SECUOYA, GRUPO DE COMUNICACIÓN, S.A. AND SUBSIDIARY COMPANIES

Consolidated Annual Accounts and Consolidated Management Report as of December 31, 2023

Prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU)

SECUOYA, GRUPO DE COMUNICACIÓN, S.A. AND SUBSIDIARY COMPANIES
CONSOLIDATED ACCOUNTS AS PER 31ST OF DECEMBER 2023
(Euros)

ASSETS	NOTES	31st of December 2023	31st of December 2022
NON-CURRENT ASSETS		70,808,717	72,447,715
Intangible assets	5	17,494,711	15,943,093
Consolidation goodwill		1,134,368	1,134,368
Other intangible assets		16,360,343	14,808,725
Property, plant and equipment	6	18,976,496	19,417,325
Land and construction		1,940,520	1,787,794
Technical installations and other similar assetss		17,035,976	17,629,531
Usage rights	7	12,520,049	4,955,109
Investments accounted for using the equity method		2,134,434	2,196,817
Equity investments	9	2,134,434	2,196,817
Long-term financial investments	10.2	15,854,884	16,862,593
Third-party credits		2,783,860	2,719,966
Derivative financial instruments		–	2,900,500
Other financial assets		13,116,024	11,242,127
Deferred tax assets	18.5	3,825,702	3,777,519
Non-current commercial debtors	10.1	2,441	9,295,259
Clients by sales and services		–	9,292,728
Other debtors		2,441	2,531
CURRENT ASSETS		36,349,231	30,286,882
Non-current assets maintained for sales		1,720	1,831
Stock	11	1,772,900	795,416
Commercial debtors and other accounts payable		15,749,506	25,468,745
Clients by sales and services	10.1	14,702,840	24,130,659
Other debtors	10.1	100,964	86,805
Current assets	18.1	–	139,857
Other credits with Public Administration	18.1	945,702	1,111,424
Short-term financial investments	10.3	17,112,436	1,007,760
Short-term accruals		536,751	551,383
Cash and other equivalent liquid assets		1,148,918	2,461,747
TOTAL ASSETS		107,157,948	102,734,597

EQUITY AND LIABILITIES	NOTES	31st of December 2023	31st of December 2022
EQUITY		8,489,839	6,760,045
OWN FUNDS-	13	8,924,421	6,439,484
I. Capital		100,921	100,921
II. Share premium	13.1	2,489,717	2,489,717
III. Reserves	13.2	4,336,060	891,200
VI. Share and equity interests of parent company´s own stock	13.3	[633,127]	[677,008]
VII. Other contributions to partners		44,560	44,560
VI. Year result attributed to parent company		3,151,290	3,590,094
VII. Intermin dividend		[565,000]	–
ADJUSTMENTS FOR CHANGE IN VALUE		[946,132]	[455,868]
III. Other adjustments for change in value		[946,132]	[455,868]
GRANTS, DONATIONS AND TRIBUTES RECEIVED-	13.6	241,675	–
EXTERNAL PARTNERS	13.5	269,929	776,429
NON-CURRENT LIABILITIES		73,443,876	71,345,745
II. Long-term debts		72,458,312	69,876,612
Debts with loan companies	16.1	60,493,965	64,561,025
Lease liabilities	16.2	10,425,390	3,705,072
Other financial liabilities	16.1	1,538,957	1,610,515
IV. Deferred tax liabilities		985,564	1,469,133
CURRENT LIABILITIES		25,224,179	24,628,807
I. Liabilities related to non-current assets held for sale		1,779	1,776
III. Short-term debt		10,520,339	8,119,113
Debts with loan companies	16.1	6,190,065	5,831,072
Lease liabilities	16.2	2,492,234	1,588,189
Other financial liabilities	16.1	1,838,040	699,852
V. Commercial creditors and other accounts payable		14,541,690	16,107,694
Suppliers	16.3	9,479,063	11,608,445
Other creditors	16.3	521,356	438,153
Other debts with Public Administration	18.1	4,003,629	3,507,659
Rumeneration pending payment		537,642	553,437
VI. Short-term provisions		140,455	400,224
TOTAL EQUITY AND LIABILITIES		107,157,948	102,734,597

The Notes 1 to 23 described in the Consolidated Report attached form an integral part of the consolidated balance dated 31st of December 2023

SECUOYA, GRUPO DE COMUNICACIÓN, S.A. AND SUBSIDIARY COMPANIES
CONSOLIDATED ACCOUNTS AS PER 31ST OF DECEMBER 2023
(Euros)

	NOTES	31st of December 2023	31st of December 2022
Net total of business	**19.1**	**96,945,790**	**99,102,415**
Sales		7,105,412	8,917,324
Services		89,840,378	90,185,091
Variation of remaining products that have ended or in progress		**1,107,764**	**[1,242,540]**
Group work for own assets		**4,002,399**	**1,890,226**
Provisioning		**[25,437,390]**	**[28,316,824]**
Consumption of goods		[4,000,862]	[4,162,537]
Consumption of raw material and other consumables		[925,694]	[825,321]
Work carried out by other companies		[20,510,834]	[23,328,966]
Other operating income		**444,255**	**1,088,678**
Non-core and other current operating revenues		428,123	1,064,037
Operating grants incorporated into the annual account		16,132	24,641
Staff expenses		**[40,496,537]**	**[45,606,292]**
Salaries and similar		[33,102,624]	[37,198,289]
Social contributions		[7,364,983]	[8,408,003]
Provisions		[28,930]	_
Other operating expenses		**[12,741,973]**	**[12,643,526]**
Losses, deterioration and variation of provisions by commercial operations		[432,883]	[131,547]
Other expenses from current operations		[12,309,090]	[12,511,979]
Depreciation	**5, 6 and 7**	**[18,018,363]**	**[9,585,439]**
Imputation of subsidies for non-financial fixed assets and others		**2,900,178**	_
Impairment losses and income from disposal of fixed assets		**9,669**	**16,423**
Results from disposal and others	**5, 6 and 7**	9,669	16,423
Other results		**[546,210]**	**[244,148]**
OPERATING EARNINGS		**8,169,582**	**4,458,973**
Financial income		**375,437**	**464,398**
From negotiable value and other financial instruments		375,437	464,398
Financial expenses		**[6,944,292]**	**[4,763,007]**
Financial interest		[6,944,292]	[4,763,007]
Variation in reasonble value of financial instruments		**71,702**	**2,900,500**
Exchange rate differences		**285,865**	**159,674**
Impairment losses and income from disposal of financial instruments		**[30,509]**	**[341,333]**
FINANCIAL RESULT		**[6,241,797]**	**[1,397,768]**
Share of profit or loss of equity-accounted investees	**9**	**1,151,231**	**1,433,968**
RESULT BEFORE TAX		**3,079,016**	**4,495,173**
Tax on profit	**18.3**	**[266,775]**	**[969,792]**
RESULT FROM CONTINUING OPERATIONS		**2,812,241**	**3,525,381**
CONSOLIDATED RESULT		**2,812,241**	**3,525,381**
Result attributed to the parent company		**3,151,290**	**3,590,094**
Result attributed to external partners		**[339,049]**	**[64,713]**

The Notes 1 to 23 described in the Consolidated Report attached form an integral part of the consolidated losses and earnings accounts for 2023

SECUOYA, GRUPO DE COMUNICACIÓN, S.A. SUBSIDIARY COMPANIES
GLOBAL CONSOLIDATED ACCOUNTS AS PER 6 MONTH PERIOD ENDING ON 31ST OF DECEMBER 2021
(Euros)

	NOTES	31st of December 2023	31st of December 2022
Consolidated year result		**2,812,241**	**3,525,381**
Income and expenses recognised directly in equity			
- By valuation of financial instruments		**12,099**	**18,841**
- Grants, donations and tributes received		16,132	24,641
- Tax effect		[4,033]	[6,160]
- By cash flow hedges		**[490,264]**	**198,040**
TOTAL CONSOLIDATED INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		**[478,165]**	**216,521**
Transfers to consolidated losses and earning account			
- By valuation of financial instruments		[2,193,289]	[18,481]
- Grants, donations and tributes received		[2,916,310]	[24,641]
- Tax effect		723,021	6,160
TOTAL TRANSFERS TO THE CONSOLIDATED LOSSES AND EARNINGS ACCOUNT		**[2,193,289]**	**[18,481]**
TOTAL RECOGNISED INCOME AND EXPENSES		**140,787**	**3,723,421**
Total income and expenses attributed to parent company		479,836	3,788,134
Total income and expenses attributed to external partners		[339,049]	[64,713]

The Notes 1 to 23 described in the Consolidated Report attached form an integral part of the consolidated losses and earnings accounts for 2023

SECUOYA, GRUPO DE COMUNICACIÓN, S.A. AND SUBSIDIARY COMPANIES
CHANGES OF CONSOLIDATED EQUITY AS PER 6 MONTH PERIOD ENDING ON 31ST OF DECEMBER 2021

(Euros)

	Capital	Share premium (Note 11.1)	Other contributions to partners	Reserves (Note 11.1)	Shares and participations in own equity and parent companies (Note 11.3)	Adjustments value change	Grants and donations (Note 11.4)	Result of year attributed to Parent Company (Note 15.3)	Interim dividend	External partners (Note 15.4)	Total Equity
STARTING BALANCE 2022	**100,921**	**2,489,717**	**44,560**	**(744,944]**	**[657,562]**	**[653,908]**	_	**747,008**	_	**1,513,141**	**2,838,933**
Total recognised income and expenses as per 31st of Decemeber 2022	_	_	_	_	_	198,040	_	3,590,094	_	[64,713]	3,723,421
Operations with partners	_	_	_	[1,659]	[19,446]	_	_	_	_	_	[21,105]
- Operations with shares or participations of the parent company (net)	_	_	_	[1,659]	[19,446]	_	_	_	_	_	[21,105]
Other variations in equity	_	_	_	747,008	_	_	_	[747,008]	_	_	_
Other variations in equity	_	_	_	890,794	_	_	_	_	_	[671,998]	218,796
FINAL BALANCE 2022	**100,921**	**2,489,717**	**44,560**	**891,199**	**[677,008]**	**[455,868]**	_	**3,590,094**	_	**776,430**	**6,760,045**
STARTING BALANCE 2023	**100,921**	**2,489,717**	**44,560**	**891,199**	**[677,008]**	**[455,868]**	_	**3,590,094**	_	**776,430**	**6,760,045**
Total recognised income and expenses as per 31st of Decemeber 2022	_	_	_	_	_	[490,264]	[2,181,290]	3,151,290	_	[339,049]	140,787
Variations in perimetre	_	_	_	8,872	_	_	2,422,865	_	_	_	2,431,737
Operations with partners	_	_	_	[49,932]	43,881	_	_	_	(565,000]	[167,452]	[738,503]
- (-) Distribution of dividends (Note 3)	_	_	_	_	_	_	_	_	(565,000]	_	[565,000]
- Operations with shares or participations of the parent company (net)	_	_	_	[49,932]	43,881	_	_	_	_	_	[6,051]
Acquisitions (sales) of participations from external partners	_	_	_	_	_	_	_	_	_	[167,452]	[167,452]
Other variations in equity	_	_	_	3,590,094	_	_	_	[3,590,094]	_	_	_
Other variations in equity	_	_	_	[104,173]	_	_	_	_	_	_	[104,173]
FINAL BALANCE 31/12/2023	**100,921**	**2,489,717**	**44,560**	**4,336,061**	**[633,127]**	**[946,132]**	**241,675**	**3,151,290**	**[565,000]**	**269,929**	**8,489,893**

The Notes 1 to 23 described in the Consolidated Report attached form an integral part of the total changes in consolidated equity accounts for 2023

SECUOYA, GRUPO DE COMUNICACIÓN, S.A. AND SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT AS PER 31ST OF DCECEMBER 2023
(Euros)

	NOTES	31st of December 2023	31st of December 2022
CASH FLOW FROM OPERATING ACTIVITIES		**22,643,335**	**[1,558,626]**
Result before tax		**3,079,016**	**4,495,173**
Adjustments to result:		**19,441,911**	**9,623,887**
(+) Depreciation	**5,6 and 7**	18,018,363	9,585,439
(+/-) Impairment losses		452,799	130,871
(+/-) Recognition of grants		[2,900,178]	_
(-) Financial income		[447,139]	[6446,398]
(+) Financial expenses		6,944,292	4,763,007
(+/-) Participation in profit (losses) of equity accounted investees	**8**	[1,151,231]	[1,433,968]
(+/-) Variation of reasonble value with changes to results in financial instruments		[71,702]	[2,900,500]
(+/-) Impairment and result from disposals of fixed assets	**5,6 and 7**	[9,664]	[16,423]
(+/-) Other income and expenses		[1,107,764]	141,859
Changes in current capital		**10,222,045**	**[8,201,182]**
(+/-) Stock		[977,484]	1,095,242
(+/-) Debts and other accounts receivable		9,387,849	[2,870,058]
(+/-) Other current assets		[12,369]	3,127,217
(+/-) Creditors and other accounts payable		[6,809,001]	[21,123]
(+/-) Other current liabilities		8,633,049	[9,532,459]
Other cash flow from operating activities		**[10,099,637]**	**[7,476,504]**
(-) Interest payments		[6,732,802]	[4,562,853]
(+) Interest receivable		375,437	646,398
(+/-) Tax receivable (payments)		[1,604,110]	[747,974]
(+/-) Other payments/receivables from operations		[2,138,495]	[2,812,075]
CASH FLOW FROM INVESTMENT ACTIVITIES		**[21,384,495]**	**[22,405,145]**
Payments from investments		**[24,625,631]**	**[24,801,367]**
(-) Group and associated companies		[15,999,375]	[8,744,324]
(-) Intangible assets		[4,276,505]	[7,239,422]
(-) Tangible assets		[4,408,245]	[7,225,178]
(-) Other financial assets		_	[1,592,443]
Proceeds from divestments		**3,241,136**	**2,396,222**
(+) Tangible assets		300,963	1,072,276
(+) Non-current assets maintained for sales		2,940,173	1,323,946
CASH FLOW FROM FINANCING ACTIVITIES		**[2,643,370]**	**23,460,438**
Payments and receivables from equity		**43,881**	**[19,444]**
(-) Acquisition of equity from parent company		**43,881**	**[19,444]**
Payments and receivables from liabilities		**[2,404,751]**	**23,479,882**
(+) Issuance		[2,404,751]	**23,479,882**
Payments from dividends and remunerations of other equity instruments		**[282,500]**	
INCREASE/(DECREASE) NET CASH OR EQUIVALENT		**[1,384,530]**	**[503,333]**
CASH AND EQUIVALENT AT START OF PERIOD		**2,461,747**	**2,965,080**
CASH AND EQUIVALENT AT END OF PERIOD		**1,077,217**	**2,461,747**

The Notes 1 to 23 described in the Consolidated Report attached form an integral part of the consolidated cash flow statement for 2023

1. Group Activity

Secuoya, Grupo de Comunicación, S.A. (hereinafter Secuoya Grupo de Comunicación or the Parent Company) and its Subsidiaries (hereinafter the Group or Secuoya Group) form a consolidated group of companies that mainly operates in the audiovisual and marketing sectors.

On May 31, 2011, the General Meeting of Shareholders of the Parent Company approved its transformation into a Sociedad Anónima (Public Limited Company), a necessary requirement to be listed on BME Growth, where its shares started trading in July 2011.

The Parent Company of the Group is Secuoya, Grupo de Comunicación, S.A., established on December 11, 2007, in Spain in accordance with the Companies Act. According to its bylaws, the purpose of the Company is the holding of social participations and the management, administration, and advisory of companies in the communication sector, as well as the lease of industrial real estate. Its registered office is located at C/ Gran Vía de Colón nº 12 3ºB, Granada, and it deposits its annual accounts in the Mercantile Registry of Granada.

Continuing with its operations in the audiovisual sector, the Group participated in a public tender as established by the order dated March 31, 2014, of the Autonomous Community of the Region of Murcia, where the Administrative Clauses were approved and the initiation of the adjudication procedure of the contract "Indirect Management of the Public Service of audiovisual television communication of the Autonomous Community of the Region of Murcia" was ordered. Through the Council of Government Agreement of March 28, 2014, the celebration of the contract was authorized.

The award was agreed upon by Order of the Honorable Minister of Economy and Finance of the Autonomous Community of the Region of Murcia on February 9, 2015, confirmed by Resolution No. 248/2015 of the Central Administrative Court of Contractual Resources of March 13, 2015, in favor of a Group company. This contract started generating income for the Group since June 2015 and was valid until April 2020, after being renewed during the 2016 fiscal year. This contract definitively ended in April 2022.

On May 1, 2022, the new award of the contract "Indirect Management of the Public Service of audiovisual television communication of the Autonomous Community of Murcia" was launched, which was again awarded to the Group's subsidiary, CBM Servicios Audiovisuales, S.L.U., for a period of 5 years from the date of signing the new contract.

On May 24, 2018, the Group, through its Chilean subsidiary Secuoya Producciones Chile, SPA, reached a commercial agreement with Canal 13 tv, through which they provide technical and production services, as well as support and maintenance services for the technological platforms of Canal 13 tv, for a term of 10 years.

The remaining companies of the Group mainly engage in activities related to production, exploitation, and services in the audiovisual sector.

The Parent Company is required to prepare, in addition to its individual annual accounts, the consolidated annual accounts of the Group. Given the activities carried out by the Group's companies, they do not have environmental responsibilities, expenses, assets, provisions, or contingencies that could be significant in relation to the assets, financial position, and results of the Group of Companies. For this reason, specific disclosures regarding these matters are not included in this consolidated annual accounts report.

2. Presentation basis for annual consolidated accounts

2.1. Presentation basis

The consolidated annual accounts have been prepared based on the accounting records maintained by the Parent Company and the other entities within the Group, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

In the preparation of the consolidated annual accounts, all accounting principles and mandatory valuation criteria that have a significant effect have been taken into consideration, as well as the alternatives permitted by the regulations. This ensures that they present a true and fair view of the Group's assets, financial position as of December 31, 2023, the results of its operations, changes in equity, and consolidated cash flows for the year ended on that date.

However, since the accounting principles and valuation criteria applied in the preparation of the consolidated annual accounts for the year 2023 (EU-IFRS) differ from those used by the entities included in the Group (Spanish General Accounting Plan, PGC), the consolidation process has included the necessary adjustments and reclassifications to harmonize these principles and criteria and to adapt them to EU-IFRS. In addition to those established by International Financial Reporting Standards adopted by the EU (EU-IFRS), all requirements set out in the Commercial Code and the Companies Act have been applied in these consolidated annual accounts, as well as other aspects that may be applicable under current Spanish accounting regulations.

The consolidated annual accounts for the year 2023 were formulated by the Directors of the Parent Company at a meeting of its Board of Directors held on March 21, 2024. The consolidated annual accounts and the individual annual accounts of the Group Companies for the year 2023, formulated by the respective Directors of the companies, will be submitted for approval at the corresponding Ordinary General Shareholders' Meetings, and it is estimated that they will be approved without any modification.

The consolidated annual accounts for the year 2022, approved by the Ordinary General Shareholders' Meeting on May 4, 2023, which are included for comparative purposes, were also prepared in accordance with EU-IFRS in the same manner as those for the year 2023.

With the exception of the new standards described in section 1 of this Note, the remaining accounting policies and principles used in the preparation of these consolidated annual accounts are the same as those applied in the consolidated annual accounts for the year 2022.

2.1.1. New accounting standards

During the 2023 financial year, the following Standards and interpretations have come into effect:

New rules, modifications and interpretations:		Obligatory application for years
Modifications and/or interpretations		
Amendment to IAS 1 Presentation of Financial Statements (published in February 2021)	Modifications that allow for entities to adequately identify information on accouting policies that must be presented in financial statements	1st of January 2023
Amendment to IAS 8 Definition of accounting estimate (published in February 2021)	Modifications and clarifications on what is deemed a change to an accounting estimate	
Amendment to IAS 12 Deferred taxes arising from assets and liabilities resulting from a single transaction (published in May 2021)	Clarifications on how entities must register deffered tax generated from operations such as leases and decommissioning obligations	
New rules		
IAS 17 Insurance contracts and amendments (published in May 2017 and the amendments in June 2020)	Replaces IAS 4 and underlines principles on recording taxes, valuation, presentation and insurance contract breakdown	1st of January 2023
Awaiting approval for use in EU upon this report being written		
Modifications and/or interpretations		
Amendment to IAS 12 tax reform and Pillar 2 model rules	This modification introduces an obligatory temprorary waiver recognising deferred tax from IAS 12, related to the current international tax model from Pillar 2. Also includes additional requirements of breakdowns.	1st of January 2023

The application of these modifications has not had a significant impact on the current consolidated annual accounts.

The new standards, amendments, and interpretations that will be mandatory for subsequent financial years after the current year are:

New rules, modifications and interpretations:		Obligatory application for years starting:
Approved for use in the EU		
Modifications and/or interpretations		
Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback Transaction	This modification clarifies the previous accounts´ lease liabilities that arise from sales transactions and posterior leasing	1st of January 2024
Not yet approved for use in the EU at time of this report being written		
Modifications and/or interpretations		
Amendment to IAS 1, classification of liabilities as current or non-current (published in January 2020)	Clarifications on the presentation of liabilities being current or non-current	1st of January 2024
Modification to IAS 7 and IFRS 7, Finance agreeemnts with suppliers	This modification introduces the requirements to provide specific information on financial agreements with suppliers and their effects on liabilities and cash flow of the business, including liquidity risk and associated risk management.	
Modification to IAS 21	This modification establishes a focus on specifics when a currency can be exchanged for another and if not, the type of currency to be used in such case.	1st of January 2025

Based on the analyses conducted to date, the Group estimates that the application of these standards and amendments will not have a significant impact on the consolidated financial statements in the initial application period.

2.2. Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. Additionally, the Directors have prepared these consolidated annual accounts taking into consideration all mandatory accounting principles and standards that have a significant effect on these consolidated annual accounts.

2.3. Responsibility for the information, significant estimates and judgments in the application of accounting policies.

The information contained in these consolidated annual accounts is the responsibility of the Directors of the Parent Company. In these consolidated annual accounts of the Group for the year 2023, estimates have occasionally been used to quantify certain assets, liabilities, revenues, expenses, and commitments recorded in them.

Effectively, these estimates mean that:

- The Group conducts an annual impairment test of goodwill and indefinite-lived intangible assets. Determining the recoverable amount of the cash-generating units (CGUs) to which these assets are allocated involves the use of estimates. The recoverable amount is the higher of fair value less costs of disposal or value in use. For the determination of value in use, the Group generally uses discounted cash flow methods.

  Cash flow calculations are based on five-year projections of budgets approved by the Group, which consider past experience and represent the best estimate of future market trends.

  Cash flows beyond the fifth year are extrapolated using specific growth rates for each Cash Generating Unit. Key assumptions for the valuation include growth rates, weighted average cost of capital, and tax rates in force at the time. The estimates, including the methodology used, can have a significant impact on the impairment loss and value (see Note 4.5).

- The fair value of certain financial assets: To determine the fair value of financial instruments when there is no active market price, the Directors of the Parent Company have made estimates through a valuation model or technique consistent with accepted methodologies used in the market for pricing, maximizing the use of observable market data (see Note 4.8.3).

- The estimation of the useful life of certain intangible and tangible assets is subject to a high degree of subjectivity, but is based on industry knowledge from past experience and market reports. Notes 4.3 and 4.4 indicate the useful lives considered for each type of intangible and tangible asset. The Group periodically reviews the useful life of its assets to reflect physical reality, and the modification made in the 2022 fiscal year was based on the accumulated experience of the management of the Parent Company in operating the Group's older assets. In this regard, during the 2022 fiscal year, the Group's management re-estimated the useful life of the items recorded under "Technical facilities and other assets" to align it with the period in which these assets contribute to revenue generation within the Group, which is now estimated to be 10 years. The Group's management recognized this change in estimation prospectively (see Note 4.4). The impact of this change in useful life resulted in lower depreciation expense in the consolidated income statement amounting to €1,045,207.

- The rights to third-party production programs capitalized under intangible assets for exploitation rights for a limited period of time will be recognized in income over the duration of the licenses. Additionally, an annual analysis will be conducted on their recoverability and valuation, adjusting their value based on the conclusions drawn from this analysis (see Note 4.3 and 4.5).

- The impairment provision for bad debts of customers and the review of individual balances based on the credit quality of customers, current market trends, and historical analysis of insolvencies at an aggregate level (see Note 4.8.7).

- The Group assesses the recoverability of tax credits based on estimated taxable income from the tax business plan of the tax group of which the Parent Company is the head, and based on periods considered reasonable and the tax regulations in force at each moment (see Note 4.10). In this regard, the Directors of the Parent Company have taken into account in their assessment of the recoverability of tax credits the ruling of the Constitutional Court dated January 18, 2024, on Royal Decree-law 3/2016 referenced in Note 18.5, which in their opinion implies a retroactive nullity of the Royal Decree-law since its publication in 2016. Therefore, the modifications to Corporate Tax ruled and declared null under that ruling would never have been in force. This interpretation assumes that as of December 31, 2023, the nullity of these articles can be considered when evaluating the accounting treatment to be applied regarding the recognition of current and deferred tax assets and liabilities.

- The Group is subject to regulatory and legal processes. If it is probable that an obligation will result in an outflow of resources at the end of the year, a provision is recognized if the amount can be reliably estimated. Legal processes typically involve complex issues and substantial uncertainties. As a result, the Directors exercise significant judgment in determining whether it is probable that the process will result in an outflow of resources and in estimating the amount, based on criteria established by various expert advisors in the subject under analysis (see Note 4.10 and Note 18).

Although these estimates were made based on the best available information as of December 31, 2023, regarding the events analyzed, future events may require modifications (upward or downward) in upcoming periods. If necessary and in accordance with what is established in IAS 8, such changes would be made prospectively, recognizing the effects of the change in estimation in the corresponding consolidated income statements of the affected periods.

At the end of the fiscal year, the Group has a positive working capital of €11,125 thousand (€5,658 thousand in 2022).

Relevant judgments in the application of accounting policies

The Group considers that it maintains control over an investee when it has the sufficient ability to establish financial and operational policies, allowing it to obtain benefits from its activities. Conversely, it does not have control over associated entities with a percentage equal to or less than 50% because, through social agreements, it does not have the power to intervene in the financial and operational policy decisions of the associated entity.

2.4. Information comparison

The information contained in these consolidated annual accounts for the year 2022 is presented solely and exclusively for comparative purposes with the information relating to the annual period ended December 31, 2023.

2.5. Changes in accounting criteria

There have been no changes to accounting criteria during the financial years of 2023 and 2022.

2.6. Aggregation of items

Certain items in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated statement of cash flows are presented in aggregated form to facilitate understanding. However, significant disaggregated information has been included in the respective notes to the consolidated financial statements.

2.7. Functional currency

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group.

3. Distribution of the Parent Company result

The proposal for the distribution of the 2023 fiscal year results, formulated by the Administrators of the Parent Company and to be submitted for approval by the General Shareholders' Meeting, is as follows:

BASIS OF DISTRIBUTION	AMOUNT
Earnings and loss account balance	2,457,192.30
Total	2,457,192.30

DISTRIBUTION	AMOUNT
Voluntary reserve	1,892,192.30
Interim dividends	565,000.00
Total	2,457,192.30

The Board of Directors of the Parent Company, in its meeting held on December 11, 2023, agreed to distribute, as an interim dividend from the Parent Company's 2023 fiscal year results, a total amount of 565,000 euros, which is recorded under the "Interim Dividend" heading of Equity in the consolidated balance sheet.

The provisional financial statement, formulated in accordance with legal requirements, which demonstrates the existence of sufficient liquidity for the distribution of dividends, was as follows:

CASH FLOW STATEMENT FOR THE PAYMENT OF THE 2023 ACCOUNTS FOR SECUOYA GRUPO DE COMUNICACIÓN S.A.

Distribution limit of dividends	**Euros**
Profit from 1st Jan to 31st of Oct 2023	1,668,682
Share premium	2,489,717
Voluntary reserves	9,510,227
Estimation of corporate income tax expenses	[141,383]
Maximum possible distribution amount	13,527,244
Amount proposed as dividend to the account	565,000
Gross amount of interim dividend	565,000

CASH FLOW STATEMENT FOR THE PAYMENT OF THE 2023 ACCOUNTS

	Euros
Liquidity for the 11th of December 2023	**1,853,169**

The distribution of the Parent Company's profits for the fiscal year ended December 31, 2022, approved by the General Shareholders' Meeting on May 4, 2023, was as follows:

BASIS OF DISTRIBUTION	AMOUNT
Earnings and loss account balance	147,490.55
Total	147,490.55

DISTRIBUTION	AMOUNT
Voluntary reserve	147,490.55
Total	147,490.55

4. Rules for recognition and measurement

The main measurement rules used in the preparation of the Group's consolidated financial statements, in accordance with the requirements of IFRS-EU, are as follows:

4.1. Principles of consolidation

4.1.1. Subsidiaries

The subsidiaries included within the scope of consolidation are detailed in Annex I.

Subsidiaries in which the Group holds control are consolidated using the full integration method, incorporating all their assets, liabilities, income, expenses, and cash flows into the consolidated financial statements. This is done after adjusting to align the accounting policies used with those of the Group and making the necessary adjustments and eliminations for intragroup transactions.

The consolidation of results generated by subsidiaries acquired during a fiscal year is done by considering only those related to the period between the acquisition date and the end of that fiscal year.

4.1.2. Joint operations and business

In accordance with IFRS 11, a joint venture is a type of joint arrangement in which the parties have joint control over the rights to the net assets of the joint venture. A fundamental characteristic of joint arrangements is the existence of two or more parties that share control of an entity. Joint control is the contractual agreement to share control, and it exists only when decisions about relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are consolidated using the equity method.

A detail of the joint ventures is as follows:

Company Name	Location	Service	Holding Company	2023 percentage	2022 percentage
CBM SERVICIOS AUDIOVISUALES S.L.U. -BIENVENIDO GIL, S.L. -ANCORA SERVICIOS UTE	Granada	Technical Services	CBM SERVICIOS AUDIOVISUALES, S.L.	80%	80%
CBM SERVICIOS AUDIOVISUALES S.L.U.-ANCORA SERVICIOS UTE CULTURALES UTE	Granada	Technical Services	CBM SERVICIOS AUDIOVISUALES, S.L.	80%	80%
CBM SERVICIOS AUDIOVISUALES S.L.U.-ANCORA SERVICIOS UTE CULTURALES UTE II	Granada	Technical Services	CBM SERVICIOS AUDIOVISUALES, S.L.	80%	80%
CBM SERVICIOS AUDIOVISUALES S.L.U.-ANCORA SERVICIOS UTE CULTURALES UTE III	Granada	Technical Services	CBM SERVICIOS AUDIOVISUALES, S.L.	80%	80%
PARLEM PRODUCCIONES SL-EFECTO GLOBAL S.L.U. UTE	Barcelona	Marketing	SECUOYA NEXUS, S.L.	100%	100%
VITEL SA TV SIETE PRODUCTORA DE VIDEO SLU VIDEOIMAGEN TV ASTURIAS SL B&S BROADCAST CORPORATION	Granada	TV Services	CBM SERVICIOS AUDIOVISUALES, S.L.	42.50%	42.50%
VITEL SA TV SIETE PRODUCTORA DE VIDEO SLU VIDEOIMAGEN TV ASTURIAS SL B&S BROADCAST CORPORATION II	Granada	TV Services	CBM SERVICIOS AUDIOVISUALES, S.L.	42.50%	42.50%
VITEL SA TV SIETE PRODUCTORA DE VIDEO SLU VIDEOIMAGEN TV ASTURIAS SL B&S BROADCAST CORPORATION III	Granada	TV Services	CBM SERVICIOS AUDIOVISUALES, S.L.	45%	145%

4.1.3 Associated entities

The participation in associated entities, in which Secuoya Grupo de Comunicación, S.A. or its subsidiaries do not exercise control but have the ability to exert significant influence over their management, typically through agreements with other shareholders, is accounted for using the equity method. Under this consolidation method, the investment is initially recorded at cost, including any goodwill arising from the acquisition, and subsequently adjusted based on changes in their net assets, proportionate to the Group's ownership percentage. The Group's share of the results from these entities, net of their tax effects, is included in the "Result from entities valued by the equity method" line of the consolidated income statement, and any dividends received from these entities, if applicable, are deducted from the carrying value of the investment.

Details of associated entities can be found in Annex II.

4.1.4 Minority interests

Minority interests in subsidiaries acquired from the date of first consolidation are recognized at the acquisition date for their share of the fair value of identifiable net assets.

Minority interests in subsidiaries acquired before the date of first consolidation are recognized based on their share of the equity of these subsidiaries at the date of first consolidation. External partners are presented in the equity section of the consolidated financial statements separately from the equity attributable to the Parent Company. The share of external partners in the profits or losses for the period is also presented separately in the consolidated statement of comprehensive income.

The Group's and minority interests' share in the profits or losses and changes in equity of subsidiaries, after adjustments and eliminations from consolidation, is determined based on their ownership percentages at the end of the reporting period, without considering potential exercise or conversion of potential voting rights.

Results, income, and expenses recognized in the equity of subsidiaries are allocated to equity attributable to the Parent Company and external partners in proportion to their ownership interests, even if this results in a deficit balance for external partners.

4.1.5 Transactions between companies included in the consolidation perimetre

In the consolidation process, balances, transactions, and results between consolidated entities through full integration have been eliminated.

4.1.6 Homogenisation of ítems

The accounting principles and procedures used by the Group companies have been standardized in order to present the consolidated financial statements on a homogeneous valuation basis.

4.1.7 Conversion of financial statements into foreign currency

The conversion to euros of foreign operations integrated in the consolidated financial statements, whose functional currency is not that of a country with hyperinflationary economy, has been carried out using the following criteria:

- Assets and liabilities, including goodwill and adjustments to net assets from the acquisition of businesses, are converted at the closing exchange rate of the consolidated balance sheet.

- Revenues and expenses are converted at the exchange rates prevailing at the transaction dates using the average exchange rate for the period.

- Exchange differences resulting from the application of the above criteria are recognized as foreign currency translation differences in the consolidated equity.

In the presentation of the consolidated statement of cash flows, cash flows from foreign operations have been converted into euros by applying the exchange rates according to the criteria described earlier.

Translation differences related to foreign operations recorded in consolidated equity are recognized in the consolidated income statement at the time of disposal or other disposal of the investment. Disposal may occur through liquidation, withdrawal of investment, or abandonment. Payment of a dividend constitutes a disposal to the extent it represents a return of the investment.

Exchange differences arising from monetary items that are part of the net investment in foreign operations integrated into the consolidated financial statements are recorded as translation differences in consolidated equity accounts. Monetary items that are part of the net investment in foreign operations are those other than trade items, whose settlement is not planned or likely to occur in the foreseeable future.

Changes to the consolidation scope

The changes in the existing consolidation scope as of December 31, 2023, and December 31, 2022, were as follows:

<u>Year 2023</u>

- On February 1, 2023, the Parent Company of the Group revoked the shareholders' agreements signed with a third party for the management of Montecristo La Serie, S.L., thereby gaining control over the company. Montecristo La Serie, S.L. is now consolidated using the full consolidation method instead of the equity method.

- On February 7, 2023, the Parent Company of the Group established Secuoya International Talent, INC, domiciled in the USA, holding 100% of the share capital.

- On February 9, 2023, the Group's subsidiary, Secuoya Studios, S.L., together with an external partner, established Secuoya Studios Stories, S.L. with an 80% ownership.

- On June 29, 2023, the Group's subsidiary, Vnews Agencia de Noticias, S.L., sold its shares in Gestión Audiovisual de Canarias, S.L. for an amount of 52,310 euros, resulting in a profit of 5,169 euros from this transaction.

- On December 29, 2023, the Group's subsidiary, Secuoya Studios, S.L., acquired an additional 5% stake in its subsidiary Secuoya Ficción, S.L.

Based on the partnership agreements adopted, the Administrators of the Parent Company have determined that there is overall control over these companies, and therefore they are integrated by full consolidation.

Additionally, the Parent Company and other subsidiaries of the Group have formed the following companies with external partners. Based on the formalized partnership agreements, the Administrators of the Parent Company have considered that there is joint control over them:

- On January 17, 2023, the Group's subsidiary Bienvenido Gil, S.L. formed a Joint Venture (UTE) named "Crambo, S.A. - Bienvenido Gil, S.L. Temporary Consortium." The ownership structure of this UTE is shared between Bienvenido Gil, S.L. and an external partner.

- On February 22, 2023, the Group's subsidiary Secuoya Ficción, S.L. established the associated company Terra Alta la Serie, S.L. with a 95% ownership stake.

- On April 28, 2023, the Group's subsidiary Secuoya Contenidos, S.L. formed a Joint Venture (UTE) named "Cambio de Imagen, S.L. - Secuoya Contenidos, S.L. Temporary Consortium" with a 50% ownership.

- On May 23, 2023, the Group's subsidiary Secuoya Studios, S.L. established the associated company Lentisco Producciones, S.L. with a 95% ownership.

- On September 25, 2023, the Group's subsidiary Secuoya Studios Stories, S.L. established the associated company Hermosa y Valiente la Serie, with a 95% ownership.

- Also on September 25, 2023, the Group's subsidiary Secuoya Ficción, S.L. established the associated company Los 39 la Serie, S.L. with a 95% ownership.

Year 2022

- On March 10, the Group's subsidiary Secuoya Ficción, S.L. established the associated company Montecristo la Serie, S.L. with an external partner.

- On March 10, the Group's subsidiary Secuoya Ficción, S.L. established the associated company Zorro la Serie, S.L. with an external partner.

- On March 10, the Group's subsidiary Secuoya Studios Services, S.L.U. established the associated company Baobab Producciones Audiovisuales, S.L. with an external partner.

- On June 23, the Group's subsidiary Secuoya Studios Services, S.L.U. established the associated company Secuoya Production Services Holding, S.L. with an external partner.

Based on the partnership agreements adopted, the Administrators of the Parent Company have determined that there is joint control over the following entities:

- On December 14, a merger process was completed between Cbm Servicios Audiovisuales, S.L.U. (absorbing entity) and Festival Capitulo 1, S.L.U. and Wikono, S.L.U. (absorbed entities), all subsidiaries of the Parent Company of the Group.

4.2. Financial information by segment

A business segment is a group of assets and operations responsible for providing products or services subject to risks and returns that are different from those of other business segments.

A geographic segment is responsible for providing products or services in a specific economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Each defined segment incurs directly assigned costs. Each geographic area has its own functional structure. Regarding activity segments, there are some costs from the functional structure that are common and are allocated based on time spent or utilization rate.

4.3. Intangible assets

As a general rule, intangible fixed assets are initially valued at acquisition cost or production cost. Subsequently, they are valued at cost less accumulated amortization and, if applicable, any impairment losses incurred. These assets are amortized based on their useful life, except for goodwill, which is considered to have an indefinite useful life.

a) Goodwill in consolidation:

Goodwill generated in consolidation represents the excess of the acquisition cost, plus minority interests, plus the fair value of any previously held equity interest in the acquired entity, over the Group's share of the fair value of identifiable assets and liabilities of a subsidiary at the acquisition date.

The valuation of the acquired assets and liabilities is initially performed at the date of acquisition of control of the entity, and is reviewed within a maximum period of one year from the acquisition date, until the fair value of the assets and liabilities is definitively determined. The difference between the acquisition cost and the fair value of the acquired items is initially recorded as goodwill.

Goodwill acquired from January 1, 2004, is maintained at its acquisition cost, and goodwill acquired before that date is maintained at its net carrying amount as of December 31, 2003. In both cases, at each financial year-end, an assessment is made to determine if there has been any impairment that reduces their recoverable amount to below their net carrying amount, and if so, the impairment loss is recognized in the consolidated income statement under 'Impairment losses on intangible assets'.

For these purposes, goodwill resulting from a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs of the Group that are expected to benefit from the synergies of the combination.

Impairment losses related to goodwill are not subsequently reversed.

b) Other tangible assets

Investigation and development

Costs related to research activities are recognized as an expense as they are incurred.

Costs related to development activities are capitalized to the extent that:

- They are specifically identified by project and their cost can be reliably measured so that it can be distributed over time.
- There are reasonable grounds to believe in the technical success and economic profitability of the project.
- The asset is expected to generate sufficient economic benefits.
- The Group has the technical and financial (or other) resources to complete the development of the asset (or to use it internally), and has developed budgetary control and analytical accounting systems that allow tracking of budgeted costs, changes made, and costs actually attributed to different projects.

The cost of assets generated internally by the Group is determined following the same principles as those established for the cost of production of inventories. Capitalization of production costs is carried out by crediting the costs attributable to the asset to accounts under the heading "Work performed by the Group on its own assets" in the consolidated income statement.

Costs incurred in activities where it is not possible to clearly distinguish costs attributable to the research phase from those attributable to the development phase of intangible assets are charged to the consolidated income statement.

Internally generated assets are amortized on a straight-line basis over their useful life (up to a maximum of 5 years).

Licences, trademarks and patents

In this account, the amounts paid for the acquisition of property or the right to use different manifestations thereof are recorded, or for expenses incurred in the registration of those developed by the Group. Industrial property is amortized on a straight-line basis over its estimated useful life, which has been estimated at 10 years.

All costs incurred by the Group for the acquisition and launch of the Regional Television of the Region of Murcia have been recorded under licenses. Costs related to the Regional Television of Murcia are amortized on a straight-line basis over the duration of the contract.

IT applications

Acquisition and development costs incurred by third parties in relation to the basic computer systems in the Group's management are recorded under the heading "Other intangible assets" in the consolidated balance sheet.

The costs of maintaining computer systems are charged to the consolidated income statement for the year in which they are incurred.

Amortization of computer applications is done on a straight-line basis over a period of four years from the start of operations of each application.

Audiovisual productions (rights)

Under this heading, the Group records costs incurred in the production of audiovisual productions or the acquisition of rights from third parties. The amount recorded includes production costs incurred, remunerations paid to co-producers, as well as costs for their launch and initial marketing.

Amortization of productions begins from their commercial release or from the date of obtaining the qualification certificate. Annual amortization of each audiovisual production is done on an accelerated basis, considering its commercial cycle estimated by the Group to be a maximum of ten years. This ensures that at the end of each financial year, the percentage amortized up to that date approximately matches the percentage that the revenues generated up to that point represent relative to the current value of total estimated revenues for that period.

The Group follows the policy of making appropriate provisions for the net book values of these audiovisual productions in cases where it deems necessary based on future commercialization expectations.

The Group also records in this account the costs incurred in the acquisition and development of "demos" for the future generation of audiovisual products. These costs are capitalized at their acquisition or development cost. These costs are capitalized when the following conditions are met:

- They are specifically identified and their cost can be clearly established.
- There are reasonable grounds to believe in the technical success and economic-commercial profitability of the demos.

Audiovisual productions (usage rights)

Under this heading, the acquired exploitation rights of audiovisual productions (films, series, and other similar productions) for a specific period of time are recorded. These rights are recognized at their acquisition cost. Such rights are considered acquired from the start of the license period for the Group.

Annual amortization of each audiovisual production is carried out according to the license period acquired (see note 2.3).

Intangible assets acquired in business combinations

The cost of identifiable intangible assets acquired in business combinations, including projects of research and development in progress, is their fair value, except for the exceptions provided in the business combinations section. Subsequent costs related to research and development projects are recognized in accordance with the provisions for internally generated intangible assets.

Other intangible assets

It basically includes amounts for costs specifically incurred for the acquisition of certain international projects and for certain technical engineering projects. They are amortized on a straight-line basis over the duration of the associated projects.

4.4. Property, plant and equipment

Property, Plant, and Equipment (PPE) are initially valued at purchase cost or production cost, and subsequently reduced by accumulated depreciation and impairment losses, if any, in accordance with the criteria mentioned in Note 4.5.

Substitutions or renewals of entire elements that increase the useful life of the asset or its economic capacity are recorded as higher PPE, with the consequent accounting removal of the replaced or renewed elements.

Periodic maintenance, conservation, and repair expenses are expensed in the period in which they are incurred, following the accrual principle, as costs of the period.

Installations and equipment are recorded at cost less accumulated depreciation and any recognized impairment losses.

Depreciation is calculated on a straight-line basis, based on the acquisition cost of the assets less their residual value.ass

Annual provisions for depreciation of tangible assets are made on a straight-line basis, with the corresponding entry in the consolidated income statement, based on the average estimated useful life of the different elements:

	Years of use
Constructions	50
Technical installations	6.66 to 12.5
Machinery	10
Tooling and furniture	4 to 10
IT and other assets	4 to 10

As indicated in Note 2.3, in 2022 the Group reassessed the useful life of certain assets recorded under the consolidated balance sheet item "Technical installations and other property, plant, and equipment," extending their useful life to ten years, instead of the six years estimated in the previous year, based on these assets' ability to generate returns for the Group.

4.5. Impairment of tangible and intangible assets

The Company follows the criterion of assessing indicators that may indicate potential impairment of non-financial assets subject to amortization or depreciation, in order to determine whether the carrying amount of these assets exceeds their recoverable amount, which is the higher of their fair value less costs to sell and their value in use.

For tangible assets, impairment calculations are performed on an individual asset basis.

When an impairment loss is subsequently reversed (a circumstance not permitted for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the carrying amount that would have been determined had no impairment loss been recognized in prior periods. Such reversal of an impairment loss is recognized as income.

4.6. Leases

The Group has signed various lease contracts that grant it the right to use leased assets.

4.7. Right-of-use assets and lease liabilities

Since January 1, 2019, in accordance with IFRS 16, the Group evaluates at the inception of a contract whether it contains a lease. A contract is or contains a lease if it grants the right to control the use of an identified asset for a period of time in exchange for consideration. The period during which the Group uses an asset includes both consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when there is a modification to the contract.

For contracts that contain one or more lease components and non-lease components, the Group allocates the consideration in the contract to each lease component based on the independent selling price of the lease component and the aggregated individual price of the non-lease components. The Group has applied the practical expedient allowed by the standard, not separating the non-lease components and accounting for the lease component and any associated non-lease component as a single lease component.

Payments made by the Group that do not result in the transfer of goods or services to the Group by the lessor do not constitute a separate component of the lease but are part of the total consideration for the contract.

The Group has chosen not to apply the accounting policies described below for short-term leases and those in which the underlying asset has a fair value of less than 4,500 euros. For these types of contracts, the Group recognizes the lease expense on a straight-line basis over the lease term.

The Group recognizes at the commencement date of the lease a right-of-use asset and a lease liability. The right-of-use asset is composed of the lease liability amount, any lease payments made on or before the commencement date, less any incentives received, direct initial costs incurred, and, if applicable, an estimate of the dismantling or restoration costs to be incurred, as indicated in the provision accounting policy.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The Group discounts the lease payments using the appropriate incremental borrowing rate, unless the implicit interest rate of the lessor can be reliably determined.

Outstanding lease payments consist of fixed payments less any lease incentives receivable, variable payments that depend on an index or rate, initially measured using the index or rate at the commencement date, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the exercise is reasonably certain, and payments for penalties for terminating the lease, if the lease term reflects the exercise of the termination option.

The Group measures the right-of-use assets at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

If the contract transfers ownership of the asset to the Group at the end of the lease term, or if the right-of-use asset includes the purchase option price, the amortization criteria indicated in the property, plant, and equipment section are applied from the commencement date of the lease until the end of the asset's useful life. 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 underlying asset or the end of the lease term.

The Group applies the impairment criteria for non-current assets indicated in Note 4.5 to the right-of-use asset.

For lease contracts where the payments for the right to use the asset during the lease term are referenced to an index such as the CPI, the initial recognition uses the index existing at the start date, and the liability must be re-evaluated and the asset adjusted in subsequent valuations based on the corresponding revision of the index used.

The Group measures the lease liability by increasing it for accrued finance charges, reducing it for payments made, and re-estimating the carrying amount for lease modifications or to reflect updates to the in-substance fixed payments.

The Group records the re-estimations of the liability as an adjustment to the right-of-use asset until it is reduced to zero, and thereafter in profit or loss.

The Group re-estimates the lease liability by discounting the lease payments at an updated rate if there is a change in the lease term or a change in the expectation of exercising a purchase option on the underlying asset.

The Group re-estimates the lease liability if there is a change in the amounts expected to be paid under a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect market rent changes when there is a rent review.

The Group recognizes a lease modification as a separate lease if it increases the scope of the lease by adding one or more rights of use and the consideration for the lease increases by an amount consistent with the individual price for the increase in scope and any adjustment to the individual price to reflect the specific circumstances of the contract.

If the modification does not result in a separate lease, at the modification date, the Group allocates the consideration to the modified contract as indicated above, re-determines the lease term, and re-estimates the value of the liability by discounting the revised payments at the revised interest rate. The Group reduces the carrying amount of the right-of-use asset to reflect the partial or complete termination of the lease for modifications that decrease the lease scope, recognizing a gain or loss in profit or loss. For the rest of the modifications, the Group adjusts the carrying amount of the right-of-use asset.

4.7.1. Lesser accounting. Operating leases

In contracts that contain one or more lease components and non-lease components, the Group allocates the contract consideration according to the accounting policy for Revenue from Contracts with Customers.

The Group classifies contracts that, at inception, substantially transfer the risks and rewards incidental to ownership of the assets to the lessee as finance leases. Otherwise, they are classified as operating leases.

The Group presents assets leased to third parties under operating lease contracts according to their nature, as a result of applying the accounting principles developed in Note 4.4 Property, Plant, and Equipment.

The Group recognizes revenue from operating leases, net of any incentives granted, on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the benefit from the use of the leased asset is diminished.

Initial direct costs of the lease are included in the carrying amount of the leased asset and recognized as an expense over the lease term by applying the same criteria used for recognizing lease income.

The Group records variable payments as income when it is probable they will be received, which is generally when the events triggering the payment occur.

The Group recognizes modifications to operating leases as a new lease from the effective date of the modification, considering any prepaid or deferred payments for the original lease as part of the lease payments for the new lease.

4.8. Financial instruments

4.8.1. 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 financial asset, financial liability, or equity instrument as outlined in IAS 32 "Financial Instruments: Presentation".

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument.

For valuation purposes, the Group classifies financial instruments into the categories of financial assets and financial liabilities at fair value through profit or loss, distinguishing those initially designated from those held for trading or mandatorily measured at fair value through profit or loss, financial assets and financial liabilities measured at amortized cost, and financial assets measured at fair value through other comprehensive income, distinguishing between equity instruments designated as such from other financial assets.

The Group classifies financial assets, other than those designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income, according to the business model and the characteristics of the contractual cash flows.

The Group classifies financial liabilities as measured at amortized cost, except for those designated 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:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- At 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 pattern of short-term profit-taking;
- It is a derivative, except for a derivative that has been designated as a hedging instrument and meets the conditions for being effective, or a derivative that is a financial guarantee contract; or
- It is an obligation to deliver financial assets borrowed that are not owned.

The Group classifies a financial asset at amortized cost if it is held within a business model whose objective is to hold financial assets 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 (FVOCI) 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 they manage groups of financial assets together to achieve a particular business objective. The Group's business model represents the way it manages its financial assets to generate cash flows.

The remaining financial assets are classified at fair value through profit or loss (FVPL).

The Group designates a financial liability at FVPL at initial recognition if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or if 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 investment or 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 remaining financial liabilities, except for financial guarantee contracts, loan commitments at below-market interest rates, and financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or that are accounted for using the continuing involvement approach, as financial liabilities at amortized cost.

4.8.2. Compensation principles

A financial asset and a financial liability are offset only when the Group has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. For the Group to have a currently enforceable legal right, it must not be contingent on a future event and must be legally enforceable in the normal course of business, in the event of insolvency or court-declared liquidation, and in the event of default.

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

Assets and liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs directly attributable to the purchase or issuance are recognized as expenses when incurred.

The fair value of a financial instrument at initial recognition is typically the transaction price, unless that price includes elements different from the instrument, in which case the Group determines the fair value of the instrument. If the Group determines that the fair value of an instrument differs from the transaction price, it records the difference in profit or loss, to the extent the value is obtained from a quoted price in an active market for identical assets or liabilities or from a valuation technique using observable inputs. In other cases, the Group recognizes the difference in profit or loss to the extent it arises from a change in a factor that market participants would consider when pricing the asset or liability.

Subsequent to initial recognition, assets and liabilities at fair value are recognized by recording changes in profit or loss. Changes in fair value include interest and dividend components. Fair value is not reduced by transaction costs that may be incurred upon its eventual sale or disposal by other means.

However, for financial liabilities designated at fair value through profit or loss, the Group recognizes changes in fair value attributable to its own credit risk in other comprehensive income. Amounts deferred in other comprehensive income are not subsequently reclassified to profit or loss.

The Group determines the change in fair value attributable to credit risk by initially calculating the internal rate of return at the beginning of the period using the fair value and contractual cash flows, and deducting from that rate the reference interest rate to determine the specific credit risk component, provided that the change in the reference interest rate is not significant and there are no other factors resulting in significant changes in fair value. At each reporting date, the Group discounts the contractual cash flows at the rate determined as the sum of the reference rate on that date plus the specific credit risk component. The difference between the fair value at the end of the reporting period and the previous amount represents the credit risk-related variation.

4.8.4. Financial assets and liabilities at amortized cost

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

4.8.5. Financial assets at cost value

Investments in equity instruments for which there is insufficient information to be valued or those for which there is a wide range of valuations, and derivative instruments that are linked to them and must be settled by delivering such investments, are measured at cost. However, if the Group can obtain a reliable valuation of the asset or contract at any time, they are recognized at fair value at that time, with any resulting gains or losses recognized in profit or loss or in other comprehensive income, if the instrument is designated at fair value through other comprehensive income.

4.8.6. Reclassification of financial instruments

The Group reclassifies financial assets when it changes the business model for their management.

If the Group reclassifies a financial asset from the amortized cost category to fair value through profit or loss, it recognizes the difference between fair value and the carrying amount in profit or loss. From that point onwards, the Group no longer separately records interest on the financial asset.

If the Group reclassifies a financial asset from fair value through profit or loss to amortized cost, the fair value at the reclassification date is considered the new gross carrying amount for purposes of applying the effective interest rate method and recording expected credit losses.

If the Group reclassifies a financial asset from amortized cost to fair value through other comprehensive income, it recognizes the difference between fair value and the carrying amount in other comprehensive income. The effective interest rate and recording of expected credit losses are not adjusted for the reclassification. However, the accumulated amount of expected credit losses is recorded against other comprehensive income and is disclosed in the notes.

If the Group reclassifies a financial asset from fair value through other comprehensive income to amortized cost, it is reclassified at its fair value. The amount deferred in equity is adjusted from the carrying amount of the asset. The effective interest rate and recording of expected credit losses are not adjusted for the reclassification.

If the Group reclassifies a financial asset from fair value through profit or loss to fair value through other comprehensive income, the effective interest rate and expected credit losses are determined at the reclassification date based on the fair value at that time.

If the Group reclassifies a financial asset from fair value through other comprehensive income to fair value through profit or loss, the amount deferred in equity is reclassified to profit or loss. From that point onwards, the Group no longer separately records interest on the financial asset.

4.8.7. Impairment

The Group recognizes an impairment loss in profit or loss for expected credit losses on financial assets measured at amortized cost, fair value through other comprehensive income, lease receivables, contract assets, loan commitments, and financial guarantees.

For financial assets measured at fair value through other comprehensive income, expected credit losses are recognized in other comprehensive income and do not reduce the fair value of the assets.

At each reporting date, the Group measures the allowance for expected credit losses at an amount equal to the expected credit losses over the next twelve months for financial assets for which the credit risk has not increased significantly since initial recognition, or when the credit risk of a financial asset is no longer increased significantly.

At each reporting date, the Group assesses whether the credit risk of an instrument individually considered or a group of instruments collectively considered has increased significantly since initial recognition. For the collective evaluation, the Group has aggregated instruments based on shared risk characteristics. When assessing whether credit risk has increased significantly for an instrument or group of instruments, the Group uses the change in the risk of default that would occur over the expected life of the instrument, rather than the change in the amount of expected credit losses. Therefore, the Group assesses the change in the risk of default at each reporting date compared to initial recognition.

In assessing whether there is a significant increase in credit risk, the Group considers all reasonable and supportable forward-looking information, specifically:

- Internal and external credit risk ratings;
- Current or expected adverse changes in the business, financial or economic conditions that may cause a significant change in the borrower's ability to meet its obligations;
- Current or expected significant changes in the borrower's operating results;
- Significant increases in credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of guarantees or credit enhancements from a third party;
- Relevant macroeconomic information.

The Group has determined the impairment of cash and cash equivalents for expected credit losses over the next twelve months. The Group considers that cash and cash equivalents have low credit risk according to the credit ratings of the financial institutions where the cash or deposits are held.

For trade debtors, the Group adopts the expected loss model articulated in three stages, distinguishing between the calculation of expected losses over the next 12 months from initial recognition (Stage 1), expected losses based on significant increases in credit risk (Stage 2), and losses incurred based on events that have occurred (Stage 3). The Group's criteria recognize as incurred loss those balances overdue for more than 180 days and those that, due to events that have occurred, indicate an incurred loss. To determine expected losses in Stages 1 and 2, the Group has opted for a simplified model based on the analysis of the debt behavior of a historical sample of its trade accounts receivable segmented by business models, determining a matrix of default rates applicable to the balances of its accounts receivable that have not been adjusted for impairment due to age or the debtor's financial position. The Group reassesses the rates to apply in expected loss annually.

4.8.8. Disposals, modifications and cancellations of financial assets

The Group applies the criteria for derecognition of financial assets to a portion of a financial asset, a group of similar financial assets, or a financial asset or group of similar financial assets.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has substantially transferred the risks and benefits associated with ownership. Additionally, derecognition of financial assets occurs in circumstances where the Group retains contractual rights to receive cash flows only when contractual obligations have been assumed that require payment of those cash flows to one or more recipients, and the following requirements are met:

  - Payment of cash flows is contingent on their prior collection.

- The Group cannot proceed with the sale or pledging of the financial asset.
- Cash flows collected on behalf of eventual recipients are remitted without significant delay, and the Group is not authorized to reinvest the cash flows. This criterion does not apply to cash or cash equivalents investments made by the Group during the liquidation period between the collection date and the agreed remittance date with eventual recipients, provided that accrued interest is attributable to eventual recipients.

The derecognition of a financial asset in its entirety involves the recognition of results for the difference between its carrying amount and the sum of the consideration received, net of transaction costs, including assets obtained or liabilities assumed, and any deferred gains or losses in other comprehensive income, except for equity instruments designated at fair value through other comprehensive income.

4.8.9. Interests and dividends

The Group recognizes interest using the effective interest rate method, which is the rate that discounts estimated cash flows over the expected life of the financial instrument to the carrying amount, based on its contractual terms and without considering expected credit losses, except for financial assets acquired or originated with incurred credit losses.

Interest is recognized on the gross carrying amount of financial assets, except for financial assets acquired or originated with incurred credit losses and financial assets with credit impairment. For the former, the Group recognizes interest based on the effective interest rate adjusted for initial credit risk, and for the latter, the Group recognizes interest on the amortized cost.

Changes in cash flow estimates are discounted at the effective interest rate or the effective interest rate adjusted for initial credit risk and recognized in the income statement.

Dividend income from investments in equity instruments is recognized in the income statement when the Group's right to receive payment is established, it is probable that economic benefits will flow to the Group, and the amount can be reliably measured.

4.8.10. Disposals and modifications to financial liabilities

The Group derecognizes a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or is legally released from the main responsibility contained in the liability, either through a judicial process or by the creditor.

The exchange of debt instruments between the Group and the counterparty, or substantial modifications to initially recognized liabilities, are accounted for as the cancellation of the original financial liability and recognition of a new financial liability, provided that the instruments have substantially different conditions.

The Group considers conditions to be substantially different if the present value of the discounted cash flows under the new conditions, including any net payments of fees paid or received, using the original effective interest rate to discount, differs by at least 10 percent from the present value of the discounted cash flows remaining from the original financial liability.

If the exchange is recorded as the cancellation of the original financial liability, costs or fees are recognized in profit or loss as part of the result of the transaction. Otherwise, modified cash flows are discounted at the original effective interest rate, recognizing any difference with the previous carrying amount in profit or loss. Additionally, costs or fees adjust the carrying amount of the financial liability and are amortized using the effective interest method over the remaining life of the modified liability.

The Group recognizes the difference between the carrying amount of the financial liability or a portion thereof canceled or transferred to a third party and the consideration paid, including any asset transferred other than cash or assumed liability, in profit or loss.

The Group has various confirming operations with financial entities for the management of supplier payments. Commercial liabilities whose settlement is managed by financial entities are shown under the heading "Trade payables and other accounts payable" in the balance sheet, because the Company only assigns the payment management to financial entities, remaining the primary obligor for payment of debts to trade creditors until their settlement, cancellation, or expiration.

4.8.11. Estimation of fair value

Financial instruments measured at fair value are presented based on the following fair value measurement classifications, depending on the nature of the inputs used in the fair value calculation:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: The fair value is determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: The fair value is determined in whole or in part using a valuation technique based on inputs that are not observable in the market.

In cases where quoted prices are not observable, the Group's management makes its best estimate of the price that the market would set, using its own internal models and advice from independent experts, which in most cases include observable market parameters as significant inputs (Level 2). Various techniques are used for this estimation, including extrapolation of observable market data. The best evidence of the fair value of a financial instrument at initial recognition is typically the transaction price, unless the value of the instrument can be obtained from other market transactions involving the same or similar instrument, or it is valued using a valuation technique where the variables used include only observable market data, primarily interest rates. In accordance with current regulations (IFRS-EU), any difference between the transaction price and the fair value based on valuation techniques that use unobservable market data is not recognized in profit or loss at initial recognition.

Financial instruments measured at fair value are classified within Level 2, which includes the participative loan granted to the related company Ten Media, S.L.

The effect of credit risk on the valuation of the participative loan is calculated using the Group's own credit risk and the counterparty's financial risk.

Description of valuation method

- Participative Loan: The fair value of the participative loan is determined using the discounted cash flow (DCF) method. The valuation model considers the present value of the cash flows derived from the participative loan granted. The expected cash flows are determined based on the best estimate of collection considering the available information about the financial situation of the borrower. The expected net cash flows are discounted using a risk-adjusted discount rate.

4.9. Inventory

Inventory is valued at the lower of cost or net realizable value. Discounts, rebates obtained, and similar items, as well as interest included in the nominal amount of debts, are deducted in determining the cost of acquisition.

Net Realizable Value represents the estimate of the selling price less all estimated costs to complete production and the costs that will be incurred in marketing, selling, and distribution processes.

The Group makes necessary impairment adjustments, recognizing them as an expense in the consolidated interim statement of comprehensive income when the net realizable value of the inventory is lower than its cost of acquisition (or production cost).

The "Inventory" heading in the consolidated statement of financial position includes program rights, which, depending on their nature, are valued according to the following criteria:

Audiovisual Formats (Work in Progress)

Audiovisual formats correspond to projects developed internally by the Group using audiovisual rights and "demos" recognized in the consolidated statement of financial position under the heading "Intangible Assets" initially. These are projects for which a formal sale agreement has been reached, and they include production costs for these formats.

Program Rights for Self-Produced Programs

Rights to self-produced program inventories (programs made for re-broadcast, such as fiction series) are recorded at their acquisition and/or production cost. This cost includes external costs invoiced by third parties for program production and resource acquisition, as well as internal production costs. Internal production costs are calculated using predetermined internal rates based on the time of operational resources used in production. Costs incurred in the production process of programs are recorded in various headings in the consolidated statement of comprehensive income based on their nature and are included under the "Inventory" heading in the consolidated statement of financial position through debit in the "Cost of Goods Sold" heading of the consolidated statement of comprehensive income.

Classification of Program Rights

In accordance with industry practice in which the Group operates, program rights are classified as current assets since they are consumed in the operating cycle.

4.10. Tax on Profits: Deferred tax assets and liabilities

The expense or income for Tax on Profits comprises the portion related to the current tax expense or income and the portion corresponding to the deferred tax expense or income.

Current tax is the amount that the Group pays as a result of the tax settlements for Tax on Profits related to a fiscal year. Deductions and other tax benefits in the tax liability, excluding withholding taxes and advance payments, as well as tax losses carried forward from previous years and applied effectively in this fiscal year, result in a lower amount of current tax.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences identified as those amounts expected to be payable or recoverable from differences between the carrying amounts of assets and liabilities and their tax value, as well as carried forward tax losses and unused tax credits. Such amounts are recognized by applying the tax rate expected to recover or settle them.

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

Deferred tax assets are recognized only to the extent that it is probable that the Group will have future taxable profits against which they can be realized.

At the consolidated level, differences between the consolidated value of an investee and its tax base are also considered. Generally, these differences arise from cumulative results generated since the date of acquisition of the investee, tax deductions associated with the investment, and the translation difference, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognized unless, in the case of taxable differences, the investor can control the timing of the reversal of the difference, and in the case of deductible differences, it is expected that the difference will reverse in the foreseeable future and it is probable that the company will have sufficient future taxable profits.

Deferred tax assets and liabilities arising from transactions with charges or credits directly to equity accounts are also recognized with a corresponding entry in equity.

At each closing of the accounts, recognized deferred tax assets are reassessed, with necessary adjustments made where there are doubts about their future recoverability. Likewise, at each closing, unrecognized deferred tax assets in the consolidated balance sheet are evaluated, and these are recognized to the extent that it becomes probable that they will be recoverable with future tax benefits.

Specifically, the estimated recovery period of recognized deferred tax assets falls within the period established by current accounting regulations.

The companies in the tax group jointly determine the tax result of the tax group, distributing it among the companies that are part of it according to the criteria set by the Institute of Accounting and Audit of Accounts regarding the recording and determination of individual tax burdens.

The Dominant Company of the Group began to pay taxes under the tax consolidation regime starting from the year 2010, and is currently composed of the following companies:

- Secuoya, Grupo de Comunicación S.A.
- Cbmedia producciones audiovisuales, S.L.U.
- Granada Convention Bureau, S.L.U.
- Secuoya Nexus, S.L.U.
- CBM Servicios audiovisuales, S.L.
- Look&Feel Estilismo, maquillaje y peluquería, S.L.U.
- Secuoya Holding Latam, S.L.U.
- Drago Broadcast Services, S.L.U.
- Secuoya Grup de Comunicacio Illes Balears, S.L.U.
- Vnews, Agencias de Noticias, S.L.
- Secuoya Contenidos, S.L.
- Acc producciones audiovisuales de Extremadura, S.L.
- Cbm servicios de televisión, S.L. (anteriormente Secuoya Murcia, S.L.)
- Pi blanc Produccions, S.L.
- Bienvenido Gil, S.L.
- BGL Technologies,S.L.
- Xreality producciones, S.L.
- Secuoya Studios, S.L.
- Secuoya Studios Services, S.L.
- Secuoya Ficción, S.L.
- Secuoya Commercial&distribution, S.L.
- Hermosa y Valiente la Serie, S.L.
- Lentisco Producciones, S.L.
- Secuoya Studios Stories, S.L.

The Royal Decree-Law 3/2016, of December 2, with effects from January 1, 2016, incorporates tax measures such as the limitation of the offsetting of Negative Tax Bases from previous years, the reversal of impairments on equity investments, and the limitation of the application of the deduction for international double taxation to 50% of the tax liability. The tax group has taken these measures into account for the calculation of the tax.

4.10.1. Financial uncertainties

If the Group determines that it is not probable that the tax authority will accept an uncertain tax treatment or a set of uncertain tax treatments, it considers this uncertainty in determining taxable income, tax bases, credits for negative tax bases, deductions, or tax rates. The Group determines the effect of the uncertainty on the corporate income tax return using the expected amount method when the range of possible outcomes is highly dispersed, or the most likely outcome method when the outcome is binary or concentrated on a value.

In cases where the asset or liability for taxes calculated under these criteria exceeds the amount reported in the tax returns, it is presented as current or non-current in the consolidated interim financial position, based on the expected date of recovery or settlement, considering, if applicable, the amount of corresponding late payment interest on the liability as it accrues in the income statement. The Group records changes in facts and circumstances related to tax uncertainties as a change in estimate.

4.11. Grants, donations and legacies

Law 11/2020, of December 30, on General State Budgets for the year 2021, introduced in Article 39.7 of the Corporate Income Tax Law (LIS) the figure of financing contracts, whereby a taxpayer participating in the financing of Spanish productions of feature films, short films, fictional audiovisual series, animation, or documentary, or in the production and exhibition of live performances of scenic and musical arts carried out by other taxpayers, may apply the deductions provided for in paragraphs 1 and 3 of Article 36 of the LIS, under the conditions and terms specified therein, determining their amount under the same conditions as would have been applied to the producer, provided that they have been generated by the latter, when contributing amounts intended to finance all or part of the production costs.

The Group has signed financing contracts with various investors for the fictional series produced in the fiscal years 2023 and 2022.

On July 20, 2022, the General Directorate of Taxes, referring to reports from the ICAA, established that the accounting treatment of this figure of financing contracts is that of a subsidy, applying the 18th Recognition and Valuation Standard of the PGC (General Accounting Plan) for Subsidies, Donations, and Legacies received.

For the accounting of subsidies, donations, and legacies received from third parties other than the owners, the Company follows the following criteria:

a) Non-refundable capital subsidies, donations, and legacies: They are valued at the fair value of the amount or asset granted, depending on whether they are monetary or not, and are recorded in Equity when received. They are recognized in profit or loss in proportion to the consumption of inventories according to the criteria described in Note 4.9, during the period for subsidized items, or when they are disposed of or written down due to impairment.

b) Refundable subsidies: While they remain refundable, they are accounted for as liabilities.

c) Operating subsidies: They are credited to profit or loss at the moment they are granted, except if they are used to finance operating deficits of future periods, in which case they are initially recognized in Equity and are recognized in profit or loss in those periods. If they are granted to finance specific expenses, recognition is made as the financed expenses are incurred.

Furthermore, subsidies, donations, and legacies received from partners or owners are not considered income and must be directly recorded in equity, regardless of the type of subsidy, as long as it is non-refundable.

4.12. Income and expenses

The Group's companies generate their revenue from the sale of fiction, documentary, and entertainment content for television, the provision of technical production services, as well as engineering consulting and maintenance services to television operators and production companies. The revenue recognition policy for the sale of television content and the provision of production and consulting services indicates recognition based on the accrual principle.

Income and expenses are recognized based on the accrual principle, meaning when the actual flow of goods and services they represent occurs, regardless of when the monetary or financial flow derived from them occurs. Such revenues are measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognized at the point in time when control of the asset has transferred to the buyer, generally when the goods are delivered to the customer and the performance obligation is fulfilled. The transfer of control coincides with the transfer of significant risks and rewards inherent in ownership of the goods.

Regarding revenue from service provision, consulting, and revenue derived from the sale of certain television content and to production companies, these are recognized based on the degree of completion of the service at the date of the consolidated interim financial statements, provided that the outcome of the transaction can be reliably estimated.

The Group acts as an agent in contracts where its performance obligation is to arrange for a third party to provide goods or services. In these cases, the Group recognizes revenue from ordinary activities for the amount of any payment or commission it expects to be entitled to in exchange for arranging for the other party to provide its goods or services. The payment or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

The Group's expenses are recognized based on the accrual principle.

To provide a better understanding and more detail about the Group's business lines, especially in the digital field and in the production and distribution of content included in the Audiovisual business, the Group categorizes its activities into four major business lines:

- Services Segment: Companies dedicated to providing technical services for content production, as well as outsourcing services for television.

- Content Segment: This segment refers to the production of television programs.

- Marketing and Communication Segment: This segment develops high-value projects for major brands, creating new products and services with digital content as the core element. It focuses on audiovisual, online, and interactive communication to expand Grupo Secuoya's commercial reach towards new markets and audiences.

- International Segment: This segment includes all operations carried out by companies outside the national territory, although functionally they correspond to the Services segment.

The most significant information regarding this is presented in Note 15.

4.13. Provisions and contingencies

The Administrators of the Parent Company, in the preparation of the consolidated financial statements, distinguish between:

a) Provisions: Credit balances that cover present obligations arising from past events, the settlement of which is likely to result in an outflow of resources but are indeterminate in terms of amount and/or timing of settlement.

b) Contingent liabilities: Possible obligations arising as a result of past events, whose future realization is contingent upon the occurrence, or non-occurrence, of one or more future events beyond the control of the Group.

The consolidated financial statements include all provisions for which it is estimated that the probability of having to meet the obligation is higher than otherwise. Unless considered remote, contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available about the event and its consequences, and adjustments arising from the updating of these provisions are recorded as a financial expense as they accrue.

4.14. Termination benefits

In accordance with current legislation, the Group is obliged to pay termination benefits to employees whose employment relationships are terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recorded as an expense in the fiscal year in which the decision to terminate is made.

4.15. Assets related to the environment

Assets of an environmental nature are considered to be those goods that are used on a long-term basis in the Group's activities, whose main purpose is to minimize environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

4.16. Linked transactions

The Group carries out all its transactions with related parties at the fair value of the consideration given or received. The difference between this value and the agreed amount is recorded in accordance with the underlying economic substance.

4.17. Non-current assets and disposal groups held for sale

The Group classifies a non-current asset or a disposal group as held for sale when it has made the decision to sell it and it is estimated that the sale will be completed within the next twelve months.

These assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Assets classified as non-current held for sale are not depreciated, but at the date of each consolidated balance sheet, appropriate valuation adjustments are made so that the carrying amount does not exceed the fair value less costs to sell.

The income and expenses generated by non-current assets and disposal groups held for sale, which do not meet the criteria to be classified as discontinued operations, are recognized in the corresponding line item of the consolidated income statement according to their nature.

4.18. Current and non-current budgets

Current assets are those linked to the normal operating cycle, which is generally considered to be one year. This also includes other assets whose maturity, disposal, or realization is expected to occur in the short term from the end of the fiscal year, financial assets held for trading (except for financial derivatives whose settlement period exceeds one year), and cash and cash equivalents. Assets that do not meet these criteria are classified as non-current.

Similarly, current liabilities are those linked to the normal operating cycle, financial liabilities held for trading (except for financial derivatives whose settlement period exceeds one year), and, in general, all obligations whose maturity or settlement will occur in the short term. Otherwise, they are classified as non-current.

4.19. Transactions, salaries and cash Flow in foreign currency

Foreign currency transactions have been converted to euros by applying the average spot exchange rate on the dates when the transactions were carried out.

Monetary assets and liabilities denominated in foreign currency have been converted to euros by applying the exchange rate at the end of the fiscal year, while non-monetary assets valued at historical cost have been converted using the exchange rate on the date the transactions occurred.

In the presentation of the consolidated cash flow statement, cash flows from foreign currency transactions have been converted to euros by applying the spot exchange rate on the dates when the transactions occurred.

The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated cash flow statement as “Effect of exchange rate variations.”

Positive and negative differences arising from the settlement of foreign currency transactions and the conversion to euros of monetary assets and liabilities denominated in foreign currency are recognized in the consolidated income statement. However, exchange differences arising on monetary items that form part of the net investment in foreign operations are recorded as translation differences in other comprehensive income.

4.20. Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits with financial institutions. It also includes other short-term, highly liquid investments that are easily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. For this purpose, investments with maturities of less than three months from the acquisition date are included.

In the consolidated statement of cash flows, the Group presents payments and receipts from highly liquid financial assets and liabilities on a net basis. For these purposes, a high turnover period is considered when the period between the acquisition date and maturity does not exceed six months.

5. Tangible assets

The movement in this section of the consolidated balance sheet for the years 2023 and 2022 has been as follows (in euros):

<u>Year 2023</u>

Cost	Starting balance on 01/01/2023	Changes in scope	Income	Reduction	Cash exchange differences	Final balance on 31/12/2023
IT applications	2,431,869	_	150,74	[6,400]	19,904	2,596,113
Investigation and development	558,085	_	_	_	_	558,085
Goodwill	1,134,368	_	_	_	_	1,134,368
Audiovisual rights	28,450,450	8,742,485	4,107,955	[837,485]	_	40,463,405
Patents and trademarks	45,703	_	_	_	_	45,703
Other intangible assets	3,805,471	_	_	_	[9,949]	3,795,522
Ongoing	_	_	17,81	_	_	17,81
Total cost	**36,425,946**	**8,742,485**	**4,276,505**	**[843,885]**	**9,955**	**48,611,006**

Depreciation	Starting balance on 01/01/2023	Budgets	Reduction	Cash exchange differences	Final balance on 31/12/2023
IT applications	[1,488,695]	[95,950]	_	[17,450]	[1,602,095]
Investigation and development	[558,085]	_	_	_	[558,085]
Goodwill	[13,629,915]	[10,443,852]	15	_	[24,073,752]
Audiovisual rights	[21,395]	[12,430]	_	_	[33,825]
Patents and trademarks	[3,666,314]	[77,218]	_	13,443	[3,730,089]
Total depreciation	**[19,364,404]**	**[10,629,450]**	**15**	**[4,007]**	**[29,997,846]**

Impairment	Starting balance on 01/01/2023	Final balance on 31/12/2023
Audiovisual Rights	[528,777]	[528,777]
IT Applications	[589,672]	[589,672]
Total impairment	**[1,118,449]**	**[1,118,449]**

Total Intangible Assets	Starting balance on 01/01/2023	Final balance on 31/12/2023
Cost	36,425,946	48,611,006
Depreciation	[19,364,404]	[29,997,846]
Impairment	[1,118,449]	[1,118,449]
Net total	**15,943,093**	**17,494,711**

Year 2022

Cost	Starting balance on 01/01/2022	Income	Reductions	Transfers	Cash exchange differences	Final balance on 31/12/2022
IT applications	2,283,455	112,914	[308]	46,165	[10,357]	2,431,869
Investigation and development	558,085	_	_	_	_	558,085
Goodwill	1,134,368	_	_	_	_	1,134,368
Audiovisual rights	22,321,628	7,180,960	[1,052,138]	_	_	28,450,450
Patents and trademarks	27,461	18,242	_	_	_	45,703
Other intangible assets	3,777,128	_	_	_	28,343	3,805,471
Ongoing	46,165	_	_	[46,165]	_	_
Total cost	**30,148,290**	**7,312,116**	**[1,052,446]**	**_**	**17,986**	**36,425,946**

Depreciation	Starting balance on 01/01/2023	Budgets	Reduction	Transfers	Cash exchange differences	Final balance on 31/12/2022
IT applications	[1,386,118]	[114,209]	308	_	11,324	[1,488,695]
Investigation and development	[553,975]	_	_	_	_	[533,975]
Audiovisual rights	[11,198,211]	[2,431,704]	_	_	_	[13,629,915]
Patents and trademarks	[17,774]	[3,621]	_	_	_	[21,395]
Other intangible assets	[3,452,271]	[220,051]	_	_	[18,103]	[3,690,424]
Total depreciation	**[16,588,348]**	**[2,769,585]**	**308**	**_**	**[6,779]**	**[19,364,404]**

Impairment	Starting balance on 01/01/2022	Final balance on 31/12/2022
Audiovisual Rights	[528,777]	[528,777]
IT Applications	[589,672]	[589,672]
Total impairment	**[1,118,449]**	**[1,118,449]**

Total Intangible Assets	Starting balance on 01/01/2022	Final balance on 31/12/2022
Cost	30,148,290	36,425,946
Depreciation	[16,588,348]	[19,364,404]
Impairment	[1,118,449]	[1,118,449]
Net total	**12,441,493**	**15,943,093**

At the end of the 2023 fiscal year, the Group had fully amortized intangible fixed assets amounting to 18,251,284 euros (17,042,299 euros at the end of the 2022 fiscal year).

In the 2023 fiscal year, the entries recorded under the "Audiovisual Rights" heading correspond to various in-house productions that are either in the development process or have been completed by the Group itself and are being marketed for their usage rights. These amount to 4,107,955 euros (2,008,266 euros in the 2022 fiscal year), of which 4,002,400 euros (1,890,226 euros in the 2022 fiscal year) correspond to work performed by the Group for its own assets. The "Work in Progress" heading includes the investment made by the Group in acquiring a new administrative ERP program, which is pending implementation.

Changes in the scope under the "Audiovisual Rights" heading include the intellectual property rights derived from the Group's takeover of a related company in the 2023 fiscal year (see Note 4.1).

Under the "Audiovisual Rights" heading are the rights to series acquired in business combinations from previous years with a net book value of 3,588,000 euros as of December 31, 2023 (4,784,000 euros as of December 31, 2022).

As of December 31, 2023 and 2022, the entries recorded under "Software Applications" correspond to the investment made by the Group in improving the administrative ERP program and costs of related applications for greater optimization.

At the end of the 2023 fiscal year, the Group sold intangible fixed assets with a net book value of 843,870 euros (1,052,138 euros at the end of the 2022 fiscal year) to related companies, corresponding to the rights to audiovisual productions that will be developed by those companies.

The details of the consolidation goodwill recorded at the end of the 2023 and 2022 fiscal years are as follows:

	1/1/23	31/12/23
Secuoya Contenidos, S.L.	339,612	339,612
Bienvenido Gil, S.L.	608,728	608,728
New Atlantis producciones, S.L.	186,028	186,028
Total	**1,134,368**	**1,134,369**

	1/1/22	31/12/22
Secuoya Contenidos, S.L.	339,612	339,612
Bienvenido Gil, S.L.	608,728	608,728
New Atlantis producciones, S.L.	186,028	186,028
Total	**1,134,368**	**1,134,369**

5.1 Impairment tests for goodwill

The Group periodically evaluates whether there are indications of impairment of the cash-generating units that own the goodwill recorded by the Group, and if there are any, they are subjected to an impairment test according to the methodology indicated in note 4.8.5, proceeding, if necessary, to record the corresponding impairment loss.

According to the valuation methods used and in accordance with the estimates, projections, and valuations of the value in use available to the Administrators of the Parent Company, as detailed in the aforementioned note, it has been determined that the goodwill held by the Group at the date of presentation of these consolidated financial statements does not exceed its recoverable amount, so no impairment loss needs to be recorded at the end of the 2023 and 2022 fiscal years.

When assessing the value in use, the estimated cash flows were discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the assets. For the rate calculation, the current cost of money and risk premiums generally used by analysts for the business and considering the geographical area (Spain) were taken into account, obtaining future discount rates at the end of the 2023 and 2022 fiscal years between 9.8% and 9.6%.

Additionally, the Group conducted a sensitivity analysis of reasonably possible changes in the key assumptions used in determining the recoverable amount. In this regard, the sensitivity analyses were prepared under different scenarios based on the variables considered most relevant, primarily the discount rate.

In the case of the goodwill generated by the subsidiary Bienvenido Gil, S.L., a 1% increase in the discount rate results in a variation of 1,322 thousand euros, while a 1% decrease in the discount rate results in a variation of 1,673 thousand euros. On the other hand, a 1% variation in the perpetual growth rate results in a value variation of 1,118 thousand euros. None of these variations would result in the impairment of the consolidation goodwill.

In the case of the consolidation goodwill generated by the subsidiary Secuoya Contenidos, S.L.U., a 1% increase in the discount rate results in a variation of 1,055 thousand euros, while a 1% decrease in the discount rate results in a variation of 1,301 thousand euros. On the other hand, a 1% variation in the perpetual growth rate results in a value variation of 825 thousand euros. None of these variations would result in the impairment of the consolidation goodwill.

6. Tangible fixed assets

The movement in this section of the consolidated balance sheet at the end of the fiscal years 2023 and 2022, as well as the most significant information affecting this section, are as follows (in euros):

Year 2023

Cost	Starting balance on 01/01/2023	Income	Reductions	Cash exchange differences	Final balance on 31/12/2023
Land and construction	1,894,278	188,047	-	-	2,082,325
Technical installations and machinery	41,113,782	1,678,213	[113,214]	[403,730]	42,275,051
Other installations, tooling and furniture	3,892,608	614,675	[2,428]	2,845	4,507,700
Other assets	5,879,341	1,927,310	[845,660]	2,659	6,981,650
Total cost	**52,798,009**	**4,408,245**	**[961,302]**	**[398,226]**	**55,846,726**

Depreciation	Starting balance on 01/01/2023	Budget	Reductions	Cash exchange differences	Final balance on 31/12/2023
Land and construction	[106,484]	[41,557]	-	-	[148,041]
Technical installations and machinery	[28,121,702]	[3,368,546]	55,540	364,720	[31,069,988]
Other installations, tooling and furniture	[2,009,653]	[512,361]	1,650	[457]	[2,520,821]
Other assets	[3,119,802]	[589,814]	603,149	[1,870]	[3,108,337]
Total depreciation	**[33,357,641]**	**[4,512,278]**	**660,339**	**362,393**	**[36,847,187]**

Impairments	Starting balance on 01/01/2023	Final balance on 31/12/2023
Technical installations and machinery	[23,043]	[23,043]
Total depreciation	**[23,043]**	**[23,043]**

Total tangible assets	Starting balance on 01/01/2023	Final balance on 31/12/2023
Cost	52,798,009	55,846,726
Depreciation	[33,357,641]	[36,847,187]
Impairments	[23,043]	[23,043]
Net total	**19,417,325**	**18,976,496**

Year 2022

Cost	Starting balance on 01/01/2022	Income	Reductions	Cash exchange differences	Final balance on 31/12/2022
Land and construction	1,715,070	179,208			1,894,278
Technical installations and machinery	36,213,015	4,830,358	[364,924]	435,333	41,113,782
Other installations, tooling and furniture	3,312,915	579,076	[5,416]	6,033	3,892,608
Other assets	4,245,229	1,687,730	[37,332]	1,714	5,897,341
Total cost	**45,486,229**	**7,276,372**	**[407,672]**	**443,08**	**52,798,009**

Depreciation	Starting balance on 01/01/2022	Budget	Reductions	Cash exchange differences	Final balance on 31/12/2022
Land and construction	[80,708]	[25,776]			[106,484]
Technical installations and machinery	[24,942,317]	[3,275,403]	353,692	[257,674]	[28,121,702]
Other installations, tooling and furniture	[1,725,701]	[208,709]	2,310	[5,553]	[2,009,653]
Other assets	[2,560,592]	[590,169]	31,532	[573]	[3,119,802]
Total depreciation	**[29,309,318]**	**[4,172,057]**	**387,534**	**[263,800]**	**[33,357,641]**

Impairments	Starting balance on 01/01/2022	Final balance on 31/12/2022
Technical installations and machinery	[23,043]	[23,043]
Total depreciation	**[23,043]**	**[23,043]**

Total tangible assets	Starting balance on 01/01/2022	Final balance on 31/12/2022
Cost	45,486,229	52,798,009
Depreciation	[29,309,318]	[33,357,641]
Impairments	[23,043]	[23,043]
Net total	**16,153,868**	**19,417,325**

The entries recorded under the "Technical Installations and Machinery" heading in the 2023 and 2022 fiscal years correspond to the acquisition of technical equipment to meet the production needs of the Group's service area companies.

The entries recorded under the "Other Fixed Assets" heading in the 2023 and 2022 fiscal years correspond to additions of computer equipment.

During the 2023 fiscal year, the Group disposed of tangible fixed assets with a net book value of 300,963 euros (20,138 euros during the 2022 fiscal year), primarily resulting from the derecognition of assets activated by leasing with a purchase option that was not exercised by the expiration date. A loss of 1,227 euros (16,423 euros in 2022) was recorded under the "Impairment and Gains/Losses on Disposals of Fixed Assets" heading in the consolidated income statement.

At the end of the 2023 fiscal year, the Group had fully amortized tangible fixed assets amounting to 16,315,275 euros (14,897,637 euros at the end of the 2022 fiscal year).

The Group's policy is to take out insurance policies to cover the possible risks to which its various tangible fixed assets are exposed. At the end of the 2023 and 2022 fiscal years, there was no coverage deficit related to these risks.

7. Right-of-use assets

The details of the movements under the "Right-of-Use Assets" heading in the consolidated balance sheet during the fiscal years 2023 and 2022 are as follows (in euros):

Year 2023

Cost	Starting balance on 01/01/2023	Income	Reductions	Final balance on 31/12/2023
Land and construction	9,850,734	10,129,783	[5,508,463]	14,472,054
Technical installations and machinery	179,225	451,565	[5,059]	625,731
Total Cost	**10,029,958**	**10.581,35**	**[5,513,522]**	**15,097,784**

Depreciation	Starting balance on 01/01/2023	Budget	Reductions	Cash exchange differences	Final balance on 31/12/2023
Land and construction	[5,025,528]	[2,733,565]	5,306,130	62,559	[2,390,404]
Technical installations and machinery	[49,321]	[143,070]	5,059	_	[187,332]
Total depreciation	**[5,074,849]**	**[287,635]**	**5,311,189**	**62,559**	**[2,557,736]**

Total property, plant and equipment	**Starting balance on 01/01/2023**	**Final balance on 31/12/2023**
Cost	10,029,958	15,097,784
Depreciation	[5,074,849]	[2,577,736]
Net Total	**4,955,109**	**12,520,048**

Year 2022

Cost	**Starting balance on 01/01/2022**	**Income**	**Reductions**	**Final balance on 31/12/2022**
Land and construction	8,741,150	2,816,793	[1,707,209]	9,850,734
Technical installations and machinery	82,589	132,24	[35,604]	179,225
Total cost	**8,823,738**	**2,949,033**	**[1,742,813]**	**10,029,958**

Depreciation	**Starting balance on 01/01/2022**	**Budget**	**Reductions**	**Final balance on 31/12/2022**
Land and construction	[4,132,744]	[2,599,993]	1,707,209	[5,025,528]
Technical installations and machinery	[41,121]	[43,804]	35,604	[49,321]
Total depreciation	**[4,173,865]**	**[2,643,797]**	**1,742,813**	**[5,074,849]**

Total property, plant and equipment	**Starting balance on 01/01/2022**	**Final balance on 31/12/2022**
Cost	8,823,738	10,029,958
Depreciation	[4,173,865]	[5,074,849]
Net Total	**4,649,873**	**4,955,109**

As of December 31, 2023, a total of 12,081,649 euros corresponds to buildings, and 438,399 euros corresponds to vehicles (as of December 31, 2022, 4,825,206 euros corresponded to buildings, and 129,903 euros to vehicles).

The right-of-use asset has been defined according to the current contract duration of each asset.

The average incremental borrowing rates used for the calculation of the present value of the recognized right-of-use assets were as follows:

	Spain		Chile	Colombia
Series	2022	2023	2023	2023
1 year	2.78%	5.87%	3.24%	4.55%
2 years	2.82%	5.88%	3.24%	0.00%
3 years	2.87%	5.99%	3.24%	0.00%
4 years	2.92%	6.00%	3.24%	0.00%
5 years	2.98%	6.10%	3.24%	0.00%
6 years	3.04%	6.20%	3.24%	0.00%
7 years	3.12%	6.29%	3.24%	0.00%
8 years	3.12%	6.38%	3.24%	0.00%
9 years	3.31%	6.45%	3.24%	0.00%
10 years	3.44%	6.51%	3.24%	0.00%

In relation to the lease agreements, these mainly correspond to the rental of certain offices of the Group, as well as studios and the headquarters of Murcia Television.

The most significant lease agreements are as follows:

- Secuoya Headquarters Office Rental in Madrid: This contract was formalized on July 30, 2020, with a non-renewable duration of 10 years from the start date of the contract.

- Studio Rentals for Various Productions: The duration of these rentals is tied to the completion of the respective productions.

- Head Office Rental: This lease agreement was formalized on December 5, 2014. The initial duration of the contract is 5 years from the signing date, extendable for an additional period of 3 years provided the lessee notifies the lessor at least 2 months in advance.

8. Operating leases

As stated in Note 4.6, the Group has opted not to recognize in the consolidated financial statements the lease liability and the right-of-use asset for lease contracts with a term of less than 12 months (except for leases whose underlying assets are television studios) or of low value (less than 4,500 euros). The lease expense recorded in the consolidated income statement for the fiscal years 2023 and 2022, amounting to 434,300 euros and 543,295 euros, respectively, corresponds to these leases.

In the fiscal years 2023 and 2022, the Group had the following minimum lease payments contracted with lessors, according to the current agreements in force, excluding the impact of common expenses, future CPI increases, and future contractual rent updates (in euros):

Operating leases	Nominal Value	
Minimun duration	31/12/23	31/12/22
Less than a year	437,710	354,753
Between one and five years	1,750,840	1,419,012
Total	**2,188,550**	**1,773,765**

9. Equity-accounted investments

Details on the investments in companies accounted for using the equity method are provided in Note 4.1.3 and Annex III: Associated Companies Integrated into the Group.

The breakdown of investments in these equity-accounted companies, along with their key financial figures as of the end of fiscal years 2023 and 2022, is as follows:

Year 2023

	Euros					
	Date of acquisition	% Direct	Starting balance	Dividends	Result participation	31/12/23
Videoreport Canarias, S.A.	30/7/12	40.10%	2,104,884	[1,158,890]	1,151,291	2,097,285
Isla de Babel, S.L.	24/7/12	35%	11,171	–	–	11,171
Gestión Audiovisual de Canarias, S.L.	1/1/13	25%	72,212	–	–	8,938
Secuoya Studios Holding Services, S.L.	23/6/22	85.50%	2,850	–	–	2,850
Zorro la Series, S.L.	10/3/22	76.00%	2,850	–	–	2,850
Montecristo la Serie, S.L.	10/3/22	76.00%	2,850	–	–	–
Terra Alta la Series, S.L.	22/2/23	76.00%	–	–	–	2,850
Los 39 la Series, S.L.	25/9/23	76.00%	–	–	–	2,850
Hermosa y Valiente la series, S.L.	25/9/23	76.00%	–	–	–	2,850
Lentisco S.L.	23/5/23	95.00%	–	–	–	2,850
Crambo S.A. -Bienvenido Gil, S.L. UTE	17/1/23	40.30%	–	–	[60]	[60]
Cambio de imagen-Secuoya contenidos UTE	28/4/23	50.00%	–	–	–	–
Total			**2,196,817**	**[1,158,890]**	**1,151,231**	**2,134,434**

31st of December 2023	Euros				
	Assets	Liabilities	Net Equity	Ordinary income	Year result
Videoreport Canarias, S.A.	7,149,416	1,986,792	5,162,624	11,451,974	2,871,051
Isla de Babel, S.L.	119,934	41,574	78,360	–	–
Terra Alta la Series, S.L.	156,613	153,612	3,000	–	–
Los 39 la Series, S.L.	716,648	713,648	3,000	–	–
Hermosa y Valiente la series, S.L.	224,432	221,432	3,000	–	–
Lentisco S.L.	736,744	733,744	3,000	–	–
Secuoya Studios Holding Services, S.L.	13,929	13,756	[569]	–	[600]
Zorro la Serie, S.L.	53,521,786	41,718,110	11,803,676	–	–
Crambo S.A. -Bienvenido Gil, S.L. UTE	680,892	681,042	[150]	5,397,398	[149]
Cambio de imagen-Secuoya contenidos UTE	55,762	55,762	–	959,948	–
Total	**63,329,394**	**46,263,710**	**17,055,941**	**16,849,372**	**2,870,302**

Year 2022

	Euros						
	Date of acquisition	% Direct	Starting balance	Additions	Dividends	Result participation	31/12/22
Videoreport Canarias, S.A.	30/7/12	40.10%	1,635,244		[964,328]	1,433,968	2,104,884
Isla de Babel, S.L.	24/7/12	35%	11,171	_	_	_	11,171
Gestión Audiovisual de Canarias, S.L.	1/1/13	25%	72,212	_	_	_	72,212
Secuoya Studios Holding Services, S.L.	23/6/22	85.50%	_	2,850	_	_	2,850
Zorro la Series, S.L.	10/3/22	71.25%	_	2,850	_	_	2,850
Montecristo la Serie, S.L.	10/3/22	71.25%		2,850			2,850
Total			**1,718,627**	**8,550**	**[964,328]**	**1,433,968**	**2,196,817**

31st of December 2022	Euros				
	Assets	Liabilities	Net Equity	Ordinary income	Year result
Videoreport Canarias, S.A.	7,189,213	2,007,640	5,181,573	9,902,031	3,575,981
Isla de Babel, S.L.	119,934	41,574	78,360	_	_
Gestión Audiovisual de Canarias, S.L.	214,309	_	214,309	_	_
Secuoya Studios Holding Services, S.L.	3,787	_	31	_	[2,969]
Zorro la Series, S.L.	26,973,959	26,970,959	3,000	_	_
Montecristo la Serie, S.L.	8,939,128	6,680,497	2,258,631	_	_
Total	**43,440,330**	**35,700,670**	**7,735,904**	**9,902,031**	**3,575,981**

None of the companies in which the Group has a stake are listed on national or international stock exchanges.

The company Zorro la Serie, S.L. produced the series “Zorro,” which was completed in 2023. The license for broadcasting began in January 2024.

Videoreport Canarias, S.A. was the contractor until June 30, 2018, for the Televisión Pública de Canarias, responsible for providing technical and material services for the production of news content programs for Televisión Pública de Canarias, S.A. to be broadcast on its channels and programs, using any technology and distribution medium. Since that date, a contract has been formalized for renting the technical equipment to the same Televisión Pública, with most of the personnel of Videoreport Canarias, S.A. being disengaged.

In accordance with the requirements of Article 155 of the Capital Companies Act, the Group has complied with the requirement to notify all companies in which it holds a stake exceeding 10%, or if it already held this stake, it has communicated additional acquisitions or sales exceeding 5%.

10. Financial assets

The financial instruments by category reconciled with the items of the consolidated balance sheet are presented in notes 10.1, 10.2, 10.3, 16.1, and 16.3.

10.1. Commercial debtors and other accounts receivable

The balance of the activity in the section “Commercial debtors and other accounts receivable” upon closing the yearly accounts for 2022 and 2023 is as follows:

Classes	Financial assets at amortized cost			
	Non-current		Current	
Categories	**31/12/23**	**31/12/22**	**31/12/23**	**31/12/22**
Financial assets at amortized cost				
Linked				
Clients by ssales and services	_	9,292,728	1,487,236	7,868,650
Unlinked				
Clients by ssales and services	_	_	13,215,604	16,262,009
Staff advances	_	_	74,895	65,603
Other debtors	2,441	2,531	26,069	21,202
Current tax assets (Note 18.1]	_	_	_	139,856
Other credits with Public Administration (Note 18.1)	_	_	945,702	1,111,425
Total	**2,441**	**9,295,259**	**15,749,506**	**25,468,745**

Within the heading "Trade receivables and other accounts receivable" at the end of the years 2023 and 2022, the balance is as follows:

The movement of the impairment allowance for trade receivables and services provided in the short term during the years 2023 and 2022 is as follows:

In Euros	**31/12/23**	**31/12/22**
Starting balance (1st of January)	2,027,980	1,896,433
Budgets	293,531	134,837
Balance application	[1,698,828]	_
Reversion	[149,617]	[3,290]
Final balance	**473,066**	**2,027,980**

During the year 2023, the Group recognized impairment losses amounting to 288,969 euros.

10.2. Long-term financial investments

The balance of the activity in the section “Long-term financial investments” upon closing the yearly accounts for 2022 and 2023 is as follows:

Classes	Financial Instruments					
Categories	Financial assets at amortized cost	Financial assets at fair value with long-term changes	Total	Financial assets at amortized cost	Financial assets at fair value with long-term changes	Total
	31/12/23	31/12/23	31/12/23	31/12/22	31/12/22	31/12/22
Linked						
- Credits	_	1,951,799	1,951,799	_	1,880,097	1,880,097
- Other Financial Assets	12,774,753	_	12,774,753	10,933,796	_	10,933,796
Unlinked						
- Credits	787,061	_	787,061	839,869	_	839,869
- Other Financial Assets	341,271	_	341,271	308,331	_	308,331
- Derivative financial instruments					2,900,500	2,900,500
Total	**13,903,085**	**1,951,799**	**15,854,884**	**12,081,996**	**4,780,597**	**16,862,593**

Within the heading "Credits" with related parties, loans granted to the related company "Ten Media, S.L." on April 7, 2017, and January 23, 2018, amounting to 1,822 and 3,216 thousand euros, respectively, are recorded. During the year 2022, the Group collected 1,480 thousand euros, with the outstanding amount at the end of 2023 being 2,058 thousand euros (3,538 thousand euros at the end of 2022). According to Note 4.7.9, these participating loans have been valued at fair value with changes in results. Based on this valuation, a fair value of 1,952 and 1,880 thousand euros has been determined as of December 31, 2023, and 2022, respectively. In turn, these loans bear a variable interest rate based on the borrower's EBITDA.

Under the heading "Other financial assets" with related parties, mainly contributions and long-term receivables agreements were recorded during the 2023 financial year to related companies for the development of series that were in the production phase (10,933,796 euros in 2022).

Under the heading "Other Financial Assets" unrelated, the balances at the end of 2023 and 2022 are 341,271 euros and 308,331 euros, respectively, corresponding to the deposits made for various leases held by the Group.

As of the end of 2023, under the heading "Credits" unrelated, the Group recorded primarily 787,061 euros (839,869 euros at the end of 2022) corresponding to financial contributions to finance various film productions. During the year 2022, the Group recorded a loss on impairment of 341,333 euros in the "Impairment and result from disposals of financial instruments" section of the consolidated income statement, as the economic expectations of the financed production were not met, and therefore the necessary conditions for its recoverability were not met.

As of December 31, 2022, the heading "Derivative financial instruments" included the cash flow derivative that the Group entered into with a financial institution during the year. The Group sold the financial product in the first quarter of 2023 for an amount of 2,900,500 euros.

10.3. Short-term financial investments

The balance of the activity in the section “Short-term financial investments” upon closing the yearly accounts for 2022 and 2023 is as follows:

Classes	Financial Instruments			
Categories	Financial assets at amortized cost	Total	Financial assets at amortized cost	Total
	31/12/23	31/12/23	31/12/22	31/12/22
Linked				
- Credits		–		–
- Other Financial Assets	16,327,231	16,327,231	287,546	287,546
Unlinked				
- Credits	400,000	400,000	400,000	400,000
- Other Financial Assets	386,205	386,205	320,214	320,214
Total	**17,112,435**	**17,112,435**	**1,007,760**	**1,007,760**

Under the heading "Other financial assets" for non-related parties, the balance at the end of 2023 primarily includes several short-term deposits and guarantees amounting to 335,029 euros (277,743 euros in 2022) and loans granted to various companies with which the Group has various collaboration agreements amounting to 50,175 euros and 42,470 euros as of December 31, 2023, and 2022, respectively.

Under the heading "Credits" for non-related parties, a financial contribution of 400,000 euros is recorded to finance the development of a series carried out by an Economic Interest Grouping.

As of December 31, 2023, under the heading "Other Financial Assets" for related parties, the amounts pending collection corresponding to contributions to related companies for the development of audiovisual productions amount to 16,097,512 euros (56,187 euros in 2022).

10.4. Risk management system

The Group has a Risk Management and Control System that is reviewed and updated periodically based on the evolution of the Group's businesses, the materialization of risks, regulatory developments, and the organization's own evolution.

Below are the main financial risks that impact the Group:

- Credit risk
- Liquidity rist

- Market risk

This note provides information regarding the Group's exposure to each of the mentioned risks, the objectives, policies, and procedures for measuring and managing risk, and the Group's capital management.

The management of the Group's financial risks is centralized in the Financial Management Department, which has established the necessary mechanisms to control exposure to interest rate and exchange rate fluctuations, as well as credit and liquidity risks. Below are the main financial risks that impact the Group:

a) Credit risk:

Credit risk is the risk of financial loss the Group faces if a customer or counterparty in a financial instrument fails to meet their contractual obligations, and it primarily arises from accounts receivable from customers and the Group's investment instruments.

The Group does not have significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an adequate credit history.

As indicated in the accounting policy on impairment (Note 4.8.7), the Group uses different methods to determine the expected credit losses for loans, trade receivables, and finance lease receivables.

The impairment provision for customer insolvencies involves significant judgment by management and the review of individual balances based on the credit quality of customers, current market trends, and historical analysis of insolvencies at an aggregate level. The attached tables reflect the aging analysis from the due date of financial assets that are past due or impaired as of December 31, 2023, and 2022.

	Euros					
	31st of December 2023					
	Not due	Less than 30 days	Between 30 and 90 days	Between 3 and 6 months	More than 6 months	Valuation corrections for impairment
Debtors and other accounts receivable						
Third-party	13,168,568	346,022	611,308	323,324	726,683	[473,065]
Total assets	13,168,568	346,022	611,308	323,324	726,683	[473,065]

	Euros					
	31st of December 2022					
	Not due	Less than 30 days	Between 30 and 90 days	Between 3 and 6 months	More than 6 months	Valuation corrections for impairment
Debtors and other accounts receivable						
Third-party	31,258,695	1,042,933	202,680	352,456	2,594,603	[2,027,980]
Total assets	31,258,695	1,042,933	202,680	352,456	2,594,603	[2,027,980]

b) Liquidity risk:

Liquidity risk is the risk that the Group may encounter difficulties in meeting its obligations associated with its financial liabilities, which are settled by delivering cash or other financial assets. To ensure liquidity and meet all payment commitments arising from its activities, the Group relies on the cash shown in its consolidated balance sheet, as well as the credit and financing lines detailed in note 16. The contractual maturities of financial liabilities are also included in the aforementioned note.

Finally, it is worth noting that systematic forecasts are made regarding the expected generation and needs of cash, which allow for continuous monitoring and determination of the Group's liquidity position.

c) Market risk (including type of interest and other pricing risks:

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, will affect the Group's income or the value of the financial instruments it holds. The objective of market risk management is to manage and control exposures to this risk within reasonable parameters while simultaneously optimizing profitability.

<u>Interest risk</u>

Both the Group's treasury and financial debt are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. As of December 31, 2023, financial debt referenced to variable interest rates accounted for 86% (80.27% as of December 31, 2022) of the Group's total liabilities.

On March 1, 2024, and with the aim of mitigating the possible impact of interest rate increases, the Group's Parent Company formalized a contract for a financial instrument to hedge interest rate risk.

As of December 31, 2023 and 2022, if the interest rates on bank loans and borrowings were 100 basis points higher, with all other variables remaining constant, profit before tax would have decreased by 689,495 euros and 472,798 euros, respectively.

<u>Foreign Exchange risk</u>

Part of the Group's operations are outside the Eurozone and are therefore exposed to exchange rate risk due to transactions in foreign currencies, mainly the Chilean and Colombian peso. Exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

The summary of the Group's exposure to currency risk is as follows:

				31/12/23				
In Euros	**Credit to Group and associated companies**	**Other financial assets**	**Debtors**	**Cash and equivalents**	**Loans from Group and associated companies**	**Financial liabilities**	**Commercial creditors**	**Net exposure**
Chile	7,159,453	155,339	2,988,830	84,469	[3,449,402]	[952,372]	[2,223,801]	3,762,515
Colombia	126,550	30,359	333,008	73,343	[195,213]	_	[464,157]	[96,110]
Mexico	_	13,706	198,987	162,952	[560,353]	[2,384]	[132,473]	[319,565]
Peru	490,266	3,211	593,325	76,314	[1,268,165]	_	[451,380]	[556,429]
USA	_	_	146,803	24,942	[204,554]	_	[395,313]	[428,122]
Qatar	_	_	183,301	14,577	[266,520]	[533]	_	[68,547]
EAU	73,755	79,225	394,301	8,625	[254,357]	[18,702]	[194,967]	87,880
	7,850,025	**281,840**	**4,839,182**	**445,221**	**[6,198,563]**	**[973,991]**	**[3,862,092]**	**2,381,622**

				31/12/22				
In Euros	**Credit to Group and associated companies**	**Other financial assets**	**Debtors**	**Cash and equivalents**	**Loans from Group and associated companies**	**Financial liabilities**	**Commercial creditors**	**Net exposure**
Chile	4,431,736	94,448	3,155,571	1,056,297	[3,202,209]	[3,674]	[1,772,793]	3,759,376
Colombia	137,363	39,319	341,032	35,201	[157,850]	[494]	[374,504]	20,067
Mexico	_	43,398	121,731	216,216	[542,491]	_	[104,535]	[265,681]
Peru	355,549	11,180	484,906	57,994	[1,174,578]	_	[339,324]	[604,273]
USA	_	_	152,065	10,477	[197,917]	_	[405,333]	[440,708]
Qatar	_	_	315,176	3,884	[318,966]	_	_	94
EAU	76,380	_	398,626	90,912	[263,407]	_	[211,502]	91,009
	5,001,028	**188,345**	**4,969,107**	**1,470,981**	**[5,857,418]**	**[4,168]**	**[3,207,991]**	**2,559,884**

The strengthening (weakening) of the euro against the Chilean peso, Colombian peso, Mexican peso, US dollar, Peruvian soles, and Emirati dirham as of December 31, 2023, and 2022, would increase (decrease) the results by the amounts shown below. This analysis is based on a variation in the foreign exchange rate that the Group considers reasonably possible at the end of the reporting period (an increase and decrease of 10% in the exchange rate). The analysis assumes that all other variables remain constant.

	31/12/23		31/12/22	
	Exchange rate rise	Exchange rate fall	Exchange rate rise	Exchange rate fall
	Result	Result	Result	Result
Chile	[74,673]	91,579	[164,744]	181,217
Colombia	11,744	[14,353]	22,194	[24,414]
Mexico	1,532	1,872	17,510	[19,261]
Peru	[14,609]	17,856	[4,042]	4,446
USA	1,085	[1,326]	810	[891]
Qatar	6,355	[7,767]	_	_
EAU	_	_	816	[898]

10.5. Net gains and losses by categories of financial assets

The net gains and losses by categories of financial assets are as follows (in euros):

31/12/23	Assets at amortized cost	Assets at reasonable value with changes in final account	Total
Financial assets at amortized cost	375,437	_	375,437
Budget impariment from commercial operations	[293,531]	_	[293,531]
Reversion impairment from commercial operations	149,616	_	149,616
Irreversible loss of value from commercial operations	[288,969]	_	[288,969]
Financial instrument impairment	7,491	[38,000]	[30,509]
Variation of assets at reasonable value	_	71,702	71,702
Positive differences in exchange rates	596,450	_	596,450
Earnings/(Losses) in P&L	**546,494**	**33,702**	**580,196**

31/12/22	Assets at amortized cost	Assets at reasonable value with changes in final account	Total
Financial assets at amortized cost	646,398	_	646,398
Budget impariment from commercial operations	[134,837]	_	[134,837]
Reversion impairment from commercial operations	3,290	_	3,290
Financial instrument impairment	[341,333]	_	[341,333]
Variation of assets at reasonable value	_	2,900,500	2,900,500
Positive differences in exchange rates	524,196	_	524,196
Earnings/(Losses) in P&L	**697,714**	**2,900,500**	**3,598,214**

10.6. Classification of assets by maturity

31/12/23	2025	2026	Total
Linked			
Other financial assets	12,774,753		12,774,753
Credits		1,951,799	1,951,799
Unlinked			
Other debtors	2,441	_	2,441
Credits	787,061	_	787,061
Other financial assets	341,271	_	341,271
TOTAL	**13,905,526**	**1,951,799**	**15,857,325**

31/12/22	2023	2024	2026 and onwards	Total
Linked				
Other financial assets	_	_	10,933,796	10,933,796
Credits	342,687		1,537,410	1,880,097
Other debtors	_	9,292,728	_	9,292,728
Unlinked				
Other debtors	_	2,531	_	2,531
Derivative financial instruments	_	_	2,900,500	2,900,500
Other financial assets	_	839,869	308,331	308,331
TOTAL	**342,687**	**10,135,128**	**15,680,037**	**26,157,852**

11. Inventory

The composition of this item at the end of the fiscal years 2023 and 2022 is as follows (in euros):

	31/12/23	31/12/22
Audiovisual formats (Note 4.9)		
- Ongoing	8,832	136,300
- Own inventory (Note 4.9)	1,278,806	564,136
- External (Note 4.9)	_	30,000
Technical equipement	485,262	64,980
Total	**1,772,900**	**795,416**

Audiovisual formats

The balance of inventories related to audiovisual products at the end of fiscal years 2023 and 2022 is 8,832 euros and 136,300 euros respectively, and corresponds to programs in the production phase for which there are sales agreements.

Rights to In-House production programs

These correspond to broadcasting rights for in-house production programs acquired during the fiscal years 2023 and 2022. These are expensed to the income statement according to the criteria indicated in Note 4.9. The movements during the fiscal years 2023 and 2022 are as follows:

	Starting balance on 01/01/2023	Purchases	Consumption	Final balance on 31/12/2023
Program rights	564,136	2,808,005	[2,093,335]	1,278,806
Total	**564,136**	**2,808,005**	**[2,093,335]**	**1,278,806**

	Starting balance on 01/01/2022	Purchases	Consumption	Final balance on 31/12/2022
Program rights	1,672,135	2,554,547	[3,662,546]	564,136
Total	**1,672,135**	2,554,547	**[3,662,546]**	**564,136**

Rights to externally produced programs

As of December 31, 2022, the "Rights to Third-Party Production Programs" included 30,000 euros corresponding to audiovisual productions acquired by the Group.

12. Cash and cash equivalents

The composition of cash and cash equivalents is as follows:

	Euros	
	31st of december 2023	**31st of december 2022**
Banks	1,092,723	1,903,298
Short-term credits with loan entities	56,195	558,449
Total	1,148,918	2,461,747

All balances are freely available.

Under the heading "Short-term deposits with credit institutions," short-term financial deposits in Chile amount to 56,195 euros (558,449 euros in 2022). These deposits are redeemable upon one day's notice and carry an average monthly return of 0.19%.

13. Net equity

At the close of the 2023 and 2022 fiscal years, the share capital of the Parent Company amounts to 100,921 euros and is represented by 8,073,574 shares with a nominal value of 0.0125 euros each, fully subscribed and paid up, and with the same rights.

At the close of the 2023 and 2022 fiscal years, the shareholders of the Parent Company with a direct or indirect ownership interest exceeding 10%, as well as their respective holdings at that date, are as follows:

Company	**% Participation 31/12/23**	**% Participation 31/12/22**
Sacromonte Inversiones, S.L.	78.69%	_
Simres Trade, S.A.	20.00%	_
Cardonama Servicios y Gestiones, S.l	_	56.17%
Sponsorship Consulting Media, S.L.	_	20.60%
Gala Global Travels, S.L.	_	14.00%
	98.69%	**90.77%**

The shares of the Parent Company started trading on BME Growth on July 28, 2011, at a price of 4.20 euros per share. As of December 31, 2023, the share price was 8.30 euros (5.55 euros as of December 31, 2022), with all shares having equal political and economic rights.

13.1. Share premium

This reserve is freely distributable.

13.2. Reserves

The breakdown of the Reserves figure is as follows:

	Euros	
	31/12/23	31/12/22
Parent Company Reserves		
Legal Reserves	20,184	20,184
Voluntary Reserves	9,533,258	9,510,225
Total Parent Company Reserves	**9,553,442**	**9,530,409**
Reserves in Consolidated Companies by global integration	[8,782,205]	[10,770,063]
Reserves in Consolidated Companies by equity	3,564,823	2,130,854
Total Consolidated Reserves	**[5,217,382]**	**[8,639,209]**
Total Reserves	**4,336,060**	**891,200**

13.2.1. Parent Company´s Legal Reserve

According to the Companies Act, an amount equal to 10% of the profit for the year must be allocated to the legal reserve until it reaches at least 20% of the share capital. The legal reserve can only be used to increase the share capital. Except for the aforementioned purpose, and as long as it does not exceed 20% of the share capital, this reserve can only be used to offset losses, provided that there are no other available reserves sufficient for this purpose.

13.3. Own shares

At the end of the fiscal years 2023 and 2022, the Parent Company held its own shares as follows:

	% of Capital	Number of Shares	Nominal Value (Euros)	Average Acquisition Price (Euros)	Total Acquisition Cost (Euros)
Own shares as of December 2023	0.94%	75,407	0,0125	8,48	633,127

The purpose of these own shares is to provide liquidity to BME Growth, as established by Circular 10/2016 of BME Growth itself.

During the year 2023, 13,050 own shares were purchased with a net value of 55,265 euros (3,253 own shares with a net value of 20,484 euros in 2022), and there were sales of 10,720 own shares with a net value of 49,216 euros in the year 2023 (400 own shares with a net value of 2,220 euros were sold in 2022).

13.4. Contribution to the consolidated result by Company

The breakdown of contributions to the consolidated result of the fiscal year by companies within the consolidation scope, both by full consolidation and equity method, as of December 31, 2023 and 2022, is as follows:

	Euros			
	31/12/23		31/12/22	
Company	**Consolidated Earnings / (Losses)**	**Earnings / (Losses) attributed to external partners**	**Consolidated Earnings / (Losses)**	**Earnings / (Losses) attributed to external partners**
From companies by global integration	2,00,059	[339,049]	2,156,126	[64,713]
From companies byequity method	1,151,231		1,433,968	
Total	**3,151,290**	**[339,049]**	**3,590,094**	**[64,713]**

13.5. Minority Interest

The breakdown by companies of the equity attributable to non-controlling interests and its corresponding movement for the fiscal years 2023 and 2022 is as follows:

	Euros				
External Partners	**Percentage**	**Starting balance on 01/01/23**	**Scope variations (Note 4.1)**	**Participation in annual result**	**Final balance on 31/12/2023**
Parlem-ne Produccion, S.L.	15%	[41,091]	_	_	[41,091]
Aragón Media Producciones, S.L.	40%	29,504	_	_	29,504
Secuoya Ficción, S.L.	20%	1,048,937	[168,201]	[287,352]	593,384
Secuoya Studios Services, S.L.	40%	[13,523]	_	[39,969]	[53,492]
Drago Contenidos Canarias, S.L.	26%	10,349	_	[23,727]	[13,378]
Xreality studios, S.L.	25%	[19,499]	_	[79,825]	[99,324]
Bienvenido Gil, S.L.	19%	[98,544]	_	56,444	[42,100]
Secuoya Commercial Studios, S.L.	50%	[139,704]	_	[6,794]	[146,498]
Montecristo la Serie, S.L.	5%	_	150	44,322	44,472
Secuoya Stories, S.L.	20%		600	[2,148]	[1,548]
Total		**776,429**	**[167,451]**	**[339,049]**	**269,929**

	Euros				
External Partners	**Percentage**	**Starting balance on 01/01/22**	**Scope variations (Note 4.1)**	**Participation in annual result**	**Final balance on 31/12/2022**
Parlem-ne Produccion, S.L.	15%	[41,091]	_	_	[41,091]
Aragón Media Producciones, S.L.	40%	29,504	_	_	29,504
Secuoya Ficción, S.L.	25%	1,638,783	[672,749]	82,903	1,048,937
Secuoya Studios Services, S.L.	40%	[702]	_	[12,821]	[13,523]
Drago Contenidos Canarias, S.L.	26%	[3,486]	_	13,835	10,349
Xreality studios, S.L.	25%	[4,197]	_	[15,302]	[19,499]
Bienvenido Gil, S.L.	19%	[105,670]	_	7,126	[98,544]
Secuoya Commercial Studios, S.L.	50%	_	750	[140,454]	[139,704]
Total		**1,513,141**	**[671,999]**	**[64,713]**	**776,429**

13.6 Grants, donations and legacies

The information on grants received by the Group, which form part of Equity, as well as the results allocated to the consolidated income statement from these grants, as of the end of the 2023 fiscal year, is as follows (in euros):

Organisms	Area	Balance 01.01.2023	Scope Variation	Transferred results	Balance 31.12.2023	Fiscal effect	Equity amount
Private	National	-	3,222,330	(2,900,097)	322,233	(80,558)	241,675

During the 2022 fiscal year, a subsidiary of the Group received income from financing contracts, totaling a gross amount of 3,222,330 euros. Of the grants recorded, 2,900,097 euros have been allocated to the consolidated income statement for the 2023 fiscal year. The remainder remains in equity, net of tax effect, and will be allocated to results based on the amortization of the subsidized assets.

At the close of the 2023 fiscal year, the Group had met all the necessary requirements for the receipt and enjoyment of the grants detailed above.

14. Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the own shares acquired by the Company:

	31/12/23	31/12/22
Annual profit attributable to Parent Company owners	3,151,290	3,590,094
Weighted average number of ordinary shares outstanding	8,074,000	8,074,000
Basic earnings per share (in euros)	**0.390**	**0.445**

15. Segmented Information

The Group identifies its operating segments based on internal reports regarding the components of the Group that are regularly reviewed, discussed, and evaluated by the Management, as they are the highest authority in the decision-making process with the power to allocate resources to the segments and assess their performance.

Thus, the segments that have been defined are as follows:

- Services Segment: Companies focused on providing technical services for content production, as well as outsourcing services for television stations.

- Content Segment: This segment refers to the production of television programs.

- Marketing and Communication Segment: This segment develops high-value projects for major brands, creating new products and services with digital content as the central element. It involves audiovisual, online, and interactive communication to expand the commercial reach of Grupo Secuoya into new markets and audiences.

- International Segment: This segment includes all operations carried out by companies outside the national territory, even if functionally they correspond to the Services segment.

Transfer prices in inter-segment sales are market prices as indicated in note 4.14. The costs of the Parent Company consist of structural costs and personnel expenses at the Group management level, which are allocated to each segment proportionally to their revenue.

Segmented Financial Statements

Year 2023

31st of December 2023 Concepts	Segments				Adjustments and eliminations between segments	Total
	SERVICES	CONTENT	MARKETING	INTERNATIONAL		
Net revenue	54,747,218	19,128,733	3,516,212	20,543,437	[989,810]	96,945,790
Other operating income	136,186	545,669	21,134	73,631	[332,365]	444,255
Variation in inventory	1,137,907	[30,143]	_	_	_	1,107,764
Work carried out for in-house assets	52,808	3,949,591	_	_	_	4,002,399
Supplies	[14,181,689]	[4,707,434]	[1,888,368]	[5,882,854]	1,222,955	[25,437,390]
Staff expenses	[24,483,097]	[6,651,721]	[758,509]	[8,604,799]	1,589	[40,496,537]
Depreciation of assets	[4,106,687]	[10,731,690]	[61,348]	[3,118,638]	_	[18,018,363]
Other expenses	[7,373,606]	[3,623,757]	[657,394]	[1,731,057]	97,631	[13,288,184]
Losses and impairment	4,758	[5,985]	_	10,896	_	9,669
Grant allocation	_	2,900,178	_	_	_	2,900,178
OPERATING INCOME	**5,933,798**	**773,440**	**171,727**	**1,290,616**	_	**8,169,581**
Financial income	31,031	25,933	593,000	317,880	_	375,437
Financial expenses and similar	[3,,909,809]	[1,612,097]	[202,802]	[892,526]	_	[6,617,234]
Investments accounted for by equity	1,151,291	[60]	_	_	_	1,151,231
RESULT BEFORE TAX	**3,206,311**	**[812,783]**	**[30,483]**	**715,970**	_	**3,079,015**
Segment assets	**51,241,298**	**29,099,924**	**4,019,248**	**23,657,314**	**[859,840]**	**107,157,944**
Segment liabilities	**57,480,414**	**21,881,510**	**3,157,660**	**16,537,361**	**[388,895]**	**98,668,050**
Net cash flow from:						
- Operations	4,563,671	14,699,968	278,434	3,101,262	_	22,643,335
- Investment	[13,909,007]	[2,917,308]	[785,448]	[3,772,733]	_	[21,384,496]
- Financing	[2,634,171]	[765,270]	[96,170]	852,241	_	[2,643,370]
Non-current Asset Acquisitions	**3,569,202**	**4,280,495**	**29,234**	**805,819**	_	**8,684,750**

Year 2022

Concepts	Segments				Adjustments and eliminations between segments	Total
	SERVICES	CONTENT	MARKETING	INTERNATIONAL		
Net revenue	53,649,390	24,216,736	4,452,028	18,868,765	[2,084,504]	99,102,415
Other operating income	91,945	688,553	17,984	333,541	[44,743]	1,087,280
Variation in inventory	[1,209,322]	[33,218]	_	_	_	[1,242,540]
Work carried out for in-house assets	_	1,890,226	_	_	_	1,890,226
Supplies	[15,049,479]	[8,042,805]	[2,549,431]	[4,703,952]	2,028,843	[28,316,824]
Staff expenses	[23,826,269]	[13,167,131]	[870,143]	[7,743,471]	722	[45,606,292]
Depreciation of assets	[3,414,117]	[2,858,475]	[47,391]	[3,265,455]	_	[9,585,439]
Other expenses	[6,860,962]	[3,863,572]	[686,583]	[1,578,103]	101,546	[12,887,674]
Losses and impairment	18,141	_	_	[1,718]	_	16,423
Grant allocation	926,000	472,000	_	_	_	1,398
OPERATING INCOME	**3,400,252**	**[1,169,214]**	**316,464**	**1,909,607**	**1,864**	**4,458,973**
Financial income	32,390	496,504	1,760	115,745	_	646,399
Financial expenses and similar	[1,173,104]	[623,891]	[37,865]	[207,443]	[1,864]	[2,044,167]
Investments accounted for by equity	1,433,968	_	_	_	_	1,433,968
RESULT BEFORE TAX	**3,693,506**	**[1,296,601]**	**280,359**	**1,817,908**	_	**4,495,173**
Segment assets	**37,855,226**	**46,296,791**	**3,900,506**	**17,462,334**	**[2,780,261]**	**102,734,596**
Segment liabilities	**48,243,041**	**36,499,154**	**2,709,945**	**10,924,031**	**[2,401,618]**	**95,975,552**
Net cash flow from:						
- Operations	7,323,257	[11,664,309]	201,411	2,581,016	_	[1,558,626]
- Investment	[5,309,881]	[15,274,933]	[607,466]	[1,212,865]	_	[22,405,145]
- Financing	12,446,293	8,440,941	483,104	2,090,100	_	23,460,438
Non-current Asset Acquisitions	**6,215,661**	**7,343,153**	**45,244**	**860,542**	_	**14,464,600**

16. Financial liabilities

16.1. Short and long-term debts

The balance of the "Long-term and Short-term Debts" accounts is detailed as follows at the end of the fiscal years 2023 and 2022, in euros:

31/12/23						
Classes	Long and short-term debts					
	Debts with loan entities		Other financial liabilities		Total	
Categories	Non-current	Current	Non-current	Current	Non-current	Current
Linked						
Financial liabilities at amortized cost	_	_	643,720	1,464,561	643,720	1,464,561
Unlinked						
Financial liabilities at amortized cost	60,493,965	6,190,065	895,237	373,479	61,389,202	6,563,544
Total	**60,493,965**	**6,190,065**	**1,538,957**	**1,838,040**	**62,032,922**	**8,028,105**

31/12/22						
Classes	Long and short-term debts					
	Debts with loan entities		Other financial liabilities		Total	
Categories	Non-current	Current	Non-current	Current	Non-current	Current
Linked						
Financial liabilities at amortized cost	_	_	643,720	699,852	643,720	699,852
Unlinked						
Financial liabilities at amortized cost	61,561,025	5,831,072	966,795	_	65,527,820	5,831,072
Total	**61,561,025**	**5,831,072**	**1,610,515**	**699,852**	**66,171,540**	**6,530,924**

The "Debts with credit institutions" item in both long-term and short-term comprises:

- **"Loans with credit institutions"** include operations contracted at the end of the fiscal years 2023 and 2022, of which the outstanding amount to be amortized at the end of 2023 amounts to 52,292,724 euros with an average interest rate of 7.85% (57,122,790 euros with an average interest rate of 4.74% in 2022). The main loans held by the Group are:

  - Financing contract of up to 70 million euros, repayable, formalized on December 28, 2020: On July 13, 2023, a novation was signed, extending the loan maturity to December 30, 2029. The financial cost of the novation amounted to 0.43 million euros. As of December 31, 2023, the Group has utilized 50 million euros under this contract (50 million euros in 2022), with 47.17 million euros remaining to be amortized as of December 31, 2023. This amount is adjusted in the books by the commissions and debt formalization expenses amounting to 1.95 million euros. The interest rate on this contract is Euribor plus a market margin. The Group is required to maintain a debt service coverage ratio and a Gross Debt/Ebitda ratio. The administrators of the Parent Company estimate that these financial ratios are being met as of the date of preparation of these consolidated financial statements. As collateral for this loan, the Parent Company has pledged the shares of the “material subsidiaries” (see note 21).

  - ICO loans amounting to 6.47 million euros with an average fixed interest rate of 3.68% as of December 31, 2023 (8.69 million euros as of December 31, 2022).

- **Credit lines** contracted by Group companies: At the end of the 2023 fiscal year, these have a maximum limit of 15,932,000 euros with an average interest rate of 4.24% (14,682,000 euros with an average interest rate of 3.54% in 2022). As of the end of 2023, the credit lines were drawn up to 14,391,306 euros (13,269,307 euros in 2022), of which 11,989,785 euros are classified as long-term since they have a maturity of more than one year.

- **Discount and invoice advance lines** contracted by Group companies: At the end of the 2023 fiscal year, these had a maximum limit of 4,500,000 euros with an average interest rate of 2.37%, and were not drawn upon at the end of 2023 (maximum limit of 6,200,000 euros with an average interest rate of 2.37% at the end of 2022, not drawn upon at the end of that fiscal year).

The "Other financial liabilities" item with related parties in the long term at the end of the fiscal years 2023 and 2022 mainly records the loan provided by the minority shareholders of two investee companies amounting to 643,720 euros (643,720 euros in 2022). For non-related parties, it records the outstanding contributions for the financing of various film productions amounting to 895,237 euros as of December 31, 2023 (966,795 euros in the long term in 2022).

As of December 31, 2023, the "Other financial liabilities" item with related parties in the short term mainly includes 1,464,561 euros (623,969 euros as of December 31, 2022) corresponding to outstanding balances to be disbursed for advances from related companies, which will be offset against receivable balances generated with them.

16.2. Lease liabilities

The breakdown of movements in lease liabilities during the fiscal years 2023 and 2022 is as follows:

Financial liabilities	Euros
Starting balance on 31st of December 2021	**5,016,587**
Additions	2,949,034
Transfers and retirements	[2,872,517]
Financial expenses	200,156
Starting balance on 31st of December 2022	**5,293,260**
Additions	10,581,348
Transfers and retirements	[3,350,284]
Financial expenses	341,158
Conversion rate differences	52,142
Starting balance on 31st of December 2023	**12,917,624**

The amount of lease liabilities includes both those corresponding to rights of use and finance leases related to tangible fixed assets.

The analysis of the contractual maturity of lease liabilities as of December 31, 2023 and 2022, including future interest payments, is as follows:

<u>Year 2023</u>

Euros	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Right of use liabilities	1,312,558	1,179,677	2,476,897	6,747,247	1,201,246

<u>Year 2022</u>

Euros	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Right of use liabilities	1,097,501	490,688	500,684	1,517,562	1,686,825

The average incremental borrowing rate used for the calculation of the present value of the rights of use and lease liabilities is provided in note 8.

16.3. Commercial creditors and other accounts payable

The balance of the accounts under the heading "Trade payables and other accounts payable" at the end of the fiscal years 2023 and 2022 is as follows (in euros):

Classes	Derivative and others	
Categories	**31/12/23**	**31/12/22**
Financial liabilities at amortized cost		
Linked		
Suppliers	396,214	688,673
Unlinked		
Suppliers	9,082,849	10,919,772
Pending remunerations	537,641	553,437
Other creditors	114,265	165,140
Client advances	407,091	273,013
Other debts with Public Administration (Note 19.1)	4,003,630	3,507,659
Total	**14,541,690**	**16,107,694**

Within the "Suppliers" heading, the amount pending payment due to commercial operations carried out by the Group in each fiscal year is recorded.

Additionally, the "Other Creditors" heading includes the amount pending payment for services received from third parties.

Within the "Suppliers" heading with related parties, 396,214 euros (530,692 euros in 2022) are included as pending collection for commercial operations, while in the 2022 fiscal year, it also included 157,981 euros corresponding to balances with Administrators and shareholders of the Parent Company pending payment.

16.4. Financial liabilities by maturity

The breakdown by maturity of financial liabilities is as follows, in euros:

31/12/23	2025	2026	2027	2028 and onwards	Total
Linked					
Other debts	643,720	_	_	_	643,720
Unlinked					
Debts with loan entities	4,526,907	15,373,056	2,791,229	37,802,773	60,493,965
Other financial liabilities	895,237	_	_	_	895,237
TOTAL	**6,065,864**	**15,373,056**	**2,791,229**	**37,802,773**	**62,032,922**

31/12/22	2024	2025	2026	2027 and onwards	Total
Linked					
Other debts	643,720	_	_	_	643,720
Unlinked					
Debts with loan entities	7,022,947	6,100,436	50,778,034	659,608	64,561,025
Other financial liabilities	966,795	_	_	_	966,795
TOTAL	**8,633,462**	**6,100,436**	**50,778,034**	**659,608**	**66,171,540**

Financial liabilities are measured at amortized cost, which is representative of their fair value.

16.5. Net earnings and losses by financial liability category

The amount of net gains and losses by categories of financial liabilities is as follows (in euros):

31/12/23	Loans and receivables	Total
Financial assets at amortized cost	[6,944,292]	[6,944,292]
Net differences in exchange rates	[310,585]	[310,585]
Earnings / (Losses) in P&L	**[7,254,877]**	**[7,254,877]**

31/12/22	Loans and receivables	Total
Financial assets at amortized cost	[4,763,007]	[4,763,007]
Net differences in exchange rates	[364,522]	[364,522]
Earnings / (Losses) in P&L	**[5,127,529]**	**[5,127,529]**

16.6. Information on the average payment period to suppliers

Below is the information required by the Additional Provision Three of Law 15/2010, of July 5th (modified through the Second Final Provision of Law 31/2014, of December 3rd), prepared in accordance with the Resolution of the ICAC of January 29th, 2016, regarding the information to be included in these consolidated annual accounts regarding the average payment period to suppliers in commercial transactions, which applies exclusively to companies based in Spain consolidated by global or proportional integration.

	31/12/23	31/12/22
	Days	
Average payment period to supplier	37	49
Ratio of paid transactions	35	47
Ratio of pending transactions	50	54
	Euros	
Total payments made	41,449,403	42,628,478
Total payments pending	6,157,617	9,443,908

According to the ICAC Resolution, for the calculation of the average payment period to suppliers, commercial transactions corresponding to the delivery of goods or services provided from the date of entry into force of Law 31/2014, December 3rd, have been considered.

For the purposes of providing the information required by this Resolution, suppliers are defined as commercial creditors for debts to suppliers of goods or services, included in the "Suppliers" and "Other Creditors" items of the current liabilities in the consolidated balance sheet.

The "Average payment period to suppliers" is understood as the period from the delivery of goods or the provision of services by the supplier to the actual payment of the transaction.

Information about invoices paid within a period shorter than the maximum established in the legislation on late payments is as follows:

	2023	2022
Monetary volume paid in euros	35,054,579	28,396,183
Number of paid invoices	14,938	14,002
Percentage on paid invoices	74.31%	67.59%

17. Financial instruments and fair value

The carrying amounts and fair values of financial instruments are estimated to approximate their book values due largely to the short-term maturities of these instruments and the variable interest rates associated with them.

The fair value of loans and other non-current financial assets and liabilities is estimated by discounting future cash flows, using rates available for debts with similar terms, credit risk, and maturities.

As indicated in note 4.8.11, the Group maintains a participating loan with the related company Ten Media, S.L. which is valued at fair value.

The valuation methods used during the fiscal years 2023 and 2022 to determine the fair values of Level 2 instruments (Note 4.8.11), as well as the unobservable variables employed and the quantitative information for each significant unobservable Level 2 variable, are shown below. The sensitivity analyses are as follows:

Type	Valuation method	Variables used	Relation between key variables and fair value	Sensitivity study
Participative credit	Cash flows discounted: The value model considers the present cash flow value derived from participative credit granted. Expected cash flows are determined upon considering the most accurate estimation based on information available on the financial situation at hand. Net cash flow expected is discounted by using a discount rate that is adjusted to the risk associated.	- Cash Flows - Discount rate	- The estimated fair value rises (drops) based on the cash flow values and return date. - The estimated fair value rises (drops) based on the discount rate value	- If the cash flow value had varied by 5% of the rate agreed on, the participative credit value would have varied by 168,731 euros. - If the value rate had varied by 1% of the rate agreed on, the participative credit value would have varied by [19,790] euros and 20,293 euros.

During the 2023 and 2022 fiscal years, there were no transfers of assets and liabilities between the different levels.

18. Public Administration and fiscal situation

Secuoya, Grupo de Comunicación, S.A. has been under the special tax consolidation regime, in accordance with the Corporate Tax Law, since the 2010 fiscal year. It is the parent entity of the Group identified with the number 501/10, composed of all those dependent Spanish companies that meet the requirements set forth by the regulations governing the taxation of consolidated profit for corporate groups, as detailed in note 4.10.

18.1. Current balances with Public Administration

The composition of current balances with Public Administrations is as follows (in euros):

Debtor balance

	31/12/23	31/12/22
Tax authority debt in VAT	248,659	322,235
Tax authority debt in input VAT	32,392	64,024
Social Security organism debt	_	139,857
Tax authority down payment debt	_	9
Tax authority foreign entity debt	664,651	725,156
Total debtor balance	**945,702**	**1,251,281**

Within "Debtor Public Treasury of foreign entities," the balances receivable from the public administrations of the Latin American subsidiaries are recorded, mainly derived from the equivalent of national VAT.

Creditor balance

	31/12/23	31/12/22
Tax authority credit in VAT	1,546,302	1,339,549
Tax authority corporate tax	443,208	84,711
Social Security organism credit	754,929	687,084
Tax authority income tax	548,672	538
Tax authority foreign entity credit	710,518	858,559
Total credit balance	**4,003,629**	**3,507,659**

Within "Creditor Public Treasury of foreign entities," the balances payable to the public administrations of the Latin American subsidiaries are recorded, mainly derived from the equivalent of the national corporate tax on the profits obtained.

18.2. Reconciliation of accounting result and taxable base

The reconciliation between the accounting result and the taxable base for Corporate Tax as of December 31, 2023, and 2022 is as follows:

Year 2023	Earnings and Losses Account		
	Raises	Drops	Total
Accounting result after taxes	2,813,240	_	2,812,240
Company Tax	266,775	_	266,775
Permanent differences			
- from individual companies	171,764	[3,003,152]	[2,831,388]
- from consolidation adjustments	1,518,935	_	1,518,935
Temporary differences			
- From the yearly account			
Adjustment for financial expenses limit	779,810	_	779,810
- From previous years			
Adjustment for depreciation	398,480	_	398,480
Base compensation	[1,000,000]	_	[1,000,000]
Tax base	**4,948,004**	**[3,003,152]**	**1,944,852**

Year 2022	Earnings and Losses Account		
	Raises	Drops	Total
Accounting result after taxes	3,525,381	_	3,525,381
Company Tax	969,792	_	969,792
Permanent differences			
- from individual companies	140,518	[916,112]	[775,594]
- from consolidation adjustments	[2,283,852]	_	[2,283,852]
Temporary differences			
From previous years			
Adjustment for depreciation	[244,254]	_	[244,254]
Base compensation	[1,021,889]	_	[1,021,889]
Tax base	**1,085,696**	**[916,112]**	**169,583**

18.3. Reconciliation between accounting result and corporate income tax expense

The reconciliation between the accounting result and the corporate income tax expense is as follows (in euros):

	31/12/23	31/12/22
Result before consolidated taxes	3,079,015	4,495,173
Permanent differences		
- From individual companies	[2,831,388]	[775,594]
- From imputation of DTL	_	_
- From consolidation adjustments	1,518,935	[2,282,361]
Tax rate at 25%	**[441,641]**	**[359,304]**
Deductions		
From donations	15,136	18,589
Elimination of temporary differences activation	[5,733]	_
Adjustments of depreciation limit activation	280,000	280,000
Adjustments of assets and liabilities from previous years	_	[194,458]
Others	13,111	_
Total (expense)/income from tax on companies in Spain recognised in consolidated accounts	**[418,847]**	**[534,893]**
Equivalent corporate tax for Latin American companies	**[152,072]**	**[434,899]**
Total (expense)/income from company tax recognised in consolidated accounts	**[266,775]**	**[969,792]**

18.4. Breakdown of corporate income tax income

The breakdown of corporate income tax income is as follows (in euros):

	31/12/23	31/12/22
Current tax:		
From continuing operations	[450,410]	[214,185]
Deferred tax:		
From continuing operations	183,635	[755,607]
Total tax expense	**[266,775]**	**[969,792]**

18.5. Deferred tax assets recorded

The details of the "Deferred Tax Assets" item as of the end of the 2023 and 2022 fiscal years are as follows (in euros):

	31/12/23	31/12/22
Temporary differences (prepaid taxes):		
Total loss carryforwards	2,018,998	2,147,409
Temporary differences from non-deductible depreciation expense	426,841	342,327
Pending and other deductions	646,062	792,056
Deferred tax from Latin American companies	733,801	495,727
Total tax expense	**3,825,702**	**3,777,519**

The deferred tax assets indicated above have been recorded in the consolidated balance sheet because the Group's management considers that the conditions for their recognition are met. The Group does not have additional deferred tax assets pending to be recorded.

18.6. Pending tax audits and inspection actions

According to current legislation, taxes cannot be considered definitively settled until the tax authorities have inspected the filed tax returns or the four-year statute of limitations period has elapsed. As of the end of 2023, the Group has tax inspections open for tax years 2019 and subsequent years for Corporate Income Tax, and from 2020 onwards for other applicable taxes. The Directors of the Parent Company believe that the tax assessments have been properly prepared. Therefore, even if discrepancies arise regarding the interpretation of current tax regulations on the tax treatment of operations, any resulting liabilities, if materialized, would not significantly affect the attached consolidated financial statements.

During 2023, a limited tax inspection was conducted for the 2018 Corporate Income Tax, revealing a contingent liability due to the non-deductibility of impairment of a trade receivable, amounting to €74,526, which has been charged against the reserves of the Parent Company of the Group.

Additionally, transfer pricing policies are adequately supported, and the Directors of the Parent Company believe there are no significant risks regarding this aspect that could lead to significant liabilities in the future.

The Directors of the Parent Company do not anticipate that future inspections will result in significant liabilities for the Group.

19. Income and expenses

19.1. Net sales revenue

The breakdown of net sales revenue by categories of activities and geographical markets is as follows:

	National		Latin America		Eastern Countries		Total	
Categories	31/12/23	31/12/22	31/12/23	31/12/22	31/12/23	31/12/22	31/12/23	31/12/22
Sale of goods	4,641,978	5,538,558	2,463,434	2,890,624	_	488,142	7,105,412	8,917,324
Rendering of services	72,314,882	74,613,218	17,229,025	15,571,873	296,471	_	89,840,378	90,185,091
Total	**76,956,860**	**80,151,776**	**19,692,459**	**18,462,497**	**296,471**	**488,142**	**96,945,790**	**99,102,415**

The Group's revenues are recognized as follows:

	Euros	
Recognition period	31/12/23	31/12/22
In a specific moment	7,105,412	8,917,324
Over a time period	89,840,378	90,185,091
Total	96,945,790	99,102,415

The breakdown of sales to external customers invoiced during the fiscal year amounts equal to or exceeding 5% of net sales revenue is as follows (in euros):

Clients	31/12/23	31/12/22
Client 1	14,515,566	14,682,890
Client 2	12,714,276	11,767,364
Client 3	10,888,430	9,917,039
Client 4	9,036,880	8,909,376

19.2. Purchases

The balance of the accounts "Consumption of goods," "Consumption of raw materials and other consumables," and "Work done by other companies" for the years 2023 and 2022 is composed as follows (in euros):

	31/12/23	31/12/22
Purchasing of goods	4,000,862	4,162,537
Purchasing of raw material and other consumables	925,694	825,321
Work done by other companies	20,510,834	23,328,966
Total	**25,437,390**	**28,316,824**

The purchases made at the end of the years 2023 and 2022 by territory are broken down as follows:

	31/12/23	31/12/22
Purchases in Spain	75.85%	81.53%
Purchases in Latin America	24.15%	18.21%
Elsewhere	_	0.26%

19.3. Staff expenses

At the end of the fiscal years 2023 and 2022, no provision has been recorded for severance payments, as no such situations are anticipated.

Social contributions

The balance of the account "Social security charges" at the end of the fiscal years 2023 and 2022 is as follows (in euros):

	31/12/23	31/12/22
Social contributions:		
Company Social Security	7,285,766	8,396,445
Other social contributions	79,217	11,558
Total	**7,364,983**	**8,408,003**

19.4. Other current management expenses

The main expenses recorded under this heading in the consolidated income statement refer to costs for rentals of equipment and occasional filming spaces, costs for independent professional services, as well as other operating expenses related to production costs, such as travel expenses and other miscellaneous expenses.

20. Operations and balances with related parties

20.1. Linked transactions

The details of transactions carried out with related parties, whose effects have not been eliminated during the consolidation process, during the years 2023 and 2022 are as follows (in euros):

Other Related Areas	31/12/23		31/12/22		
	Administrators	Other linked areas	Significant Shareholders	Administrators	Other linked areas
Income					
Service delivery	15,506	13,265,583	_	_	18,847,762
Non-core and other current operating income	_	436,783	_	_	_
Financial income	_	_	_	_	467,043
Total income	**15,506**	**13,702,366**	_	_	**19,314,805**
Expenses					
Services received	733,927	1,122,072	76,207	733,402	948,918
Directos remunerations	8,000	8,000	_	16,000	18,000
Total expenses	**741,927**	**1,130,072**	**76,207**	**749,402**	**966,918**
Investments					
Use rights	_	_	_	_	5,100,000
Total investments	_	_	_	_	**5,100,000**

20.2. Balance with linked parties

The amounts of the debit and credit balances in the consolidated financial statements with related parties are disclosed in notes 11.1, 11.2, 11.3, and 18.1.

20.3. Remunerations to the Directors and Senior Management of the Parent Company

The remunerations accrued during the fiscal year 2023 and the fiscal year 2022 by the members of the Board of Directors and the Senior Management of the Parent Company classified by concepts are as follows:

Senior management	31/12/23	31/12/22
Salaries	1,726,780	1,564,228
Allowance	55,487	26,617
TOTAL	1,782,267	1,590,845

Management Board	31/12/23	31/12/22
Other concepts	733,927	733,402
Remuneration for attendance to the Board	16,000	34,000
TOTAL	749,927	767,402

Senior management duties are carried out by the Directors of the Parent Company and the rest of the members of the Group's management committee.

The Company's management committee consists of a total of 19 individuals who hold executive positions within the company.

The Group has Directors' and Officers' liability insurance policies. The amount paid for the premium of Directors' and Officers' liability insurance for damages caused by acts or omissions amounted to 6,380 euros during the year 2023 (10,896 euros in the year 2022).

On October 1, 2023, the Board of Directors of the Parent Company approved a variable compensation plan for the members of the Management Committee and key personnel of the Group, conditioned upon the achievement of certain financial objectives during the period 2024-2027. The payments of such compensation will be made within six months following the end of the period.

20.4. Information regarding conflicts of interest situations by the Directors

In accordance with the provisions of Article 229 of the Capital Companies Act, the directors have communicated that, apart from what is mentioned below, there is no direct or indirect conflict of interest that they or persons related to them may have with the interests of the Company.

However, the directors SPONSORSHIP CONSULTING MEDIA, S.L. and FIESXI INVERSIONES, S.L. have reported a direct conflict of interest with the Group's interest, as they also act as members of the Board of Directors of the company TEN MEDIA, S.L., dedicated to the operation of the DTT channel, TEN TV.

Additionally, the directors SPONSORSHIP CONSULTING MEDIA, S.L. and FIESXI INVERSIONES, S.L. have reported a direct conflict of interest with the Group's interest, as they also act as members of the Board of Directors of the company Roots Desarrollos Constructivos, S.L., dedicated to studio operations.

During the year 2023, the following transaction took place:

Sale of the inactive company Viewin Music to the companies Sponsorship consulting media, S.L. and Fiesxi inversiones, S.L., both directors of Secuoya Grupo de Comunicación, S.A., which acquired 100% of the shares of this company owned by the Company. Due to the aforementioned circumstances, for the purpose of ratifying this transaction, the conflicted directors, Sponsorship consulting media, S.L. and Fiesxi inversiones, S.L., abstained from voting and recused themselves from the meeting. The remaining directors present unanimously ratified and approved this business transaction.

21. Guarantees, contingencies and commitments with third parties

At the close of 2023 and 2022, there are no contingencies assessed as unlikely.

As of the end of the fiscal year 2023, guarantees provided to Group companies by financial institutions to secure their commitments to third parties amounted to 7,779,541 euros (8,943,487 euros in 2022). The Group believes that no significant additional liabilities will arise beyond those recorded at the close of 2023 and 2022 as a result of these guarantees.

As of December 31, 2023, the Group provided a guarantee to the related company Ten Media, S.L. against a financial institution for an amount of 3,279,716 euros corresponding to technical guarantees presented by Ten Media, S.L. The Company has analyzed the risk of these guarantees, considering the activity and situation of Ten Media, S.L., and has concluded that as of the date of preparation of these consolidated financial statements, it is not probable that these guarantees will give rise to the need to meet significant liabilities in the future.

As collateral for the financing loan discussed in note 16.1, the Parent Company has pledged the shares of the following subsidiaries:

- Secuoya Nexus
- Secuoya Contenidos
- CBM Servicios Audiovisuales
- Secuoya Content Distribution
- Cbmedia servicios de producción

- Vnews Agencia de Noticias
- Drago Broadcast Services
- Look&Feel, estilismo, maquillaje y peluquería.
- Secuoya producciones chile, SPA
- Bienvenido Gil, S.L.
- Secuoya Servicios Chile, SPA
- Secuoya Chile Spa

22. Other information

22.1. Staff

The average number of employees by category at the close of fiscal years 2023 and 2022 is as follows:

Categories	31/12/23	31/12/22
Higher management	19	17
Other directors	3	3
Technical staff and mid-level management	231	207
Other staff	1,104	1,176
Total	**1,357**	**1,403**

In accordance with the modifications introduced by Royal Decree 602/2016, of December 2, which amends the General Accounting Plan approved by Royal Decree 1514/2007, of November 16, there is an obligation to report the average number of employees during the fiscal year with disabilities equal to or greater than 33%, specifying their categories, effective from January 1, 2016.

In this regard, the average number of employees with disabilities equal to or greater than 33%, present at the close of fiscal years 2023 and 2022 in the group's average workforce, is as follows:

Categories	31/12/23	31/12/22
Technical staff and mid-level management	14	11
Total	**14**	**11**

Similarly, the gender distribution at the end of the fiscal years 2023 and 2022, detailed by categories, is as follows:

Categories	31/12/23		31/12/22	
	Men	Women	Men	Women
Higher management	17	1	16	1
Other directors	1	2	1	2
Technical staff and mid-level management	167	119	131	91
Other staff	735	406	701	411
Total	**920**	**528**	**849**	**505**

All the directors who are part of the Board of Directors are males, and it consists of five representatives.

22.2. Auditing fees

During the years 2023 and 2022, the fees related to audit services and other non-audit services provided by the auditing firm of the consolidated financial statements of the Group, KPMG Auditores, S.L., regardless of the billing timing, are as follows:

Description	Euros	
	2023	2022
Audit Services	152,521	147,470
Total Audit Services	**152,521**	**147,470**
Other Services	**21,288**	**11,782**
Total Professional Services	**173,809**	**159,252**

Under the "other services" heading, the following services are included; Limited review of the interim consolidated financial statements closed as of June 30, 2023, amounting to 10,000 euros, report on agreed-upon procedures regarding compliance with financial ratios (covenants) as of December 31, 2022, amounting to 2,888 euros and translation services of special purpose consolidated financial statements closed as of December 31, 2021 and 2022, amounting to 8,400 euros.

Additionally, other entities affiliated with KPMG International have invoiced the Group for professional services during the years ended December 2023 and 2022, as detailed below:

Description	Euros	
	2023	2022
Audit Services	26,100	23,000
Total Audit Services	**26,100**	**23,000**

22.3. Information related to the environment

The Group's activities, by their nature, do not have a significant environmental impact, so specific environmental disclosures have not been included.

23. Subsequent events

On March 1, 2024, and with the aim of mitigating the potential impact of interest rate increases, the Parent Company of the Group has entered into a financial instrument contract to hedge interest rates.

ANNEX I. SUBSIDIARY COMPANIES INTEGRATED INTO GRUPO SECUOYA.

2023

Company	Address	Activity	Participation		% Rights by vote controlled by Parent Company	
			Amount	%	Direct	Indirect
Cbmedia Servicios de Producción, S.L.U.	C/ Gran Vía nº 12, 3ª b (Granada)	TV production, news agency, TV equipment rental, production services, TV event coordination and cinematographic production.	3,100	100	100	-
CBM Servicios Audiovisuales, S.L.U.	C/ Cuesta del puente nº 22 Molina de segura, (Murcia)	TV production, news agency, TV equipment rental, production services, TV event coordination and cinematographic production.	1,318,000	100	100	-
Look&feel estilismo, maquillaje y peluquería, S.L.	C/ Cuesta del puente nº 22 Molina de segura, (Murcia)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	50,000	100	100	-
Secuoya Holding Latam, S.L.U.	C/ Gran Vía nº 12, 3ª b (Granada)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	7,566,060	100	100	-
Drago Broadcast Services, S.L.	C/ Gran Vía nº 12, 3ª b (Granada)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	1,120,000	100	100	-
Drago Euskadi, S.L.	C/ Gran Vía de Don Diego López de Haro nº 29 (Bilbao)	TV production, news agency, TV equipment rental, production services, TV event coordination and cinematographic production.	-	-	-	100
Secuoya Nexus, S.L.U.	C/ Gran Vía nº 12, 3ª b (Granada)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	153,100	100	100	-
Secuoya Grup de Comunicacio Illes Balears, S.L.	C/ Francisco Borja I Moll, nº 18 (Palma de Mallorca)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	2,003,116	100	100	-
Secuoya Contenidos, S.L.U.	C/ Gran Vía nº 12, 3ª b (Granada)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	-	-	-	100

Vnews Agencia de Noticias, S.L.	C/ Gran Vía nº 12, 3ª b (Granada)	Picture services related to audiovisual coverage of news as well as reports and other pieces and programs with informative content.	1,320,000	100	100	-
Acc producciones audiovisuales de Extremadura, S.L.	C/ Oporto nº 3-2-5 B (Cáceres)	Audiovisual and multimedia production and distribution services.	1	100	100	-
Parlem-Ne Produccions, S.L.	C/ Bullidor S/N (Barcelona)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	2,635	85	85	-
Aragón Media Producciones, S.L.	C/ San Félix, Nº 7 (Zaragoza)	Technical equipment installation and installation and equipment maintainance and technical services for TV programs, cinema and radio productions.	1,860	60	60	-
Bienvenido Gil, S.L.	Pol. Malpica, Calle F. Oeste, Grupo Quejido 100, 50016, Zaragoza	Wholesale, deisgn, manufacture operational installations, audiovisual and IV maintainance, telecoms, radio and TV and audiovisual material.	347,284	80.59	80.59	-
Hispatech Corp.	Panamá	Distribution and logistics of audiovisual material.	-	-	-	80.59
Secuoya Chile SpA	Santiago de Chile	Development, implementation, distribution and commercialization of audiovisual productions, audiovisual consulting, all types of investments and business and investment management.	-	-	-	100
Bienvenido Gil Technologies, S.L.	Barcelona	Wholesale, design, manufacture operational installations, audiovisual and IV maintenance, telecoms, radio and TV and audiovisual material.	-	-	-	80.59
Secuoya Usa INC	777 Brickell Ave. Suite 500, Miami, Florida, USA	Audiovisual production, undertaking or management of content and format distribution and production services.	-	-	-	100
Secuoya Contenidos Perú S.A.C.	Ignacio Merino 105 – Barranco Lima – Perú	Audiovisual production, undertaking or management of content and format distribution and production services.	-	-	-	100
Secuoya Grupo de Comunicación, S.A.S	Cra 13-93-68 Oficina 304 Bogotá	Audiovisual production, undertaking or management of content and format distribution and production services.	-	-	-	100

Secuoya Holding Perú	Ignacio Merino 105 – Barranco Lima – Perú (Dom Fiscal)	Audiovisual production, undertaking or management of content and format distribution and production services.	-	-	-	100
Cbm servicios de Televisión (Previously Secuoya Televisión de Murcia, S.L.)	Gran Vía de Colon nº 12, 3º b (Granada)	Audiovisual production, undertaking or management of content and format distribution and production services.	3,100	100	100	-
Secuoya Ficción, S.L.	C/ Francos Rodriguez 47 (Madrid)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	4,800	80	80	-
Secuoya Studios, S.L.	C/ Gran Vía nº 12, 3ª b (Granada)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	3,000	100	100	-
Secuoya Studios Services, S.L.	C/ Gran Vía nº 12, 3ª b (Granada)	Production, assembly, distribution, sale and development of all types of films, TV reports and series and cinema via any audiovisual means.	3,000	-	-	90
Drago Broadcast Services Canarias, S.L..	C/ Profesor Lozano 9, Palmas de Gran Canaria	Management, development, leasing or construction, promotion and sale of sets.	-	-	-	74.01
Xreality Studios, S.L.	C/ Gran Vía nº 12, 3ª b (Granada)	Technical and creative production services, postproduction and visual effects and special effects incorporated into audiovisual works.	3,000	75	75	-
Procobade, S.A.S.	Cra 13-93-68 Oficina 304 Bogotá	On-demand audiovisual content production.	-	-	-	50
Secuoya Producciones Chile, SPA.	Santiago de Chile	Audiovisual content production, undertaking or management of distribution of content or formats and production services.	-	-	-	100
Secuoya Servicios Chile Spa	Santiago de Chile	Audiovisual content production, undertaking or management of distribution of content or formats and production services.	-	-	-	100
Cbmedia Mexico	Mexico. D.C.	Audiovisual content production, undertaking or management of distribution of content or formats and production services.	-	-	-	100
Secuoya QFC	Qatar	Wholesale, design, manufacture operational installations, audiovisual and IV maintenance, telecoms, radio and TV and audiovisual material.	-	100	100	-
BGL Middle EAST	Dubai	Wholesale, design, manufacture operational installations, audiovisual and IV maintenance, telecoms, radio and TV and audiovisual material.	-	-	-	80.59
SECUOYA COMMERCIAL DISTRIBUTION, S.A.	C/Gran via de Colón nº 12 3º b (Granada)	Distribution and commercialization of audiovisual works.	-	-	-	75
Montecristo la Serie, S.L.	C/ Juan Perez Delgado Nijota 4	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	76

	(Santa Cruz de Tenerife)					

ANNEX II. ASSOCIATED COMPANIES INTEGRATED INTO GRUPO SECUOYA.

2023

Company	Address	Activity	Participation		% Rights by vote controlled by Parent Company	
			Amount	%	Directos	Indirectos
VIDEOREPORT CANARIAS, S.A.	C/ Jesús Hernández Guzmán 4	Undertaking of any type of video repots, social, political, cultural, Sporting and in agreement with legal and ethical norms established by social relationships.	-	-	-	40.10
ISLA DE BABEL, S.L.	Carretera de Fuencarral-Alcobendas km 3.8	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	35
SECUOYA STUDIOS HOLDING SERVICES, S.L.	C/ Gran vía de colón nº 12 3º b Granada	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	85.50
ZORRO LA SERIE, S.L.	C/ Juan Perez Delgado Nijota 4 (Santa Cruz de Tenerife)	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	76
TERRA ALTA LA SERIE, S.L.	C/ Juan Perez Delgado Nijota 4 (Santa Cruz de Tenerife)	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	76
LOS 39 LA SERIE, S.L.	C/ Juan Perez Delgado Nijota 4 (Santa Cruz de Tenerife)	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	76
HERMOSA Y VALIENTE LA SERIE, S.L.	C/ Juan Perez Delgado Nijota 4 (Santa Cruz de Tenerife)	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	76
LENTISCO S.L.	C/ Juan Perez Delgado Nijota 4 (Santa Cruz de Tenerife)	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	76
CRAMBO S.A.-BIENVENIDO GIL, S.L. UTE	CALLE TORNEROS, NUM 7 (Madrid)	Wholesale, design, manufacture operational installations, audiovisual and IV maintenance, telecoms, radio and TV and audiovisual material.	-	-	-	40.30

CAMBIO DE IMAGEN-SECUOYA CONTENIDOS UTE	CALLE IBAÑEZ DE BILBAO 4-5D (Bilbao)	Production, assembly, distribution, sales and development of all types of films, reports and TV shows by any audiovisual means.	-	-	-	50

Secuoya Grupo de Comunicación
Consolidated Management Report For the Annual Fiscal Year Ended December 31, 2023

BASIS FOR THE PREPARATION OF THE CONSOLIDATED MANAGEMENT REPORT

The consolidated management report for the year 2023 includes information that complies with the provisions of Article 262 of the Capital Companies Act, which establishes the content of the management report prepared jointly with the consolidated financial statements of the Group.

BUSINESS DEVELOPMENT AND GROUP SITUATION

During the fiscal year 2023, within the framework of the audiovisual market where the Group primarily operates, there have been several milestones that have impacted both the market and the business, summarized as follows:

1. Audiovisual market situation

1.1 Market trends

The Spanish entertainment and media industry continues to project a promising future, despite global challenges. According to the latest version of the Entertainment and Media Outlook report, in its 2023-27 edition published by PwC in October 2023, the sector is expected to experience sustained growth. In Spain, the Entertainment and Media sector will grow at a 4.6% CAGR to reach €35.011 billion by 2027. In recent years, there has been a rapid redefinition of the entertainment industry through continuous transformation. We are currently in a period where the market is more established and mature, yet still experiencing continuous growth.

The entertainment industry has undergone rapid evolution recently, marked by continuous transformation that has brought it to a state of maturity and sustained growth. This scenario is driven by the consolidation of Over-the-Top (OTT) streaming platforms worldwide and technological innovations, which open up new business opportunities in content development.

The recent implementation of Law 13/2022, of July 7, 2022, the General Audiovisual Communication Act in Spain, reinforces sector regulation, adapting it to the dynamic changes in the industry and providing a legal framework that encourages investment in the audiovisual field by offering greater legal certainty.

2. Group Development

In 2023, the Group has continued to consolidate its position as an independent leader in the creation, production, and distribution of Spanish-language audiovisual content, strategically positioning itself to capitalize on the growing global demand for Spanish-language content. The Group's evolution reflects its ambition to lead the market in high-quality Spanish content, leveraging over 15 years of significant growth since its foundation.

Next, focusing on the business aspect of Secuoya, as in previous reports, we will provide a brief summary of the activities of the various areas within the Group:

2.1 SECUOYA STUDIOS

Secuoya Studios has made a significant commitment to film, series, and program production, establishing itself in Tres Cantos (Madrid) as one of Spain's largest audiovisual studios. It focuses on generating and exploiting high-quality intellectual property while innovating in production methods within the national context, emphasizing both production processes and their sustainability. Our content has been produced or licensed for clients such as Amazon, Disney, Univisión Movistar, Atresmedia, and RTVE.

The studio specializes in the development and production of unscripted content, fiction, and cinema. It integrates diversified creative teams for each type of content and international service, along with back-office areas such as Business Affairs, finance, and legal. Secuoya Studios is a leading Spanish company in the creation, production, and distribution of audiovisual and digital content, with a presence in international audiovisual markets including the United States, Colombia, Chile, Peru, and Mexico.

In the Fiction area of Secuoya Studios in 2023, production was completed in Gran Canaria for "Zorro," which premiered in January 2024 on Prime Video in the United States and Latin America, and on RTVE and Prime Video Spain in Spain. It is currently in the distribution phase in Europe through Mediawan Rights. Additionally, in April, the series "Montecristo," starring William Levy, premiered on ViX in the United States and Latin America, and on Movistar Plus+ in Spain. The second season of "Supernormal," an original production of Movistar Plus+, also premiered in 2023. By the end of the year, the Fiction area was in pre-production for the new series "Los 39," which will be filmed in Spain and Colombia in 2024, along with the development and commercialization of a significant number of other projects.

In the Stories area, specializing in long-format series ("telenovelas"), an agreement was reached to adapt the most successful formats of Ay Yapim, one of Turkey's most successful international production companies. The adaptation of "La encrucijada" ("Brave & Beautiful") entered pre-production at the end of 2023 and is scheduled to begin production in 2024.

The studio has continued its co-production of films with Álamo Producciones Audiovisuales, an independent production company, producing the last three films during 2023: "Invasión," "La Bandera," and "Padres," all scheduled for release in 2024. The first two films were selected for the Official Out of Competition section of the 27th edition of the Málaga Film Festival. Additionally, the film "Cuánto me queda," produced the previous year, premiered at the end of 2023.

The Unscripted area premiered several successful productions in 2023, including "13 días" and "JK Vuelo 5022. La tragedia de Spanair" on Netflix and Movistar Plus+. Throughout 2023, daily live shows continued production and airing, including "Mesa de Análisis" and "Hoy en día" on Canal Sur, the weekly "Zoom" on À Punt, and the new season of "091: Alerta Policía" on DMAX. This area also successfully premiered the adventure reality show "La Caza: nada es lo que parece" on ETB2, the docureality "Desnudos por la vida" on Telecinco, and the documentary series "La Dolce Vita" on AMC's premium channel, El Gourmet.

Secuoya Studios' business model strategically focuses on maintaining control over the intellectual property (IP) of its works, aiming for exploitation and seeking recurring profitability through short, medium, and long-term revenue streams. In 2023, Secuoya Studios remains committed to this strategy with over twenty projects in series, film, and unscripted formats slated for the coming months. These projects aim to generate and exploit high-quality intellectual property and achieve international success in both origin and distribution, with a solid objective of becoming a reference in Spanish content creation for the global market.

2.2 Service Divisions

2.2.1 BPO (Outsourcing)

Secuoya Group's consolidated activity specializes in the management of outsourced television channel services at the regional, national, and international levels, with extensive experience in designing, implementing, and managing Business Process Outsourcing (BPO) processes. Currently, Secuoya is a leader in managing these services in Spain. Our clients include Atresmedia, IB3, Orange, and Canal 13 (Chile).

The main line of business, which focuses on outsourcing audiovisual services for public entities, has expanded its portfolio of contracts, including Canal Extremadura and the comprehensive management of RTVE's Teatro Monumental. We continue to provide indirect management services for the regional channel of the Murcia Region, La7. Additionally, the business line providing services to private companies has also seen growth compared to the previous year, maintaining contracts with recurring clients such as Atresmedia and Orange. These clients have increased their demand for services as well.

2.2.2 Production Services

The most advanced technical resources for audiovisual production and post-production are employed to provide comprehensive audiovisual solutions for our clients. Combined with the management of studios at strategic locations throughout the Community of Madrid and state-of-the-art post-production facilities, this area consolidates itself as one of the most relevant in the Spanish market. It serves the most important production companies and platforms in the sector.

Additionally, through BGL, the Group's audiovisual engineering company, we implement the latest technological solutions for audiovisual experiences in production centers, museums, hotels, and other venues.

In 2023, the Services Division has followed the upward trend of 2022, continuing to see growth in the volume of audiovisual productions, primarily in film/fiction but also in entertainment formats (unscripted), where streaming platforms are increasingly investing.

During this year, there has been a focus on enhancing post-production services, leading to the creation of **X-Post**, a brand aimed at becoming a leader in providing post-production and VFX services. Significant investment has been made in launching facilities dedicated to high-level post-production processes. These facilities are equipped with the most powerful technical resources available today and staffed by a team with proven experience and international recognition.

2.3 Nexus Division

Secuoya Nexus has focused its efforts in 2023 on developing projects based on entertainment experiences and content for brands, leveraging diverse digital technologies such as metaverse content generation, 3D, VR, and interactive experiences. Leading companies across various sectors, including Organón, BBVA, Repsol, Caixabank, CBRE, and W2M, already trust us.

Our goal for 2023 has been to establish the foundation for business growth and acquiring new clients in the coming years, while maintaining industrial margins in a dynamic and competitive environment.

Our strategy and ability to adapt to new scenarios involve, investing in the management, exploitation, and monetization of web channels, generating content for new networks and platforms such as Twitch, Tiktok, FaceCast, and Reddit and providing specialized training in digital content strategy for emerging networks and platforms, aiming to monetize and capitalize on commercial strategies.

2.4 International Division

We have established audiovisual businesses in the United States, Ibero-America (Mexico, Colombia, Chile, Peru) in both content production and BPO services, as well as in the Middle East (Qatar and Dubai) in audiovisual engineering services with projects such as the Qatar National Museum, the National Pavilion at Dubai Expo, and the Olympic Sports Museum (Doha).

Secuoya Latin America has continued its path of consolidation and expansion in Chile, Colombia, Mexico, and Peru in 2023. The main operations and service contracts have remained active and have been renewed, showing good performance at the end of the fiscal year. In **Chile**, we began the second five-year period of a long-term service contract with Canal 13, which includes additional services for the digital channels of this network.

We have continued to provide entertainment content services to Canal 13 and other production companies. We have become the country's leading entertainment producer and strengthened our management and service model with the execution of various projects across Chilean territory.

FORSEEABLE DEVELOPEMENT OF THE GROUP

The Group will continue to focus on driving Secuoya Studios forward, seizing business opportunities in fiction content for both national and regional operators as well as OTT platforms. This effort includes expanding into international markets such as Latin America, which we believe will generate significant opportunities for Spanish audiovisual companies like ours. These companies understand the importance of creating unique consumer experiences in response to the demand for continuously refreshed content in Spanish, across both linear television and OTT platforms.

As a result, the Group has positioned itself as one of the largest Spanish-language studios in the Spanish audiovisual sector, meeting the funding requirements for European works mandated by the country's major operators and meeting consumer demand for continual content renewal in Spanish on both linear television and OTT platforms.

This momentum is complemented by legislative reforms related to corporate tax. These reforms have made it easier to attract international investments for content production in Spain through tax incentives such as the Tax Rebate. Furthermore, investment in Spanish feature films and series production has become an attractive financial option, with the introduction of the Financing Agreement from January 1, 2021, expanding the available tax deduction options for investments in the audiovisual sector.

At the same time, the Group will not neglect its traditional business, focusing on its development and consolidation through specific objectives:

- Continue to expand the outsourcing (BPO) business by internationalizing the model.
- Internationalize the Group's business model in audiovisual engineering and technical media production services.
- Develop and increase in the digital areas of the Group, with a primary focus on R&D investments focused on new content production methods such as virtual reality or augmented reality.

ACTIVITIES CARRIED OUT IN RESEARCH AND DEVELOPMENT (R&D)

Given the market situation described above and the growth of new technologies, Secuoya, a media group and its subsidiaries, maintaining the innovative spirit and adaptability that has characterized it since its inception, continued throughout 2023 to strengthen the research and development team focused on mobile application development, system development, and as a primary and differentiating element, the development of virtual reality and its application to specific sectors.

OWN SHARES

Throughout the year 2023, 13,050 own shares were purchased with a net value of 55,265 euros (3,253 own shares with a net value of 20,484 euros in 2022), and 10,720 own shares were sold with a net value of 49,216 euros in the year 2023 (400 own shares with a net value of 2,220 euros were sold in 2022).

FINANCIAL INSTRUMENTS

As of March 1, 2024, and with the objective of mitigating the potential impact of interest rate increases, the Parent Company of the Group has entered into a financial instrument contract to hedge against interest rate fluctuations.

KEY RISKS AND UNCERTAINTIES ASSOCIATED WITH THE ACTIVITY

The Group's activity, and consequently its operations and results, are subject to the behavior of the sector and the evolution of its main competitors. Among the economic factors influencing the sector, the most relevant will undoubtedly be the evolution of the advertising market, whose positive or negative trends will directly impact the Group's clients and, consequently, indirectly affect the Group itself. However, the outlook for the advertising market does not foresee a negative evolution. In general, the Group considers relevant those risks that could compromise the economic profitability of its activity, its financial solvency, corporate reputation, or the integrity of its employees.

On the other hand, the proliferation of new opportunities for the sector arising from the emergence of new platforms, such as OTTs or Video on Demand platforms, which are making significant investments in content production, will mitigate the risk of dependence on the advertising market. The business model of these platforms does not rely on advertising but rather on their market penetration, which translates into a greater or lesser number of subscribers supporting the model. In this regard, the uncertainty regarding this business opportunity will be determined by the extent of market penetration.

RISK MANAGEMENT

The Group has various internal control systems designed to effectively identify, measure, evaluate, and prioritize risks. These systems generate sufficient and reliable information to decide in each case whether risks are assumed under controlled conditions, or if they should be mitigated or avoided. Among these procedures, it is worth noting a policy of Criminal Compliance, data protection, and cybersecurity protocols, aimed at protecting the Group from any legal risks arising from its activities. This has involved a complete review of the Group's workflows and the establishment of a committee to oversee these procedures.

FINANCIAL RISK MANAGEMENT

The management of the Group's financial risks is centralized in the Financial Management, which has established the necessary mechanisms to control exposure to fluctuations in interest rates, exchange rates, credit risks, and liquidity risks. Below are the main financial risks that impact the Group:

a) Credit risk:

The Group does not have significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an adequate credit history.

The provision for doubtful debts due to customer insolvencies involves significant judgment by management and a review of individual balances based on the credit quality of customers, current market trends, and historical analysis of defaults on an aggregate level. In relation to the provision for doubtful debts derived from the aggregated analysis of historical experience of defaults, a decrease in the volume of balances results in a reduction in provisions, and vice versa.

b) Liquidity risk:

To ensure liquidity and meet all payment commitments arising from its activities, the Group has its treasury as reflected in its consolidated balance sheet, along with credit lines and financing detailed in Note 18 of the consolidated financial statements.

c) Market risk (including interest type and other price risks:

Both the treasury and financial debt of the Group are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows.

AVERAGE PAYMENT PERIOD TO SUPPLIERS

The average payment period to suppliers for the Group, calculated in accordance with the Resolution of January 29, 2016, of the Institute of Accounting and Auditing Accounts, is 37 days.

CORPORATE GOVERNANCE

Our objective will be to continue developing and monitoring compliance with these policies by following our code of conduct and developing our equality, diversity, and inclusion policies, as well as implementing more comprehensive sustainability policies.

IMPORTANT EVENTS FOR THE GROUP OCCURRING AFTER THE END OF THE FINANCIAL YEAR

As of March 1, 2024, and with the objective of mitigating the potential impact of interest rate increases, the Group's Parent Company has formalized a financial instrument contract for interest rate hedging.

OTHER MATTERS

The Group does not hold any commitments with employees that have not been disclosed in the attached consolidated report, nor does it foresee significant changes in the workforce in the short term.

CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

In accordance with section 5 of article 262 of the Consolidated Text of the Companies Act, the Group has prepared a separate report with the Consolidated Non-Financial Information Statement (ECINF), which complies with the information requirements established by Law 1/2018, amending the Commercial Code, the Consolidated Text of the Companies Act, and the Audit of Accounts Act, regarding non-financial information and diversity. Once certified and approved by the Shareholders' Meeting, the ECINF can be found at the following address: https://www.gruposecuoya.es/.

The non-financial information of the Group contained in the Consolidated Non-Financial Information Statement complements that included in this Consolidated Management Report, forms part thereof, and complies with the information required by Law 11/2018, of December 28.

Secuoya, Grupo de Comunicación, S.A. and subsidiary companies

The members of the Board of Directors of the parent company of the group, Secuoya Grupo de Comunicación, S.A., on March 21, 2024, in compliance with the requirements established in article 243.2 of the Consolidated Text of the Companies Act and article 37 of the Commercial Code, proceed to formulate the consolidated annual accounts and the consolidated management report for the fiscal year from January 1, 2023, to December 31, 2023. The consolidated annual accounts consist of the accompanying documents preceding this statement.

Sponsorship Consulting Media, S.L. Represented by Raúl Berdonés Montoya	Simres Trade, S.A. Represented by Carlos Tejera Osuna
Fiesxi Inversiones, S.L. Represented byJosé Pablo Jimeno Gil	D. David Folgado Delgado
D. Pedro Pérez Fernández de la Puente	Carlos López Martín de Blas Deputy Secretary, Non-Board Member