1,133	264	—	—	—	—	1,133	264
Fixed assets	148,191	131,056	12,862	28,114	—	—	161,053	159,170
Total allocable assets	1,233,253	1,142,493	188,647	186,692	(7,572)	(10,240)	1,414,328	1,318,945
Total allocable liabilities	829,081	816,453	43,850	50,412	(8,921)	(14,205)	864,010	852,660

## 21. Tax matters

### a) Consolidated tax group

Pursuant to current legislation, the consolidated tax group includes Atresmedia Corporación de Medios de Comunicación, S.A., as the parent, and as subsidiaries the Spanish investees that

meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups (percentage ownership interest of more than 75% held throughout the year) (see Note 2-b).

The Group's other subsidiaries file individual tax returns in accordance with applicable tax legislation in each country.

Pursuant to Spanish Income Tax Law 43/1995, of 27 December, on 26 December 2000, Atresmedia Corporación de Medios de Comunicación, S.A. notified the Madrid taxation authority of its decision to file consolidated income tax returns. Application of the consolidated tax regime is considered indefinite provided that the requirements established in the current Article 58 of Income Tax Law 27/2014, of 27 November, are met and the Company does not opt to cease to apply the aforementioned regime. Filing consolidated tax returns gives rise to reciprocal intra-Group balances, due to the offset of the losses incurred by certain companies against the profit earned by other Group companies.

On 5 June 2009, the public deed was executed of the agreement for the merger by absorption of Radio Tormes, S.A. Unipersonal, Radio Alamedilla, S.A. Unipersonal, Compañía Tres Mil Ochocientos, S.L. Unipersonal, La Veu de Lleida, S.L. Unipersonal, Grupo Universal de Emisoras Radio Amanecer, S.A. Unipersonal, Ondadit, S.L. Unipersonal and Unión Ibérica de Radio, S.A. Unipersonal by the sole shareholder Uniprex, S.A. Unipersonal through the dissolution without liquidation of the absorbed companies and the en bloc transfer of their assets and liabilities to Uniprex, S.A. Unipersonal, the absorbing company, which acquired them by universal succession and assumed all the rights and obligations of the absorbed companies, as stipulated in Article 233 of the Corporate Enterprises Act. The date from which the transactions of the absorbed companies were considered to have been performed for accounting and tax purposes by the absorbing company was 1 January 2009.

The merger gave rise to the merger goodwill shown in Note 4, which differs from the merger goodwill for tax purposes (amounting to EUR 24,775 thousand) calculated and amortised as provided for in Article 89.3 of the Consolidated Spanish Income Tax Law which, net of the impairment losses recognised, amounted to EUR 13,268 thousand.

On 16 December 2011, the joint merger agreement entered into on 30 June 2011 was executed in a public deed, whereby Publicidad 3, S.A.U. absorbed Antena de Radiodifusión, S.A.U., Medipress Valencia, S.A.U., Canal Radio Baleares, S.L.U., Radio Media Aragón, S.L.U., Canal Radio Madrid, S.L.U., Canal Radio Valencia, S.L.U. and Uniprex, S.A.U., which simultaneously and in the same act absorbed Radio Noticias Noventa, S.A.U., Radio Sistemas Radiofónicos Cinco, S.L.U. and Rkor Radio, S.L.U. in a preliminary phase.

The resolution to change the resulting company's name to Uniprex, S.A.U. was contained in the aforementioned deed.

Consequently, the new company, Uniprex, S.A.U., acquired the assets and liabilities of the absorbed companies, which were dissolved without liquidation, in accordance with their balance sheets. Those assets and liabilities were transferred en bloc to the absorbing company.

The merger goodwill for tax purposes at 31 December 2021 was EUR 53,627 thousand, which can be amortised at a rate of 5% regardless of the rate at which the related amortisation is charged to profit or loss for accounting purposes. This amortisation is tax deductible. The merger goodwill for tax purposes does not coincide with the goodwill recognised for accounting purposes (see Note 4). Goodwill arising from the merger amounted to EUR 99,137 thousand and the accumulated impairment losses on goodwill that are tax deductible were EUR 45,510 thousand.

On 31 October 2012, the merger by absorption of Gestora de Inversiones Audiovisuales La Sexta ("La Sexta") into Antena 3 de Televisión was placed on file at the Madrid Mercantile Register.

As a result of the merger, Antena 3 de Televisión acquired all the assets and liabilities of La Sexta by universal succession and assumed all the rights and obligations of the absorbed company.

The merger became effective for accounting purposes on 5 October 2012.

The Company availed itself of the special tax regime for mergers, spin-offs, asset contributions and security exchanges provided in Title VII, Chapter VIII of the Consolidated Spanish Income Tax Law approved by Legislative Royal Decree 4/2004, of 5 March.

The La Sexta trademark and the La Sexta multiplex operating licence were identified in the purchase price allocation of the business combination to assets and liabilities. The trademark is amortised for accounting purposes over 20 years, while the licence was considered to have an indefinite useful life. Pursuant to Spanish Audit Law 22/2015, of 20 July, as of 2016 the license has been amortised at a rate of 10%, solely in the separate financial statements of Atresmedia Corporación prepared in accordance with the Spanish National Chart of Accounts.

On 8 November 2013, the merger by absorption of Estaciones Radiofónicas de Aragón, S.A. Unipersonal, Ipar Onda, S.A. Unipersonal, Onda Cero, S.A. Unipersonal and Radio Media Galicia, S.L. Unipersonal by Uniprex, S.A. Unipersonal and dissolved without liquidation, was executed in a public deed, which also reflected the approval of the balance sheet for the year ended 31 December 2012 as the merger balance sheet.

Merger goodwill for tax purposes amounted to EUR 554 thousand (EUR 260 thousand of Ipar Onda, S.A. and EUR 294 thousand of Radio Media Galicia, S.L.) and is being amortised at an annual rate of 5%, regardless of the rate at which the related amortisation is charged to profit or loss for accounting purposes. This amortisation is tax deductible and amounted to EUR 360 thousand at 31 December 2021.

On 3 November 2014, the merger, whereby Publiseis Iniciativas Publicitarias was absorbed by Atres Advertising, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2013 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VIII of the Consolidated Spanish Income Tax Law.

On 24 November 2015, the merger whereby Antena 3 Eventos, S.L.U. was absorbed by Atres Advertising, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2014 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

Also, on 24 November 2015, the merger, whereby La Sexta Editorial Musical, S.L.U. was absorbed by Música Aparte, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2014 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

On 27 October 2017, the merger whereby Guadiana Producciones, S.A.U. was absorbed by Atres Advertising, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2016 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

On 26 November 2018, the merger whereby Canal Media Radio, S.A.U. was absorbed by UNIPREX, S.A.U. and dissolved without liquidation, and the approval of the balance sheet at 31 December 2017 as the merger balance sheet was executed in a public deed. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

## b) Reconciliation of accounting profit and tax expense

Reconciliation of accounting profit and income tax expense:

Thousands of euros	2021	2020
<b>Consolidated profit before tax</b>	<b>153,424</b>	<b>33,776</b>
Permanent differences	(30,955)	6,214
Tax losses incurred prior to the formation of the tax group recognised in 2021	(51)	—
<b>Adjusted profit/(loss)</b>	<b>122,418</b>	<b>39,990</b>
Tax rate	25.00%	25.00%
Adjusted profit multiplied by tax rate	30,604	9,998
Tax credits	(1,498)	(3,602)
Current income tax expense	29,106	6,396
Deferred tax expense	6,579	3,666
Income tax adjustments	(742)	(68)
<b>Total tax expense</b>	<b>34,943</b>	<b>9,994</b>
<b>Effective tax rate (expense/taxable profit)</b>	<b>22.78%</b>	<b>29.59%</b>

Permanent differences in 2021 included mainly gains on bargain purchases (EUR 22,693 thousand), non-deductible impairment losses on equity instruments (EUR 6,836 thousand), penalties and other non-deductible expenses (EUR 95 thousand), donations (EUR 834 thousand) and negative amounts for double taxation (EUR 2,355 thousand).

The gains on bargain purchases arose from the share of profit/(loss) of companies accounted for using the equity method (-EUR 1,861 thousand), increased amortisation of the trademark under IFRSs (+EUR 667 thousand) and accounting elimination differences (-EUR 5,210 thousand). In addition, the amortisation of the licence and goodwill recognised for the various Group companies as a result of the entry into force on 1 January 2016 of Spanish Audit Law 22/2015, of 20 July, is not envisaged under IFRSs, which results in a gain on bargain purchases of EUR 21,068 thousand. Application of IFRS 9 and IFRS 16 gave rise to a negative difference of EUR 5,917 thousand and a positive difference of EUR 38 thousand, respectively. Lastly, there are positive adjustments for differences in the scope of consolidation, for EUR 238 thousand.

In 2021 the Group recognised part of the tax credits for investment in audiovisual production amounting to EUR 1,201 thousand, for donations to non-profit entities amounting to EUR 284 thousand and for training amounting to EUR 13 thousand. The EUR 1,201 thousand tax credit is for foreign productions under article 36.2 of the Spanish Income Tax Law. Under article 39.2 of that Law, this can be utilised in the current financial year without applying the general limits.

The differences between the estimate made at year-end 2020 and the tax return effectively filed gave rise to income tax adjustments of EUR 742 thousand (negative).

The deferred tax expense relates to the tax effect of the deferred tax assets and liabilities under IFRSs (see Note 21-e).

### c) Reconciliation of accounting profit and taxable income

Reconciliation of accounting profit and profit for income tax purposes for 2021 and 2020:

Thousands of euros	2021	2020
<b>Accounting profit after tax</b>	<b>118,481</b>	<b>23,782</b>
Income tax	34,943	9,994
Permanent differences	(32,806)	4,822
Temporary differences	24,265	53,247
Offset of prior years' tax losses	(33,208)	(22,842)
<b>Taxable income</b>	<b>111,675</b>	<b>69,003</b>
<b>Tax rate</b>	<b>25.00%</b>	<b>25.00%</b>
<b>Gross tax payable</b>	<b>27,919</b>	<b>17,251</b>
Tax credits taken in the year	(16,077)	(13,269)
Tax prepayments in the year	(21,834)	(15,575)
<b>Tax payable (refundable)</b>	<b>(9,992)</b>	<b>(11,594)</b>

The temporary differences include additions of EUR 52,731 thousand and reductions of EUR 28,466 thousand (see Note 21-e).

Additions include deferred tax assets of EUR 43,545 thousand and deferred tax liabilities of EUR 9,186 thousand, while reductions include EUR 23,660 thousand of deferred tax assets and EUR 4,806 thousand of deferred tax liabilities.

Of the EUR 16,077 thousand of tax credits taken in the year, EUR 13,355 thousand were deductions for audiovisual production, EUR 1,201 thousand for film production (see Note 21-b), EUR 1,183 thousand for international double taxation, EUR 284 thousand for donations to not-for-profit entities, EUR 14 thousand for training and EUR 40 thousand for the reversal of temporary measures (Transitional Provision Thirty-Seven of the Spanish Income Tax Law 37<sup>a</sup>).

#### d) Tax receivables and payables

Tax receivables and payables at 31 December 2021 and 2020:

Thousands of euros	2021	2020
<b>NON-CURRENT ASSETS</b>		
Deferred tax assets (Note 20-e)	31,235	30,141
Unused tax losses	61,759	69,666
Unused tax credits and tax relief	90,858	104,504
	<b>183,852</b>	<b>204,311</b>
<b>CURRENT ASSETS</b>		
Prior year income tax refundable	12,265	11,594
2021 income tax refundable	9,992	15,303
Tax refundable for unconsolidated companies	547	—
Other tax receivables	83	757
VAT refundable	153	3,892
	<b>23,040</b>	<b>31,546</b>
<b>Total tax receivables</b>	<b>206,892</b>	<b>235,858</b>
<b>OTHER NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities (Note 20-e)	<b>39,532</b>	<b>34,618</b>
<b>CURRENT LIABILITIES</b>		
Tax payable for unconsolidated companies	444	—
Tax withholdings payable	7,597	4,429
Social security payable	3,003	2,807
VAT payable	10,828	8,616
Other tax payables	839	655
	<b>22,711</b>	<b>16,507</b>
<b>Total tax payables</b>	<b>62,243</b>	<b>51,125</b>

Based on the timing of future profits estimated by the Parent's directors for the offset and use of these tax items, only EUR 27,700 thousand were considered to be recoverable in the tax return for the coming year, EUR 9,478 thousand of which relate to deferred taxes, EUR 9,740 thousand to unused tax credits and tax relief and EUR 8,482 thousand to the carry forward of tax losses.

#### e) Deferred tax assets and liabilities recognised

The difference between the tax charge allocated to the current year and to prior years and the tax charge already paid or payable for those years, recognised under deferred tax assets, arose as a result of temporary differences on the following items:

CHANGES IN DEFERRED TAX ASSETS	Thousands of euros							2021
	2020	Additions	Disposals	Transfers	Other	IFRS adjustments	Additions	
Contingencies and charges	16,360	5,651	3,555	—	(521)	—	157	18,092
Payables	5,954	1,463	2,156	7,180	—	—	—	12,440
Hedging instruments	(1,846)	153	—	—	—	—	—	(1,693)
Tax effect of assets at fair value	270	—	—	—	—	(56)	—	214
Other items	9,404	3,773	204	(7,180)	111	(3,722)	—	2,182
<b>Total</b>	<b>30,141</b>	<b>11,040</b>	<b>5,915</b>	<b>—</b>	<b>(410)</b>	<b>(3,778)</b>	<b>157</b>	<b>31,235</b>

The detail for 2020 is as follows:

CHANGES IN DEFERRED TAX ASSETS	Thousands of euros						2020
	2019	Additions	Disposals	Other	IFRS adjustments	Additions	
Contingencies and charges	13,663	3,715	891	(166)	—	40	16,360
Payables	800	5,493	339	—	—	—	5,954
Hedging instruments	(589)	—	1,257	—	—	—	(1,846)
Tax effect of assets at fair value	346	—	—	—	(76)	—	270
Other items	2,697	11,009	395	(157)	(3,750)	—	9,404
<b>Total</b>	<b>16,917</b>	<b>20,218</b>	<b>2,882</b>	<b>(324)</b>	<b>(3,826)</b>	<b>40</b>	<b>30,141</b>

The changes in deferred tax assets recognised in "Other" include mainly the difference between the estimated tax for 2016 and the tax return actually filed with the taxation authorities. Additions include deferred tax assets generated by the Group's foreign subsidiaries in accordance with the various tax regulations.

The deferred tax assets table includes hedging instruments, which are not included in the temporary differences or deferred tax assets in the tables in Note 21.c, since for tax purposes they are recognised directly in equity.

"IFRS adjustments" includes the elimination of the tax effect of amortisation of goodwill of Uniprex, which is not allowed under IFRS, and the addition of a "Tax effect for fair value of assets" arising from the adjustment to profit or loss not applicable under Spanish GAAP.

At 31 December 2021, the Group had EUR 129,549 thousand of unused tax credits, arising mainly on investment in audiovisual and film productions. Of the total unused tax credits, the Group has recognised EUR 90,858 thousand.

Limit	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
<b>Amount</b>	82	12,070	15,718	15,108	14,691	13,474	13,136	18,894	16,605	9,771	<b>129,549</b>

Changes in deferred tax liabilities in 2021:

DEFERRED TAX LIABILITIES	Balance at 31/12/20	Additions	Disposals	IFRS adjustments	Additions	Balance at 31/12/21
Thousands of euros						
Recognition of intangible assets at fair value	24,287	2,608	1,720	3,432	4	28,611
Government grants	45	—	35	—	—	10
Payables	3,539	—	576	—	—	2,963
Amortisation of merger goodwill	6,747	1,201	—	—	—	7,948
<b>Total</b>	<b>34,618</b>	<b>3,809</b>	<b>2,331</b>	<b>3,432</b>	<b>4</b>	<b>39,532</b>

## Changes in deferred tax liabilities in 2020:

<b>DEFERRED TAX LIABILITIES</b> Thousands of euros	<b>Balance at 31/12/19</b>	<b>Additions</b>	<b>Disposals</b>	<b>IFRS adjustments</b>	<b>Other</b>	<b>Additions</b>	<b>Balance at 31/12/20</b>
Recognition of intangible assets at fair value	26,466	—	3,405	1,517	(14)	(277)	24,287
Government grants	171	—	126	—	—	—	45
Payables	—	3,539	—	—	—	—	3,539
Amortisation of merger goodwill	5,546	1,201	—	—	—	—	6,747
<b>Total</b>	<b>32,183</b>	<b>4,740</b>	<b>3,531</b>	<b>1,517</b>	<b>(14)</b>	<b>(277)</b>	<b>34,618</b>

The "Recognition of intangible assets at fair value" deferred tax liability relates to the temporary difference between the carrying amount and the tax base of the identified trademark and signal broadcasting licence (IAS 12), and the recognition of assets by applying IFRS 9.

The difference in interpretation between international accounting standards and local GAAP regarding the recognition of intangible assets gives rise to a greater deferred tax liability under IFRSs than under the Spanish National Chart of Accounts, to which the income tax legislation is not applicable.

International accounting standards also do not recognise the amortisation of intangible assets with an indefinite useful life. The difference in standards is included in "IFRS adjustments", for EUR 1,517 thousand, which entails the elimination of the tax effect of the accounting amortisation of the license (non-deductible). This column also includes the tax effect of applying IFRS 9, which amounted to EUR 1,915 thousand.

The Group has considered the following as positive evidence for recognising deferred tax assets:

- The tax loss carryforwards arose in the business combination with la Sexta, which had losses before being absorbed by the Atresmedia Group.
- Atresmedia Group has a history of recurring profits, even after absorbing the loss-making La Sexta, with a stable customer portfolio.
- The Group operates in a mature sector, which allows it to plan convincing tax strategies.

Chapter IV of Title VI of the Income Tax Law sets a limit for the offset of taxes of 15 years and for R&D&I credits of 18 years. However, management assessed the recoverability of deferred tax assets, recognising those it expects to recover within seven years from 31 December 2021. It considered this to be the most appropriate period, given the uncertainties inherent in forecasts for longer periods.

Law 11/2020, of 30 December, of the state budget for 2021 introduced amendments to article 39.1 of the income tax law regarding the utilisation of credits, increasing the limit of 25% in place until 31/12/2020 to 50% for tax periods beginning in or after 2021. Nevertheless, Law 22/2021, of 28 December, of the state budget for 2022 included a minimum 15% tax on taxable profit for taxpayers with revenue equal to or greater than EUR 20 million or that file consolidated taxes, irrespective of the amount of revenue in the latter case.

In the light of this change in regulations, which places a new cap on the recognition of credits, the Company decided it was better not to recognise new credits, even if the deferred tax assets recognised will be recovered in full within that period.



Assessments were made regarding the outlook for growth of the advertising market in the coming years, based on estimated audience numbers, advertising effectiveness ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by management of the Company and updated in accordance with the performance of the advertising markets. These estimates do not provide any evidence that the tax assets and tax credits recognised will be not recovered.

#### f) Tax recognised in equity

In addition to the income tax recognised in the consolidated statement of profit or loss, in 2021 and 2020 the Group recognised the following amounts in consolidated equity:

Thousands of euros	2021	2020
Hedging instruments	153	(1,257)
Recognition of assets at fair value	(2,070)	—
<b>Total</b>	<b>(1,917)</b>	<b>(1,257)</b>

#### g) Other information

At 31 December 2021, the Group's unused tax losses from prior years are detailed below, with EUR 61,759 thousand recognised. All unused tax losses of Atresmedia Corporation carried forward (EUR 124,833 thousand) are transferred to the company from the absorbed company, Gestora de Inversiones Audiovisuales La Sexta, as a result of the universal succession of the former to the rights and obligations of the transferor arising from the application of the special tax regime for mergers, spin-offs, asset contributions and security exchanges provided for in Title VII, Chapter VIII of the Consolidated Spanish Income Tax Law approved by Legislative Royal Decree 4/2004, of 5 March.

Tax loss carryforwards					
Thousands of euros					
Year generated	Unused at 31/12/20	Deducted in the year	Other	Additions	Unused at 31/12/21
2007	34,716	(8,289)	161	—	26,588
2008	31,918	—	—	—	31,918
2009	28,965	—	—	—	28,965
2010	8,379	—	—	—	8,379
2011	15,475	—	—	—	15,475
2012	12,909	—	—	—	12,909
2013	423	(13)	—	108	517
2014	6	—	—	32	37
2015	20	—	—	13	33
2016	7	—	—	2	9
	<b>132,818</b>	<b>(8,302)</b>	<b>161</b>	<b>154</b>	<b>124,833</b>

Pursuant to Spanish tax legislation, there is no time limit on the offset of prior years' tax losses.

The Group is currently open to inspection for income tax from 2016 and for the rest of the taxes applicable to it from 2018.

On 23 March 2021, the National Court (Audiencia Nacional) issued an order to raise to the Constitutional Court (Tribunal Constitucional) a matter of potential unconstitutionality of Royal Decree-Law 3/2016, of 2 December, adopting certain tax measures to consolidate public finances and other urgent social measures (the "RDL"). The RDL introduced considerable amendments to Spain's Corporate Income Tax (CIT) Law 27/2014, of 27 November, mainly Article 3.1. What mainly impacts the Group are the specific limits established on offsetting tax losses, i.e. 25% of taxable profit, and the non-deductibility of capital losses on sales of equity interests in certain entities (art. 21.6 of the CIT).

As the National Court raised the issue of unconstitutionality of the RDL to the Constitutional Court, the Group considered the possibility of annulment of the RDL. This would lead to changes in the income tax self-assessment filed, with considerably different and more favourable results for the Group's interests.

Accordingly, the Parent submitted written requests for rectification of self-assessments of income tax for the years 2016 to 2020, inclusive.

Nevertheless, the Parent's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, any liabilities that may arise would not have a material effect on the accompanying financial statements.

## **22. Related party transactions**

Transactions between the Parent and its subsidiaries, which are related parties, were eliminated upon consolidation and no disclosures are provided in this note. Balances and transactions between the Group and its associates, joint ventures and other related parties are disclosed below:

Balance at 31/12/21	Thousands of euros				
	Trade receivables (Note 11)	Current trade payables (Note 15)	Other non-current receivables	Other current receivables	Other non-current payables
<b>Group companies and associates:</b>					
Fundación Atresmedia	27	—	—	—	—
Hola Televisión América, S.L.	110	—	—	4,064	—
Hola TV US, LLC	1,148	173	—	—	—
<b>Total group companies and associates</b>	<b>1,285</b>	<b>173</b>	<b>—</b>	<b>4,064</b>	<b>—</b>
<b>Joint ventures:</b>					
Buendía Estudios, S.L.	963	283	—	724	—
<b>Total joint ventures</b>	<b>963</b>	<b>283</b>	<b>—</b>	<b>724</b>	<b>—</b>
<b>Other related parties</b>					
Planeta - De Agostini Group	666	1,469	—	—	—
RTL Group	894	793	—	1,000	—
<b>Total other related parties</b>	<b>1,560</b>	<b>2,262</b>	<b>—</b>	<b>1,000</b>	<b>—</b>

Balance at 31/12/20	Thousands of euros				
	Trade receivables	Current trade payables	Other non-current receivables	Other current receivables	Other non-current payables
	(Note 11)	(Note 15)			
<b>Group companies and associates:</b>					
Atres Hub Factory, S.L.	—	—	—	159	—
Hola Televisión América, S.L.	376	—	—	4,400	—
Hola TV US, LLC	1,007	112	—	—	—
<b>Total group companies and associates:</b>	<b>1,383</b>	<b>112</b>	<b>—</b>	<b>4,559</b>	<b>—</b>
<b>Joint ventures:</b>					
Buendía Estudios, S.L.	—	75	1,023	—	—
<b>Total joint ventures</b>	<b>—</b>	<b>75</b>	<b>1,023</b>	<b>—</b>	<b>—</b>
<b>Other related parties</b>					
Planeta - De Agostini Group	391	2,223	—	—	—
RTL Group	1,829	6,583	—	—	—
<b>Total other related parties</b>	<b>2,220</b>	<b>8,806</b>	<b>—</b>	<b>—</b>	<b>—</b>

Transactions at 31/12/21	Thousands of euros					
	Income from rendering of services	Purchase of inventories	Leases	Receipt of services	Finance income	Finance costs
<b>Group companies and associates:</b>						
Fundación Atresmedia	37	—	—	—	—	—
Hola TV América, S.L.	—	—	—	—	274	—
Hola TV US, LLC	301	—	—	1,609	—	—
<b>Total group companies and associates:</b>	<b>338</b>	<b>—</b>	<b>—</b>	<b>1,609</b>	<b>274</b>	<b>—</b>
<b>Joint ventures:</b>						
Buendía Estudios, S.L.	1,358	—	—	261	—	—
<b>Total joint ventures</b>	<b>1,358</b>	<b>—</b>	<b>—</b>	<b>261</b>	<b>—</b>	<b>—</b>
<b>Other related parties</b>						
Planeta - De Agostini Group	2,316	85	—	3,014	—	—
RTL Group	8,114	50	—	10,896	—	—
<b>Total other related parties</b>	<b>10,430</b>	<b>135</b>	<b>—</b>	<b>13,910</b>	<b>—</b>	<b>—</b>

In addition to these transactions, the Group sold and purchased advertising space to and from related companies in 2021 amounting to EUR 2,966 thousand and EUR 1,272 thousand, respectively, through advertising agencies.

Transactions at 31/12/20	Thousands of euros					
	Income from rendering of services	Purchase of inventories	Leases	Receipt of services	Finance income	Finance costs
<b>Group companies and associates:</b>						
<b>Aunia Publicidad Interactiva, S.L.</b>	36	—	—	—	—	—
Fundación Atresmedia	30	—	—	—	—	—
Hola TV América, S.L.	—	—	—	—	266	—
Hola TV US, LLC	409	—	—	1,353	—	—
UTE Uniprex TV y WinWin	18	—	—	—	—	—
<b>Total group companies and associates:</b>	<b>493</b>	<b>—</b>	<b>—</b>	<b>1,353</b>	<b>266</b>	<b>—</b>
<b>Joint ventures:</b>						
Buendía Estudios, S.L.	—	—	—	115	—	—
<b>Total joint ventures</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>115</b>	<b>—</b>	<b>—</b>
<b>Other related parties</b>						
Planeta - De Agostini Group	1,853	1,184	—	2,981	—	—
RTL Group	7,908	—	—	6,652	—	—
<b>Total other related parties</b>	<b>9,761</b>	<b>1,184</b>	<b>—</b>	<b>9,633</b>	<b>—</b>	<b>—</b>

In addition to these transactions, the Group sold and purchased advertising space to and from related companies in 2020 amounting to EUR 2,388 thousand and EUR 1,354 thousand, respectively, through advertising agencies.

### **23. Earnings per share**

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares of the Parent outstanding during the year.

Diluted earnings per share is calculated by dividing net profit for the period attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding adjusted for the dilutive effects of potential ordinary shares, understood as shares whose conversion into outstanding shares could reduce earnings per share. The treasury shares held by the Company for the share-based payment plan (see Note 24) were considered to be outstanding shares for the purposes of diluted earnings per share.

Accordingly:

	<b>2021</b>	<b>2020</b>
Profit for the period attributable to the Parent (thousands of euros)	118,540	23,853
Weighted average number of ordinary shares outstanding (thousands of shares)	225,160	225,160
<b>Basic earnings per share (euros)</b>	<b>0.526</b>	<b>0.106</b>

	<b>2021</b>	<b>2020</b>
Profit for the period attributable to the Parent (thousands of euros)	118,540	23,853
Weighted average number of shares outstanding for the purposes of diluted earnings per share (thousands of shares)	225,733	225,733
<b>Diluted earnings per share (euros)</b>	<b>0.525</b>	<b>0.106</b>

### **24. Proposed distribution of profit**

The proposed distribution of the profit for the year of Atresmedia Corporación de Medios de Comunicación, S.A. that the Parent's directors will submit for approval by the shareholders at the General Meeting is as follows (in thousands of euros):

	<b>2021</b>
Interim dividend paid in 2021 (EUR 0.18/share)	40,532
Maximum final dividend (EUR 0.24/share)	54,043
To voluntary reserves	3,575
<b>Total</b>	<b>98,150</b>

#### **LIQUIDITY STATEMENT FOR THE PAYMENT OF THE 2021 INTERIM DIVIDEND**

<b>Thousands of euros</b>	
<b>Liquidity at 31 October 2021</b>	<b>476,645</b>
<b>Projected cash until 31 October 2022</b>	
Operating activities from November 2021 to October 2022	76,522
Financing activities from November 2021 to October 2022	—
Projected payment of 2021 interim dividend	(40,532)
<b>Projected liquidity at 31 October 2022</b>	<b>512,635</b>

## **25. Remuneration and other benefits earned by the members of the Board of Directors of the Parent and senior management**

The remuneration earned in 2021 by the current and former members of the Parent's Board of Directors (composed at 31 December 2021 and 2020 of four women and eight men) in the form of salaries, attendance fees and insurance premiums amounted to EUR 4,654 thousand, EUR 717 thousand and EUR 42 thousand, respectively (2020: EUR 3,520 thousand, EUR 648 thousand and EUR 28 thousand, respectively).

Salaries and life insurance premiums paid to members of senior management who are not directors in 2021 amounted to EUR 3,954 thousand and EUR 82 thousand, respectively (2020: EUR 3,465 thousand and EUR 87 thousand, respectively).

The third-party liability insurance taken out for Atresmedia Group directors and managers in 2021 amounted to EUR 200 (2020: EUR 120 thousand).

At 31 December 2021 and 2020, the Parent had not granted any loans or advances to its Board members and senior executives, and it did not have any supplementary pension or retirement bonus obligations with them. As for two Executive Directors, the Annual Report on Director Remuneration sets out certain special conditions in the event their relationship with the Parent is terminated.

At the General Meeting of Atresmedia Corporación de Medios de Comunicación, S.A. held on 28 April 2021, approval was given to implement a long-term variable remuneration scheme for executive directors and certain managers of the Group. The scheme is a long-term variable incentive tied to the Group's performance.

The plan has a duration of four years from approval, with 2021, 2022 and 2023 as the period for achieving targets. For entitlement to settlement, the reference date for fulfilment by beneficiaries of the requirement for continuing to hold their post at the Group is 28 April 2025. Payment of this remuneration will be between 28 April 2025 and 30 June 2025.

The targets assessed for calculating the remuneration are 1) profitability, linked to consolidated EBITDA, with a 70% weighting; 2) an income-source diversification target, with a 25% weighting, and 3) an environmental, social and corporate governance (ESG) target, with a 5% weighting.

Beneficiaries will be entitled to receive an amount, determined based on the achievement of the financial and non-financial targets outlined in the plan, and on fulfilment of the continued employment requirement.

According to the plan, an amount is established that vests at the end of the first two years linked to the level of achievement of the EBITDA target for those two years.

Of the amount of remuneration to which beneficiaries are entitled under this plan, the executive directors and managers will be paid 90% in cash and 10% in shares of Atresmedia Corporación, with treasury shares held by the Parent. To complete payment, the plan includes the possibility of buying back additional shares as necessary.

On 27 February 2020, the second and last part of the Plan agreed by shareholders at the General Meeting of Atresmedia Corporación de Medios de Comunicación, S.A. held on 22 April 2016 was settled, with delivery to beneficiaries of 118,750 shares. The closing price of those shares on the market that day was EUR 3.098.

## **26. Information regarding situations of conflict of interest involving directors**

Pursuant to Article 229 of the Corporate Enterprises Act, the following information is included:

In 2021, none of the directors reported to the Board of Directors any direct or indirect conflict of interest that they or their affiliates, as defined in Article 213 of the Corporate Enterprises Act, might have with respect to the Company.

## **27. Events after the reporting period**

Atresmedia was involved in FEVER LABS, Inc.'s last funding round. This startup has experienced significant growth in recent years in both sales and geographically, achieving a leadership position in the entertainment experiences and digital content sector. With a strong footprint in Europe and the US, it raised USD 227 million in the funding round held in January 2022, led by the Goldman Sachs growth equity fund. Atresmedia's stake in the company after the latest acquisitions and its participation in the funding round stands at 10.2% on a fully diluted basis; i.e. considering the stock options and plans granted to Fever Labs' management team.

On 26 January 2022, Atres Advertising, S.L. signed an agreement to sell its Smartclip Latam, S.L. subsidiary to ShowHeroes SE. The terms of sale included a fixed price and a variable amount based on Smartclip Latam's profit or loss in 2021.



# ATRESMEDIA

**ATRESMEDIA CORPORACIÓN DE MEDIOS  
DE COMUNICACIÓN, S.A. AND  
SUBSIDIARIES**

Consolidated management report  
for 2021

## **ATRESMEDIA AND SUBSIDIARIES (CONSOLIDATED GROUP) MANAGEMENT REPORT FOR 2021**

### **Business performance and situation of the Group**

The Atresmedia Group, through its TV and radio arms, produces and distributes audiovisual and radio content for a wide variety of audiences, in which it inserts the advertising formats it sells to advertisers for their advertising campaigns. Atres Advertising currently oversees this business activity, which is the Group's main source of revenue. Atresmedia also engages in other related activities. First, alongside Smartclip, it sells various types of advertising on internet, which it inserts in proprietary web pages through Atres Advertising and third-party web pages through Smartclip. In online advertising, a leader in the automotive market, Diariomotor, was acquired in 2021. This company is a benchmark in generating audiovisual content for the automotive sector in Spain, with over 4.5 million unique monthly users.

Since the second half of 2020, after the acquisition of influencer marketing agency Human to Human, Atresmedia also offers advertisers a new way of promoting their brands, i.e. through influencers on social media.

Atresmedia has its own VOD (video on demand) offering, through Atresplayer (AVOD) or third-party supports. Thanks to all these activities, Atresmedia is the leading seller of advertising in Spain, with a share of the total advertising market of over 18%.

The Group is also involved in other businesses that are not advertising-driven, such as the sale of content it produces to other television networks or the operation of VOD platforms, both individually (Atresplayer Premium) or packaged as complete International on international pay TV platforms. This bid to diversify includes third-party content creation and production, which originally led to the creation of Atresmedia Studios, whose business was transferred in 2020 to two newly created companies, Buendía Producción, S.L. and Buendía Estudios, S.L. These companies were set up jointly with Telefónica with the aim of becoming the largest creator of Spanish-language content, distributing their products across the globe. Lastly, Atresmedia complies with its statutory obligations to fund European audiovisual works (set out in the Spanish Audiovisual Act, *Ley General Audiovisual*) through its producer, Atresmedia Cine.

2020 saw COVID-19 have a major impact of all economic sectors in Spain, while 2021 was the year of recovery. The sharp contraction by the Spanish economy, with an 11% decline in gross domestic product (GDP), was followed by a rebound, but not quite back to the levels lost in 2020, with overall GDP rising by 5% in 2021. The first indicators released during the year and forecasts by various organisations pointed to a stronger recovery. The Spanish government estimated growth of 6.5%, while the IMF projected a level of 6.4%. However, from the second half of the year, supply disruptions for several crucial components for the industry, the spike in energy prices and the emergence of the Omicron variant in the last weeks of the year resulted in lower-than-expected growth in the last two quarters.

TV consumption in Spanish did return to pre-pandemic levels. With the end of lockdowns and the gradual return to normality, viewers spent 3 hours and 45 minutes in front of the TV. Consumption in 2020 (4 hours on average and 4 hours and 17 minutes in the first half) was the highest since 2017. People aged over 65 watched an average of 6 hours and 9 minutes of TV a day, those aged 45-65 spent an average of 4 hours and 27 minutes watching TV, and those aged 25-44 watched



an average of 2 hours and 20 minutes. The youngest age groups consumed less TV: 1 hour and 22 minutes for children aged 13-24, and 1 hour and 32 minutes for those aged 4-13.

Advertising spend recouped part of the ground lost in 2020, but investment was still below 2019 levels. According to external sources, advertising's share of total spend in convention media rose by 11% in 2021, after plunging by 18.1% in 2020. All media's share of spend increased. TV advertising led the way among Atresmedia's markets, registering growth in the year of 8% (compared to a fall of 18.4% in 2020). The digital advertising market grew by 15% (after a decline of 5.3% the year before). Ratio also fared well, with a 13% increase in spend (after a 22.9% drop in 2020).

TV advertising spend varied across sectors. All sectors in general were expected to deliver strong growth after the previous year's fall, but some, such as automotive and health, struggled in the latter part of the year. Car ad spend fell by 17.2% and health ad spend by 9.2% in 2021. Meanwhile, beverage ad spend soared 38.2% in 2021, delivering the year's best performance. Second was retail, which increased ad spend by 24.7%. The telecommunications, beauty & personal hygiene and food sectors also regain some of the ground lost in 2020, with increases in ad spend of 14.7%, 9.0% and 7.7%, respectively. Growth in the finance sector was more muted (0.5%).

Atresmedia's six television channels had a combined audience share in 2021 of 27.3%, up from 26.3% the year, and delivered the year's best absolute performance in free-to-air (FTA) television. By channel, Antena 3 had a 13.3% share (+2.0 points), la Sexta a 6.4% share (-0.6 points) and the theme channels (Neox, Nova, Mega and Atreseries) a 7.5% share (-0.39 points). Antena 3 was the audience leader in the last two months of the year, beating out Telecinco for the first time since August 2018. It is still the leader thus far in 2022.

FTA is still the TV option of choice among the entire population, including younger people, for entertainment and news. Atresmedia's position as a leader in TV news in Spain is unquestionable: Antena 3 Noticias was the leader in 2021 for the fourth straight year, achieving its best share and viewer figures in 14 years (i.e. since 2007), with 19.2% and nearly 2.5 million viewers. It was the only news programme that grew, by 2.6 points, resulting in its largest ever lead over its competitors. This shows that consumers in Spain choose Atresmedia for current and breaking news.

Atresmedia Radio had an average of around 3.0 million listeners in the latest EGM (general media) survey (rolling year ending with the third 'wave' of 2021). Onda Cero had 1.9 million listeners, maintaining the level of the previous wave, while Europa FM had 0.9 million, down slightly from 1.0 million in the previous wave.

Meanwhile, in June, Atresmedia refinanced its EUR 250 million corporate syndicated loan and converted it into a sustainable finance loan. This is the first such arrangement in the field of sustainable finance by a media group in Spain and one of the first in Europe within our sector. The applicable spread over the term of the loan (5 years) is linked to performance of three ESG indicators based on achievement, which is reviewed annually.

Signing of this loan evidences Atresmedia Group's strong firm ESG commitment, as the spread on the facility is tied to the social and environmental impacts of its business activities.

Shareholders at the General Meeting also approved a long-term share-based remuneration plan for executive directors and certain managers. Beneficiaries will be entitled to receive an amount determined based on the achievement of financial and non-financial targets. The plan runs for four years, until April 2025.

The agenda for the 2021 General Shareholders' Meeting did not include the distribution of any dividend out of 2020 profit. Because of the dramatic fall in revenue and, as a result, profits, 2020 was the first year since Atresmedia was listed on the stock exchange that it did not pay a dividend. The Group's good business performance in 2021 prompted the Board of Directors to pass a resolution in November to resume the policy of distributing dividends among shareholders. In December 2021, it paid an interim dividend out of 2021 profit of EUR 0.18/share, gross.

Atresmedia's share price rose by 15.8% in 2021 after falling by 17.3% in 2020, fuelled by the recovery of the industry and the Company. Atresmedia outperformed many of its Spanish and European peers on the stock market, not to mention Spain's benchmark index, the Ibex 35, which gained just 7.9%.

Revenue in 2021 totalled EUR 877.9 million, up 9.9% from EUR 799.1 million in 2020. Total income was 11.2% higher, at EUR 963.3 million. This outstripped the growth of the total advertising market. Revenue growth was higher in the first half than the second, thanks to more favourable comparisons with the first half of 2020. The pace of year-on-year growth slowed in the last two quarters of the year, not only because of tougher comparisons with the second half of 2020, but also because circumstances beyond the Group's control, such as the electronic supply crisis, the emergence of the Omicron variant, and soaring electricity prices, which kept ad spend from rising higher.

Operating expenses were 2.1% lower than in 2020, at EUR 808.7 million, but 2.4% higher if we include the cost of the early employee retirement scheme carried out in the fourth quarter last year. Lower revenue in 2020 caused by the downturn of the advertising market led to severe cost-cutting, especially in the year's first half. Activity picked back up in 2021 and with it spending on content. The Group was able to devise a content schedule that drew higher audiences than the year before and reasonable costs.

Operating profit in 2021 was EUR 154.5 million, up from EUR 40.1 million the year before.

Profit before tax totalled EUR 153.4 million, up from EUR 33.8 million, while net profit for the year was EUR 118.5 million, up from EUR 23.8 million in 2020.

### **Events after the reporting period**

Atresmedia was involved in FEVER LABS, Inc.'s last funding round. This startup has experienced significant growth in recent years in both sales and geographically, achieving a leadership position in the entertainment experiences and digital content sector. With a strong footprint in Europe and the US, it raised USD 227 million in the funding round held in January 2022, led by the Goldman Sachs growth equity fund. Atresmedia's stake in the company after the latest acquisitions and its participation in the funding round stands at 10.2% on a fully diluted basis; i.e. considering the stock options and plans granted to Fever Labs' management team.

On 26 January 2022, Atres Advertising, S.L. signed an agreement to sell its Smartclip Latam, S.L. subsidiary to ShowHeroes SE. The terms of sale included a fixed price and a variable amount based on Smartclip Latam's profit or loss in 2021.

## Outlook for the Group

The economy continued to rebound in 2021 after the severe impact caused by the outbreak of the COVID-19 pandemic in 2019, recouping some of the ground lost in 2020, but not yet returning to 2019 levels. Considering how the pandemic evolved in 2021, it did not have a material impact on the accompanying financial statements.

After the pandemic caused global GDP to plummet by 11% in 2020, much of the pre-pandemic activity recovered in 2021. The IMF forecast GDP growth for Spain in 2021 of 6.4%, while the Spanish government estimated a 6.5% increase. Both of these forecasts were missed and Spanish GDP ended up advancing 5% in 2021, undermined by certain factors, such as supply chain disruptions caused by a lack of components, soaring commodity and energy prices, and the sixth wave of COVID-19 in Spain.

The main source expected GDP to grow again in 2022. If current trends hold, economic activity in Spain will get back to pre-pandemic levels within 2-3 years. Both the job market and private consumption are also set to recover gradually to the same extent. Meanwhile, the receipt of EU recovery funds (EUR 140,000 million for Spain between 2021 and 2026) bodes well for a rebound in activity in the sectors affected the most, e.g. leisure, tourism, culture, etc.

In any event, even with a brighter outlook for recovery, the advertising market, like GDP, is unlikely to return to pre-crisis levels in 2022. Therefore, cuts to certain expenditure decided by the Group in 2020 and kept up in 2021 will remain in place for some time. Some will even become permanent, so that the cost structure is more in tune with increasingly challenging circumstances.

Atresmedia continues to implement initiatives to diversify its revenue mix and take advantage of the improvement in the advertising market to promote other business line, e.g. the relaunch of its video-on-demand (VOD) platform, Atresplayer Premium, which ended December 2021 with over 427,000 subscribers. Another key area last year was content production, a crucial revenue-producing activity for the Group, which was reinforced with the creation of Buendía Estudios, a 50/50 content joint venture (JV) with Movistar+. Then there were all the IT developments run by Smartclip, our online advertising marketing subsidiary, which are helping us increase our market share and enhance our digital positioning. Last year also featured the acquisition of H2H, an influencer advertising agency, which is leveraging the vast size of this market and tripled its revenue in 2021. Atresmedia continued to make process in its digital native content development strategy via specialist verticals by acquiring Diariomotor, Spain's leading automotive news website. With this acquisition, Atresmedia Group reached over 27 million users, adding a firmly established and well recognised brand name in the automotive world with over 2.4 million unique monthly users according to independent media measurement company, Comscore, and a community of 300 thousand subscribers with over 20 million views per year.

Amid a fiercely competitive environment, while transforming the business model we will continue to keep this tight grip on costs, aiming to maximise margins at all times. We will also implement a prudent financing policy, aimed at preserving liquidity and a sound balance sheet, while limiting the Group's exposure to financial risks.

## Research and development activities

The Group does not directly carry out any research and development activities. However, it invests, on an ongoing basis, in all new technologies related to engineering, systems and content

distribution. On this front, Atresmedia Corporación de Medios de Comunicación, S.A. has and uses state-of-the-art technology, enabling it to be at the forefront in the deployment of digital activities and in the internet

### **Movements in treasury shares**

At 31 December 2021, the shares of the Parent held by it represented 0.246% of the Parent's share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share

### **Average supplier payment period**

"Average supplier payment period" is the time elapsed between the delivery of the goods or the rendering of the services by the supplier and the actual payment of the transaction.

The statutory payment limit applicable under Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions and the transitional provisions set out in Law 15/2010, of 5 July, was 60 days as from 2013.

The average supplier payment period in 2021 was 46 days.

### **Main business risks**

The businesses of Group companies and, accordingly, the Group's operations and earnings, are exposed to risks related to the environment where they activities are carried out and, in any event, to external factors, especially the macroeconomic situation, which has a considerable impact on volume in the advertising market, as explained in the preceding section.

The risk management model in place in the Group has identified risks and classified them into the following categories: strategy risks, operational risks (advertising spaces and commercial policy, programme production, acquisition of broadcasting rights, purchasing and general procurement), occupational health and safety risks, IT risks, financial risks, integrity risks and information risks for decision-making.

Atresmedia has the appropriate channels in place to ensure that all key information affecting risk management is identified and updated for appropriate and timely reporting to the rest of the organisation so that any required measures are taken.

### **Use of financial instruments and main financial risks**

The Group uses financial instruments to hedge the foreign currency risk on the purchases of broadcasting rights in the year.

At 31 December 2021, the Group had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (EUR/USD). Hedging instruments at 31 December 2020 amounted to USD 33,072 thousand, at a weighted average exchange rate of 1.1880 (EUR/USD). At 31 December 2021, the estimated fair value of the Group's foreign currency derivatives, which are designated and

effective as cash flow hedges, represented a financial asset of EUR 942 thousand and a financial liability of EUR 59 thousand (2020: asset of EUR 17 thousand and liability of EUR 1,108 thousand).

On 2 June 2021, the interest rate swap (IRS) entered into for the syndicated loan arranged in July 2017 and cancelled on that date was cancelled. The fair value at the cancellation date of those derivative financial instruments amounted to less than EUR 375 thousand, which was recognised in profit or loss. Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025. The fair value of the financial asset at 31 December 2021 amounted to EUR 920 thousand.

On 11 July 2018, the Parent carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and debentures at a fixed rate in euros. At 31 December 2021 the fair value of the derivative related to the bond issue was EUR 910 thousand, of which EUR 1,804 thousand was recognised in derivative financial instruments in current assets and EUR 894 thousand under derivative financial instruments under non-current liabilities.

The Group's risk management and control system is reviewed and updated regularly in response to how the Group's businesses perform and evolve, to risks that actually materialise, to changes in the law, and to how the organisation itself changes and evolves.

This risk management and control system helps the management team to make the right decisions and address risk effectively. We identify and implement any controls and action plans necessary targeting known risks; this enhances our ability to create value and minimises any impact of losses that actually materialise.

Risk analysis and control touches on all the Group's businesses and activities, and involves all our organisational units. This means that risk management and control is a corporate system in which the entire organisation is on alert. The system is headed and overseen by the Board, yet some of its functions are delegated to the Audit and Control Committee. Risk management also brings into play the coordinating role of the Compliance Committee, and input from the Legal Affairs, in risk management and compliance control, Finance, related to financial risks and the controls comprising the system for internal control over financial reporting (ICFR), and, lastly, Internal Audit and Process Control, the coordination and oversight of the overall operation of the risk management system.

The Group has the necessary tools and organisation to ensure the effectiveness of the control procedures approved.

The Group's main financial risks are:

a) Foreign currency risk. Foreign currency risk is concentrated basically in payments in international markets to acquire broadcasting rights. To mitigate this risk, the Group enters into hedging instruments, mainly currency forwards.

b) Liquidity risk. The Group's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business.

c) Credit risk. The Group does not have significant credit risk since the average customer collection period is short and the advertising contract terms allow for bank guarantees to be required prior to the launch of advertising campaigns. Cash placements are made and derivative instruments are arranged with institutions of recognised solvency.

d) Interest rate risk. The Group's borrowings are exposed to interest rate risk. Financing is arranged at interest rates tied to Euribor. The Parent entered into interest rate swaps (IRS) to hedge this risk in relation to the syndicated loan in place for most of the first half of the year. Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate.

e) Foreign currency cash flow risk. The Group uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros.

### Alternative performance measures

To comply with the European Securities Market Authority (ESMA) guidelines on Alternative Performance Measures ("APMs"), the Group presents additional information to improve comparability, reliability and comprehensibility of its financial information.

The Group presents its earnings in accordance with the applicable financial reporting framework (EU-IFRSs), but the directors consider that certain APMs add useful financial information that should be considered when assessing its performance. Directors and management may also use these APMs in their financial, operational and planning decision-making and to evaluate the Group's performance. The Group provides the APMs it considers appropriate and useful for decision-making by users.

**Total revenue:** the sum of revenue and other operating income.

Thousands of euros	2021	2020
Revenue	877,870	799,116
Other operating income	85,388	67,184
<b>Total revenue</b>	<b>963,258</b>	<b>866,300</b>

**Operating expenses:** the sum of programme amortisation and other procurements, staff costs and other operating expenses.

Thousands of euros	2021	2020
Programme amortisation and other procurements	395,574	393,801
Staff costs	168,546	197,577
Other operating expenses	226,632	200,660
<b>Operating expenses</b>	<b>790,752</b>	<b>792,038</b>

**EBITDA** (Earnings before interest, tax, depreciation and amortisation): operating profit or loss plus amortisation and depreciation, impairment and gains/(losses) on disposals of non-current assets.

Thousands of euros	2021	2020
<b>Profit from operations</b>	<b>154,542</b>	<b>40,133</b>
Amortisation and depreciation	18,076	19,028
Impairment and gains/(losses) on disposals of non-current assets	(112)	15,101
<b>EBITDA</b>	<b>172,506</b>	<b>74,262</b>

**Net financial income/(loss):** finance costs and income (financial result) plus net gains or losses in changes in the value of financial instruments at fair value and exchange gains or losses.

**Working capital:** current assets minus current liabilities. This a financial measure of the operational liquidity available to the Group.

Thousands of euros	2021	2020
Current assets	854,819	762,387
Current liabilities	488,224	495,495
<b>Working capital</b>	<b>366,595</b>	<b>266,892</b>

Any ratios between the APMs can also be considered an alternative performance measure.

### Non-financial statement

In accordance with the provisions of article 49 of the Spanish Code of Commerce, the consolidated management report includes the 2021 the non-financial statement, which is published on the website of the Spanish National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)) and our corporate website ([www.atresmediacorporacion.com](http://www.atresmediacorporacion.com)).

### Annual corporate governance report

In accordance with article 538 of the Corporate Enterprises Act, the consolidated management report includes the 2021 Annual Corporate Governance Report, which is published on the website of the Spanish National Securities Market Commissions ([www.cnmv.es](http://www.cnmv.es)) and our corporate website ([www.atresmediacorporacion.com](http://www.atresmediacorporacion.com)).

### Annual report on director remuneration

In accordance with article 538 of the Spanish Code of Commerce, the consolidated management reports includes the 2021 Annual Report On Director Remuneration, which is published on the website of the Spanish National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)) and our corporate website ([www.atresmediacorporacion.com](http://www.atresmediacorporacion.com)).

The Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., at its meeting held on 23 February 2022, authorised for issue the consolidated financial statements and consolidated management report of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2021.

San Sebastián de los Reyes, 23 February 2022

José Creuheras Margenat  
Chairman

Silvio González Moreno  
Chief Executive Officer

Javier Bardají Hernando  
Director

Mauricio Casals Aldama  
Director

Marco Drago  
Director

Patricia Estany Puig  
Director

Carlos Fernández Sanchiz  
Director

Elmar Heggen  
Director

Rosa María Lleal Tost  
Director

Mónica Ribé Salat  
Director

Beatriz Roger Torres  
Director

Nicolas de Tavernost  
Director

**STATEMENT** issued for the record that, in accordance with article 253.2 of the Corporate Enterprises Act, the consolidated financial statements and consolidated management report (the latter of which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2021 were approved on 23 February 2022 with the agreement of all directors, as recorded in the minutes of the meeting, which were approved at that meeting and reflect the unanimous vote in favour of all members of the Board of Directors for their authorisation for issue and signed, as recorded in this document, by all the directors, except for Mr. Heggen, who attended the meeting by videoconference, and Mr. Drago, whose proxy and vote in favour of the approval of these documents was exercised by Mr. Fernández by express delegation, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as explained.



## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL REPORT

The members of the Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A. hereby state that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2021, authorised for issue at the meeting held on 23 February 2022 and prepared in accordance with the applicable accounting principles to give a true and fair view of the equity, financial position and results of Atresmedia Corporación de Medios de Comunicación, S.A. and of the companies included in the consolidation taken as a whole, and that the consolidated management report presents fairly the business performance and the results and position of Atresmedia Corporación de Medios de Comunicación, S.A. and of the companies included in the consolidation taken as a whole, and a description of the main risks and uncertainties they face.

San Sebastián de los Reyes, 23 February 2022

José Creuheras Margenat  
Chairman

Silvio González Moreno  
Chief Executive Officer

Javier Bardají Hernando  
Director

Mauricio Casals Aldama  
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Marco Drago  
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Elmar Heggen  
Director

Rosa María Lleal Tost  
Director

Mónica Ribé Salat  
Director

Beatriz Roger Torres  
Director

Nicolas de Tavernost  
Director

**STATEMENT** issued for the record that, at the meeting of the Board of Directors held on 23 February 2022, with the favourable vote of all directors, the consolidated financial statements and consolidated management report (the latter which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2021 were authorised for issue. The minutes of that meeting include the favourable and unanimous vote of all members of the Board of Directors for such authorisation for issue and their agreement with the statements of responsibility regarding their content, as signed by all of them in this document except Mr. Heggen, who attended the meeting via video conference, and Mr. Drago, whose proxy and favourable vote to approve these documents were exercised by Mr. Fernández through express delegation, in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as explained.