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

(Together with the annual accounts and directors' report of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2022)

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

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

Independent Auditor's Report on the Annual Accounts

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

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

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Atresmedia Corporación de Medios de Comunicación, S.A. (the "Company"), which comprise the balance sheet at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

Recognition and recoverability of deferred tax assets (Euros 141,947 thousand)

See notes 2 and 17 to the annual accounts

Key audit matter	*How the matter was addressed in our audit*
The recognition of deferred tax assets entails a high level of judgement by Company management in assessing the probability and sufficiency of future taxable profits and reversals of taxable temporary differences. Due to the significance of the balance of deferred tax assets, the high level of judgement regarding the key assumptions and estimates used and the uncertainty associated therewith, the recognition and recovery of the aforementioned assets have been considered a key audit matter.	Our audit procedures included the following: – We assessed the design and implementation of the most relevant controls established by the Company over the recognition and measurement of deferred tax assets. – We evaluated the key assumptions used to estimate future taxable profits within the time limit established in the financial reporting framework applicable to the Company, and the estimated reversals of taxable temporary differences, comparing these assumptions and estimates with historical data. – We considered the sufficiency of future taxable profits to offset deferred tax assets within the time limit established in the financial reporting framework applicable to the Company. – We assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

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

Revenue (Euros 692,206 thousand)
See notes 19.1 and 21.1 to the annual accounts

Key audit matter	*How the matter was addressed in our audit*
The Company sells advertising to Group companies. Accounting legislation generally requires that these transactions be recognised at the fair value of the consideration received. Any difference between this value and the agreed amount is recognised in accordance with the underlying economic substance. Determining the prices applied in advertising sales transactions between Group companies and the fair value of these transactions requires a high level of judgement due to the inherent difficulty of estimating this value. In view of the significance of the volume of advertising sales to Group companies and the high level of judgement required to estimate the fair value of these transactions, this has been considered a key audit matter.	Our audit procedures included the following: – We assessed the design and implementation of the key controls relating to the process of identifying, measuring and documenting transactions with related parties. – We evaluated, together with our specialists, the reasonableness of the methodology used by the Company to determine the prices applied in advertising sales transactions with Group companies, as well as the documentation confirming that these transactions have been carried out at arm's length. – We obtained confirmation of advertising sales transactions between Group companies performed during the year. – We assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2022 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

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

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

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

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Accounts

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

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

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

Auditor's Responsibilities for the Audit of the Annual Accounts

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital file of Atresmedia Corporación de Medios de Comunicación, S.A. for 2022 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Atresmedia Corporación de Medios de Comunicación, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the directors' report.

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

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

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 22 February 2023.

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

Contract Period

We were appointed as auditor by the shareholders at the general meeting held on 27 April 2022 for a period of one year, from the year commenced 1 January 2022.

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

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

This report corresponds to stamp number 01/23/00042 issued by the Spanish Institute of Registered Auditors (ICJCE)

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 17564

Atresmedia Corporación de Medios de Comunicación, S.A.

Financial statements for the year ended 31 December 2022

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BALANCE SHEET AS AT 31 DECEMBER 2022

EUR thousand	NOTES	31/12/22	31/12/21
ASSETS			
Intangible assets	**5**	**32,420**	**41,246**
Licences and trademarks		25,955	32,843
Computer software		6,388	8,249
Other intangible assets		77	154
Property, plant and equipment	**6**	**29,700**	**30,822**
Land and buildings		19,748	20,734
Plant and other items of property, plant and equipment		9,921	9,983
Property, plant and equipment in progress		31	105
Non-current investments in group companies and associates	**9.3 and 21.2**	**153,347**	**177,682**
Equity instruments		131,291	133,300
Loans to companies		22,056	44,382
Non-current investments	**9.1**	**174,220**	**29,695**
Equity instruments		159,706	25,825
Loans to third parties		—	2,682
Derivatives		14,437	1,110
Other financial assets		77	78
Deferred tax assets	**17.1**	**141,947**	**163,266**
NON-CURRENT ASSETS		**531,634**	**442,711**
Inventories	**12**	**278,144**	**284,081**
Programme rights		266,873	272,055
Raw and other materials		10,723	10,772
Advances to suppliers		548	1,254
Trade and other receivables		**221,013**	**219,831**
Trade receivables		20,579	21,984
Trade receivables from group companies and associates	**21.2**	180,051	173,781
Other receivables		1,599	1,710
Employee receivables		131	44
Current tax assets	**17**	18,584	22,257
Other receivables from public authorities	**17**	69	55
Current investments in group companies and associates	**21.2**	**42,411**	**17,816**
Loans to companies		42,411	17,816
Current investments		**81,085**	**7,254**
Derivatives	**8 and 11**	3,257	2,556
Other financial assets	**9.2**	77,828	4,698
Current prepayments and accrued income		**713**	**1,200**
Cash and cash equivalents		**165,221**	**257,096**
Cash		165,221	257,096
CURRENT ASSETS		**788,587**	**787,278**
TOTAL ASSETS		**1,320,221**	**1,229,989**

The accompanying Notes 1 to 23 are an integral part of the balance sheet as at 31 December 2022.

BALANCE SHEET AS AT 31 DECEMBER 2022

EUR thousand	NOTES	31/12/22	31/12/21
EQUITY AND LIABILITIES			
Shareholders' equity	**13**		
Capital		**207,604**	**207,604**
Registered share capital		169,300	169,300
Share premium		38,304	38,304
Reserves		**199,822**	**196,247**
Legal and bylaw reserves		42,474	42,474
Other reserves		157,348	153,773
Treasury shares and own equity instruments		**(6,168)**	**(6,168)**
Profit for the year		**93,650**	**98,150**
Interim dividend	**3**	**(40,532)**	**(40,532)**
Valuation adjustments		**134,077**	**13,437**
Grants, donations and bequests received	**13.4**	**6,065**	**—**
EQUITY		**594,518**	**468,738**
Non-current payables		**223,326**	**301,910**
Non-current provisions	**14**	38,125	35,164
Bonds and other marketable debt securities	**15.1**	117,195	176,585
Bank borrowings	**15.1**	67,917	87,307
Derivatives	**11**	72	904
Other non-current payables	**15.1**	17	1,950
Non-current payables to group companies and associates	**21.2**	**2**	**2**
Deferred tax liabilities	**17.6**	**10,057**	**10,767**
NON-CURRENT LIABILITIES		**233,385**	**312,679**
Current provisions	**14**	**16,078**	**17,263**
Bonds and other marketable debt securities	**15.2**	**74,787**	**3,866**
Bank borrowings	**15.2**	**20,470**	**10,460**
Financial derivatives	**11**	**84**	**49**
Current payables to group companies and associates	**21.2**	**85,830**	**71,711**
Trade and other payables		**295,069**	**343,145**
Payable to suppliers	**16**	242,639	295,616
Payable to suppliers, group companies and associates	**21.2**	27,959	21,467
Other payables		32	75
Employee receivables		13,546	12,878
Other payables to public authorities	**17.1**	9,944	12,946
Advances from customers		949	163
Current prepayments and accrued income		**—**	**2,078**
CURRENT LIABILITIES		**492,318**	**448,572**
TOTAL EQUITY AND LIABILITIES		**1,320,221**	**1,229,989**

The accompanying Notes 1 to 23 are an integral part of the balance sheet as at 31 December 2022.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022 AND 2021

EUR thousand	NOTES	2022	2021
CONTINUING OPERATIONS			
Revenue	**19.1**	**692,206**	**674,059**
Advertising revenue		692,206	674,059
Procurements	**19.2**	**(345,673)**	**(358,095)**
Programme amortisation and other		(616,494)	(621,780)
Raw materials and other consumables used		(2,058)	(2,497)
Inventories		272,879	266,182
Other operating income	**19.1**	**73,141**	**100,463**
Non-core and other current operating income/Other services		73,141	100,463
Staff costs		**(53,082)**	**(52,155)**
Salaries and wages		(46,049)	(44,735)
Employee benefits expense	**19.3**	(7,033)	(7,420)
Other operating expenses	**19.4**	**(229,319)**	**(221,116)**
External services		(226,796)	(220,003)
Taxes other than income tax		(898)	(882)
Losses, impairment and change in trade provisions		(1,625)	(231)
Depreciation and amortisation	**5 and 6**	**(19,211)**	**(20,122)**
Recognition of non-financial and other grants related to assets	**20**	**1,724**	**—**
Provision surpluses	**14**	**5,194**	**2,634**
Impairment and gains/(losses) on disposals of non-current assets	**6**	**5**	**45**
Gains/(losses) on disposals and other		5	45
OPERATING PROFIT		**124,985**	**125,713**
Finance income	**19.5**	**10,150**	**6,047**
Dividends		**8,350**	**4,557**
- Group companies and associates	**21.1**	8,350	4,557
Marketable securities and other financial instruments		**1,800**	**1,490**
- Group companies and associates	**21.1**	953	1,145
- Other		847	345
Finance costs	**19.5**	**(8,448)**	**(11,200)**
On payables to group companies and associates	**21.1**	(118)	(286)
On payables to third parties		(8,330)	(10,914)
Changes in fair value of financial instruments	**19.6**	**680**	**1,601**
Financial assets and liabilities held for trading and other		680	1,601
Exchange differences	**18**	**73**	**(1,790)**
Impairment and gains/(losses) on disposal of financial instruments		**(2,317)**	**6,385**
Impairment and losses	**9.3**	(2,317)	10,304
Gains/(losses) on disposals and other	**9.1**	—	(3,919)
NET FINANCE INCOME/(EXPENSE)		**138**	**1,043**
PROFIT/(LOSS) BEFORE TAX		**125,123**	**126,756**
Income tax expense	**17.4**	(31,473)	(28,606)
PROFIT FOR THE YEAR		**93,650**	**98,150**

The accompanying Notes 1 to 23 are an integral part of the statement of profit or loss for the year ended 31 December 2022.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

EUR thousand	2022	2021
PROFIT FOR THE YEAR (I)	**93,650**	**98,150**
Income and expense recognised directly in equity		
- Measurement of financial instruments (Note 9.1)	117,277	10,431
- Tax effect	1,012	(2,608)
- Cash flow hedges	5,288	—
- Tax effect	(1,322)	—
- Grants, donations and bequests received (Note 13.4)	9,811	—
- Tax effect	(2,453)	—
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	**129,613**	**7,823**
Amounts transferred to profit or loss		
- Cash flow hedges	(2,153)	(612)
- Tax effect	538	153
- Grants, donations and bequests received	(1,724)	—
- Tax effect	431	—
TOTAL AMOUNTED TRANSFERRED TO PROFIT OR LOSS (III)	**(2,908)**	**(459)**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	**220,355**	**105,514**

Notes 1 to 23 to the accompanying financial statements are an integral part of the statement of recognised income and expense for the year ended 31 December 2022.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	Capital	Share premium	Reserves	Interim dividend	Treasury shares	Profit for the year	Valuation adjustments	Grants received	Total equity
CLOSING BALANCE AT 1/1/21	**169,300**	**38,304**	**160,600**	**—**	**(6,168)**	**35,647**	**6,073**	**—**	**403,756**
Total recognised income and expense	—	—	—	—	—	98,150	**7,364**	—	**105,514**
Distribution of profit									
Distribution of interim dividends	—	—	—	(40,532)	—	—	—	—	(40,532)
Other changes in equity									
Transfers between equity items	—	—	35,647	—	—	(35,647)	—	—	—
CLOSING BALANCE AT 31/12/21	**169,300**	**38,304**	**196,247**	**(40,532)**	**(6,168)**	**98,150**	**13,437**	**—**	**468,738**
Total recognised income and expense	—	—	—	—	—	93,650	120,640	6,065	**220,355**
Distribution of profit									
Distribution of interim dividends	—	—	—	(40,532)	—	—	—	—	(40,532)
Distribution of prior year dividends	—	—	—	40,532	—	(94,575)	—	—	(54,043)
Other changes in equity									
Transfers between equity items	—	—	3,575	—	—	(3,575)	—	—	—
CLOSING BALANCE AT 31/12/22	**169,300**	**38,304**	**199,822**	**(40,532)**	**(6,168)**	**93,650**	**134,077**	**6,065**	**594,518**

Notes 1 to 23 to the accompanying financial statements are an integral part of the statement of recognised income and expense for the year ended 31 December 2022.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

EUR thousand	2022	2021
NET CASH FLOWS FROM OPERATING ACTIVITIES (I)	**92,285**	**121,692**
Profit for the year before tax	**125,123**	**126,756**
Adjustments for:	**20,965**	**19,124**
- Depreciation and amortisation	19,211	20,122
- Impairment losses	2,317	(6,386)
- Changes in provisions	1,897	90
- Proceeds from disposals of non-current assets	(5)	(45)
- Finance income	(10,150)	(13,912)
- Finance costs	8,448	19,066
- Exchange differences	(73)	1,790
- Changes in fair value of financial instruments	(680)	(1,601)
Working capital changes	**(42,212)**	**(9,281)**
- Inventories	5,937	2,216
- Trade and other receivables	(6,772)	804
- Trade and other payables	(39,789)	(28,672)
- Other current assets and liabilities	(1,588)	16,371
Other cash flows from operating activities	**(11,591)**	**(14,907)**
- Interest paid	(6,302)	(12,955)
- Dividends received	8,350	4,557
- Income tax received/(paid)	(13,639)	(6,509)
NET CASH FLOWS USED IN INVESTING ACTIVITIES (II)	**(97,275)**	**(26,481)**
Payments for investments	**(97,275)**	**(26,481)**
- Group companies and associates	(13,016)	(17,669)
- Property, plant and equipment and intangible assets	(9,259)	(8,812)
- Other financial assets	(75,000)	—
NET CASH FLOWS USED IN FINANCING ACTIVITIES (III)	**(86,885)**	**(1,636)**
Proceeds from and payments for financial liability instruments	**7,691**	**38,896**
- Proceeds from issue of bank borrowings	—	—
- Redemption and repayment of bank borrowings	(9,357)	(7,525)
- Proceeds from issue of borrowings from group companies and associates	17,048	46,421
- Repayment of borrowings from group companies and associates	—	—
Dividends and interest on other equity instruments paid	**(94,576)**	**(40,532)**
- Dividends	(94,576)	(40,532)
EFFECT OF EXCHANGE RATE FLUCTUATIONS (IV)	**—**	**—**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)	**(91,875)**	**93,575**
Cash and cash equivalents at beginning of year	257,096	163,521
Cash and cash equivalents at end of year	165,221	257,096

Notes 1 to 23 to the accompanying financial statements are an integral part of the statement of cash flows for the year ended 31 December 2022.

Atresmedia Corporación de Medios de Comunicación, S.A.

Notes to the financial statements for the year ended 31 December 2022

1. Corporation information

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

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

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

Atresmedia Corporación de Medios de Comunicación, S.A.'s core business, according to its corporate objects, is the provision of audiovisual media services in any type of broadcasting.

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

1) Nationwide audiovisual media licence, awarded directly under the concession for the indirect management of the public television to Antena 3 de Televisión, S.A. pursuant to a resolution of the Spanish Cabinet of 25 August 1989 in a tender held in accordance with Private Television Law 10/1988, of 3 May.

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

   Pursuant to a resolution by the Spanish Cabinet on 10 June 2010 and as provided for in General Audiovisual Media Law 7/2010 (LGCA), of 31 March, now repealed, these two concessions were transformed into licenses for the provision of audiovisual media services, both for 15 years; i.e. to 2025, with automatic renewal for the same periods, provided the requirements of Article 29 of the prevailing General Audiovisual Media Law 13/2022 of 7 July are met.

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

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

3) Nationwide audiovisual media license awarded pursuant to a resolution of the Spanish Cabinet on 16 October 2015 concluding the tender held in accordance with then

prevailing LGCA 7/ 2010, authorising the Company to operate a high definition public television channel. This licence, operated by the Company directly, is valid for 15 years from the award; i.e. until 2030. Under it, the Company broadcasts the Atreseries channel.

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

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

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

The consolidated financial statements for 2022 were authorised for issue by the Board of Directors at a meeting held on 22 February 2023.

The financial statements for 2021 were approved by shareholders at the General Meeting held on 27 April 2022, without modifications.

The key financial highlights of the 2022 consolidated financial statements are: total assets of EUR 1,511 million, equity of EUR 687 million, revenue of EUR 951 million, and profit for the year of EUR 113 million.

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

2. Basis of preparation

Financial reporting framework applicable to the Company

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

a) The Spanish Commercial Code and other company law.

b) The Spanish General Accounting Plan (*Plan General Contable*) approved by Royal Decree 1514/2007, as amended by Royal Decree 1/2021, of 12 January, and its industry adaptations, and the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV") Circular 1/2008, of 30 January, on the periodic information of issuers whose securities are admitted to trading on regulated markets.

c) The mandatory rules approved by the Spanish Accounting and Auditing Institute implementing the Spanish General Accounting Plan and the relevant secondary legislation, in addition to the mandatory rules approved by the Spanish National Securities Market Commission.

d) All other applicable Spanish accounting legislation.

The accounting policies and standards used by the Company in the preparation of the annual financial statements were the same as those applied in the year ended 31 December 2021.

True and fair view

The accompanying financial statements were obtained from the Company's accounting records and are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, give a true and fair view of the Company's equity, financial position, results of operations and cash flows for the year. These financial statements, which were authorised for issue by the Company’s directors, will be submitted for approval by shareholders at the General Meeting. They are expected to be approved without any changes. The financial statements for 2021 were approved at the General Meeting held on 27 April 2022.

Non-mandatory accounting principles applied

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

Highlights of the year

Against such an uncertain geopolitical and macroeconomic backdrop at present, it is difficult to forecast the performance of markets that affect our advertising-related operations (TV, Radio and Digital) with any degree of finesse. The FUNCAS expert panel is forecasting GDP growth for Spain of 1.3%, although the Spanish Government is expecting growth of 2.1%. For its part, the International Monetary Fund is estimating economic growth for Spain of around 1.1%. Forecast inflation for 2023 is set to be lower than in 2022, yet still hover around 4%, while interest-rate hikes will drive down household savings rates and disposable income levels. As a result, private consumption should barely grow at all in 2023 (by 1.2% according to FUNCAS), boding poorly for advertisers to step up their advertising budgets much this year. Analysts’ consensus estimates show the TV advertising market contracting by around 3% in 2023 from 2022.

Therefore, with scant scope for growth in advertising revenue, the Company continues to adapt its cost structure to the challenging situation, leaving in place many of the cost-cutting decisions taken in recent years.

The Company has made efforts to diversify its revenue mix to offset the impact of fluctuations in advertising with other more stable revenue streams. On this front, one of the keys areas on which the Group is focusing is Atresplayer, the Video on Demand (VOD) platform. At year-end 2022, Atresplayer had 431,000 subscribers. In addition to this VOD offering, Sociedad de Distribución Digital Sonora de Entretenimiento S.L., an Audio on Demand (AOD) platform was set up on 31 December 2021. It employs a subscription model and aims to be a benchmark in Spain for fiction audio content.

The Company is also investing in start-ups, leveraging its available advertising space. In this way, companies that otherwise would not be able to advertise on TV are able to do so and therefore grow their sales and size (media for equity). For instance, as explained in Note 9.1, the value of the equity holding in Fever Labs, in which the Company began using the media for equity model, has increased. Fever now has operations in several countries in Europe and the United States, and in its latest funding round was valued at over EUR 1,600 million.

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

Critical issues regarding the measurement and estimation of uncertainties

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

- Where there are indications of impairment, the Company tests its investments in group companies and associates for impairment. The determination of the recoverable amount of these investments entails the use of estimates by management. The Company uses discounted cash flow methods to determine these values. The key assumptions and sensitivity analysis are detailed in Note 9. The Company also measures certain investments in group companies and associates using the indirect method based on the underlying carrying amount of the investment plus the unrealised gains existing at the date of estimation where this method provides better evidence of the recoverable amount considering the activity and specific situation of each investment.

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

- The estimation of the useful life of certain intangible assets, such as trademarks and property, plant and equipment, is highly subjective, but supported by industry knowledge obtained from past experience and market reports. Notes 4.1 and 4.2 indicate the useful lives considered for each type of intangible asset and property, plant and equipment.

- Calculations of programme amortisation and any type of audiovisual right for both in-house and acquired programmes in each year require the application of relevant estimates that best reflect the pattern of consumption. The main estimate used by the Company is the number of showings aired based on showings contracted, as detailed in Note 4.6.

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

- The Company assesses the recoverability of the tax assets based on the estimated future tax bases calculated using the business plan of the tax group of which the Company is the head, the periods considered to be reasonable and tax legislation in force at any given time (see Note 4.8).

- The Company is subject to regulatory and legal procedures. If it is probable that an obligation at year-end will give rise to an outflow of resources, a provision is recognised provided the amount can be reliably estimated. Legal proceedings usually involve complicated matters and are subject to substantial uncertainty. Consequently, the directors make a significant judgement when determining whether it is probable that the process will result in an outflow of resources and estimating the amount, based on criteria determined by the various expert advisors on the matters analysed (see Notes 4.10 and 14).

Although these estimates were made based on the best information available at year-end 2022, future events may require these estimates to be modified (upwards or downwards) in subsequent reporting periods. Changes in accounting estimates would be applied prospectively.

At year-end, the Company had positive working capital of EUR 296,269 thousand (2021: EUR 338,706 thousand). Excluding programme rights expected to be amortised in more than one year (see Note 12), working capital at year-end would still be positive at EUR 208,197 thousand (2021: EUR 227,790 thousand).

Significant judgements in applying accounting principles

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

Comparative information

For comparative purposes, the financial statements present, for each of the items of the balance sheet, the statement of profit or loss, the statement of changes in equity, the statement of cash flows and in the notes thereto, in addition to the figures for 2022, those of the previous year.

Aggregation of items

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

Changes in accounting policies

There were no significant changes in accounting policies in 2022 relative to the criteria followed in 2021.

Correction of errors

No material errors were detected in the accompanying financial statements requiring the restatement of amounts included in the 2021 financial statements.

Functional and presentation currency

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

3. Distribution of profit

Distribution of 2022 profit proposed by the directors of the Company to be submitted for approval by shareholders at the General Meeting (in EUR thousand):

	2022
Interim dividend paid in 2022 (EUR 0.18/share)	40,532
Maximum final dividend (EUR 0.22/share)	49,539
To voluntary reserves	3,579
Total	**93,650**

The Company's Board of Directors, at the meeting held on 23 November 2022, resolved to distribute out of the Company's profit for 2021 a gross amount of eighteen euro cents (EUR 0.18) for each of the shares entitled to receive this interim dividend, representing a total of EUR 40,532 thousand, recognised under "Equity - Interim dividend" in the balance sheet.

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

LIQUIDITY STATEMENT FOR THE PAYMENT OF THE 2022 INTERIM DIVIDEND

	EUR thousand
Liquidity at 31 October 2022	**363,814**
Projected cash until 31 October 2023	
Operating activities from November 2022 to October 2023	124,109
Financing activities from November 2022 to October 2023	(63,182)
Projected payment of 2022 interim dividend	(40,532)
Projected liquidity at 31 October 2023	**384,209**

The proposed distribution of the profit for 2021 approved by shareholders at the General Meeting held on 27 April 2022 is disclosed in the statement of changes in equity.

4. Accounting policies

The principal accounting policies used by the Company in preparing its financial statements for 2022 and 2021, in accordance with the Spanish General Accounting Plan (Plan General de Contabilidad), were as follows:

4.1 Intangible assets

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

Licences and trademarks

This item includes the amounts relating to the licence and the trademark identified in the purchase price allocation process arising from the merger with Gestora de Inversiones Audiovisuales La Sexta, S.A. carried out in 2012.

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

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

Computer software

The Company recognises in this item costs incurred to acquire from third parties or develop the basic computer systems used in the Company's management.

Computer system maintenance costs are recognised with a charge to profit or loss for the year in which they are incurred.

Computer software is amortised on a straight-line basis over a period of between three and five years from the entry into service of each application, on the basis of its estimated useful life.

4.2 Property, plant and equipment

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

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

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

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

4.3 Impairment of intangible assets and property, plant and equipment

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

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

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

4.4 Operating leases

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

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

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

4.5 Financial instruments

Recognition and classification of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Equity investments in group companies, jointly controlled entities and associates.

b. Equity investments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or cannot be estimated reliably, and derivatives in which the underlyings are these investments.

c. Contributions made as a result of joint account contracts or similar agreements.

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

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

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

Financial assets and liabilities at amortised cost

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

Financial assets at fair value through equity

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

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

Financial assets and liabilities at fair value through profit or loss

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

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

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

Financial assets and liabilities measured at cost

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

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

Investments in group companies, associates and jointly controlled entities

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

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

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

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

Investments in group companies, associates and jointly controlled entities are initially recognised at cost, which is the fair value of the consideration given, including transaction costs incurred in investments in associates and jointly controlled entities, and subsequently at cost less accumulated impairment losses. However, in acquisitions of investments in group companies that are not considered a business combination, transaction costs are also included in the acquisition cost. Investments in group companies acquired before 1 January 2010 include transaction costs in the acquisition cost.

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

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

Reclassifications of financial instruments

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

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

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

If the Company reclassifies a financial asset out of the amortised cost measurement category and into the fair value through equity category, it recognises any gains or losses between the fair value and the carrying amount in equity. The effective interest rate and measurement of impairment losses are not adjusted as a result of the reclassification. However, the cumulative amount of impairment losses is recognised in equity and disclosed in the notes.

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

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

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

Interest and dividends

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

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

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

Derecognition of financial assets

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

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

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

- The Company may not sell or pledge the financial asset; and
- The cash flows collected on behalf of the eventual recipients are remitted without any material delay.

The Company is not entitled to reinvest the cash flows. Investments in cash and cash equivalents made by the Company during the settlement period, i.e. between the collection date and the date of required remittance agreed with the eventual recipients, are excluded from the application of this criterion, provided that the interest earned is passed to the eventual recipients.

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

Derecognition and modifications of financial liabilities

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

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

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

Hedge accounting

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

All the derivatives held by the Company at 31 December 2022 and 2021 were OTC derivatives, whose prices are not quoted on active futures and options markets. Therefore, it is necessary to apply generally accepted valuation techniques, based on objective market data, used in the measurement of financial instruments of this nature.

- *Foreign currency hedges*

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

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

- *Interest rate hedges*

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

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

- *Cross currency swaps*

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

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

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

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

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

4.6 Inventories

<u>*Programme rights*</u>

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

– 1. Inventoriable in-house productions (programmes produced to be rerun, such as fiction series) are measured at acquisition and/or production cost, which includes both external costs billed by third parties for programme production and for the acquisition of resources, and internal production costs calculated by applying previously determined internal rates on the basis of the time during which operating resources are used in production. The costs incurred in producing the programmes are recognised, based on their nature, under the appropriate headings in the statement of profit or loss and are included under "Programme rights" in the balance sheet with a credit to "Procurements - Inventories" in the accompanying statement of profit or loss.

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

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

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

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

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

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

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

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

Raw and other materials

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

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

Impairment losses on programme rights

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

Classification of programmes

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

4.7 Foreign currency transactions

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

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

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

4.8 Income tax

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

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

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

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

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

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

- The temporary and permanent differences arising as a result of the elimination of the results of intra-Group transactions in the process used to calculate consolidated taxable profit or tax loss.

- The tax credits and tax relief of each company in the consolidated tax group; for these purposes, the tax credits or tax relief are allocated to the company that performed the activity or obtained the income required to give entitlement to the tax credit or tax relief.

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

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

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

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

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

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

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

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

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

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

4.9 Revenue and expenses

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

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

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

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

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

4.10 Provisions and contingencies

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

- Provisions: the Company recognises provisions when it has a present obligation (legal or constructive) as a result of a past event, and a reliable estimate can be made of the amount of the obligation.

- Contingent liabilities: possible obligations arising from past events, whose future existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company.

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

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

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

4.11 Environmental assets and liabilities

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

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

4.12 Business combinations

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

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

The cost of a business combination is the sum of:

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

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

In addition, since January 1, 2010, the cost of a business combination also does not include the fees paid to legal advisers and other professionals involved in the combination, or any costs incurred internally in this connection. These amounts are charged directly to profit or loss.

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

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

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

4.13 Grants, donations and bequests

Spain's 2021 General State Budget Law (*Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021*) introduced financing agreements in Article 39.7 of Spain's Corporate Income Tax Law whereby taxpayers participating in the financing of Spanish feature films, short films, fiction, animation or documentary audiovisual series productions, or in the production and broadcast of live shows of performing arts and music by other taxpayers, may utilise the tax credits provided for in sections 1 and 3 of Article 36 of the Corporate Income Tax Law in accordance with the terms and conditions stipulated therein. The amount is determined under the same terms and conditions as those that would have applied to the producer, provided that they have been generated by the producer when the producer contributes amounts intended to finance all or part of the production costs.

The Company entered into financing agreements with different investors for fiction series produced in 2022.

On 20 July 2022, the Spanish General Directorate of Taxes (Direccion General de Tributos), referring to reports from the ICAA (a Spanish government organisation supporting the film industry and audiovisual production), stipulated that the accounting treatment for this feature of the financing agreements is the same as that for a government grant. Therefore, recognition and measurement standard 18 Grants, donations and bequests received in Spain's General Accounting Plan should be applied.

The Company accounts for grants, donations and bequests received from third parties other than owners as follows:

a) Non-refundable grants, donations and legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and recognised in equity when they are received and taken to profit or loss in proportion to the consumption of inventories following the criteria described in Note 4.6, in the period for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss.

b) Refundable grants: refundable grants are recognised as liabilities as long as they remain refundable.

c) Grants related to income: these are recognised in profit or loss when they are awarded, except those earmarked to finance operating losses for future periods, in which case they are recognised initially in equity and taken to profit or loss in those periods. Those awarded to finance specific expenses are recognised as income as the finance expenses are accrued.

Meanwhile, grants, donations and bequests received from equity holders or owners are not considered income and must be recognised directly in equity, irrespective of the type of grant, provided that it is not repayable.

4.14 Related party transactions

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

4.15 Current versus non-current classification

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

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

4.16 Share-based payments

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

- If the equity instruments granted vest immediately upon being granted, the services received are recognised with a charge to profit or loss and an increase in “Other equity instruments”;

- If the equity instruments granted vest when the beneficiaries complete a specified period of service, the services received are recognised over the vesting period with a credit to “Other equity instruments”.

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

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

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

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

4.17 Employee benefits

Termination benefits

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

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

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

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

5. Intangible assets

Reconciliation of the opening and closing balances of intangible assets recognised in the balance sheet in 2022 and 2021:

EUR thousand	Balance at 1/1/22	Additions or charges	Disposals or reductions	Transfers	Balance at 31/12/22
Cost					
Licences	60,666	—	—	—	60,666
Trademarks	15,894	—	—	—	15,894
Intellectual property	485	—	—	—	485
Computer software	74,554	—	—	3,786	78,340
Other intangible assets	2,242	—	—	—	2,242
Intangible assets in progress	—	3,786	—	(3,786)	—
	153,841	**3,786**	**—**	**—**	**157,627**
Accumulated amortisation					
Licences	(36,399)	(6,067)	—	—	(42,466)
Trademarks	(7,340)	(822)	—	—	(8,162)
Intellectual property	(462)	—	—	—	(462)
Computer software	(66,305)	(5,647)	—	—	(71,952)
Other intangible assets	(2,089)	(76)	—	—	(2,165)
	(112,595)	**(12,612)**	**—**	**—**	**(125,207)**
Total	**41,246**	**(8,826)**	**—**	**—**	**32,420**

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

The Company had the following fully amortised intangible assets still in use in 2022 and 2021 (in EUR thousand):

	Gross carrying amount	
Description	**2022**	**2021**
Computer software	61,630	53,210
Other intangible assets	2,036	2,008
Total	**63,666**	**55,218**

6. Property, plant and equipment

Reconciliation of the opening and closing balances of property, plant and equipment and the most significant information affecting this item in 2022 and 2021 (in EUR thousand):

EUR thousand	Balance at 1/1/22	Additions or charges	Disposals or reductions	Transfers	Balance at 31/12/22
Cost					
Land and buildings	62,502	—	—	332	62,834
Plant and machinery	125,607	—	(531)	4,041	129,117
Other fixtures and tools	245	—	—	2	247
Furniture	7,280	—	(110)	170	7,340
Computer hardware	31,868	—	(1,003)	1,008	31,873
Transport equipment and other items of property, plant and equipment	21	—	—	—	21
Property, plant and equipment in progress	105	5,477	2	(5,552)	32
	227,627	**5,477**	**(1,642)**	**1**	**231,463**
Accumulated depreciation					
Land and buildings	(41,767)	(1,318)	—	—	(43,085)
Plant and machinery	(118,358)	(3,783)	531	1	(121,609)
Other fixtures and tools	(244)	(1)	—	—	(245)
Furniture	(6,867)	(140)	108	—	(6,899)
Computer hardware	(29,548)	(1,357)	1,001	—	(29,904)
Transport equipment and other items of property, plant and equipment	(21)	—	—	—	(21)
	(196,805)	**(6,599)**	**1,640**	**1**	**(201,763)**
Total	**30,822**	**(1,122)**	**(2)**	**2**	**29,700**

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

The Company owns individually significant property with the following separate value of construction (net of depreciation) and that of the land at the end of 2022 and 2021 (in EUR thousand):

Property	2022	2021
Land	11,517	11,517
Buildings	8,231	9,217
Total	**19,748**	**20,734**

In 2022, the Company derecognised items of property, plant and equipment, giving rise to a net gain of EUR 5 thousand (2021: EUR 45 thousand).

The Company had the following fully depreciated items of property, plant and equipment still in use at year-end 2022 and 2021 (in EUR thousand):

	Gross carrying amount	
Description	**2022**	**2021**
Plant	114,671	111,787
Buildings	25,974	25,676
Computer hardware	27,361	26,740
Furniture	6,446	6,265
Other property, plant and equipment	265	264
Total	**174,717**	**170,732**

The Company's policy is to arrange insurance policies to cover potential risks that could affect its items of property, plant and equipment. At the end of 2022 and 2021, there was no shortage of cover of these risks.

7. Leases

At the end of 2022 and 2021, the Company, as a lessor under operating leases, had annual lease arrangements with certain Group companies for facilities and other minor multi-year lease arrangements with non-Group companies. Since the leased facilities are in the same building as the Company, they are not considered investment property included in the Company’s assets.

Income from operating leases in 2022 amounted to EUR 396 thousand (2021: EUR 389 thousand).

8. Financial instruments by category

The Company's financial assets and liabilities at 31 December 2022 and 2021 are as follows:

	Categories				
EUR thousand	**Measured at amortised cost**	**Measured at fair value through profit or loss**	**Measured at fair value through equity**	**Measured at fair value Hedging instruments**	**Carrying amount at 31.12.22**
Non-current financial assets (Note 9)	**153,424**	**99**	**159,607**	**—**	**313,130**
Equity instruments	131,291	99	159,607	—	290,997
Non-current loans	22,056	—	—	—	22,056
Guarantees and deposits	77	—	—	—	77
Derivatives (Note 11)	**—**	**—**	**—**	**14,437**	**14,437**
Total non-current financial assets	**153,424**	**99**	**159,607**	**14,437**	**327,567**
Trade receivables (Note 21.2)	**200,630**	**—**	**—**	**—**	**200,630**
Other current financial assets	**121,838**	**—**	**—**	**—**	**121,838**
Other receivables	1,599	—	—	—	1,599
Loans and other receivables (Note 21.2)	42,411	—	—	—	42,411
Guarantees and deposits	77,828	—	—	—	77,828
Derivatives (Note 11)	**—**	**—**	**—**	**3,257**	**3,257**
Cash and cash equivalents	**165,221**	**—**	**—**	**—**	**165,221**
Total current financial assets	**487,689**	**—**		**3,257**	**490,946**
Bonds and debentures (Note 15.1)	**117,195**	**—**	**—**	**—**	**117,195**
Bank borrowings (Note 15.1)	**67,917**	**—**	**—**	**—**	**67,917**
Derivatives (Note 11)	**—**	**—**	**—**	**72**	**72**
Other financial liabilities	**19**	**—**	**—**	**—**	**19**
Loans and other payables	19	—	—	—	19
Total non-current financial liabilities	**185,131**	**—**	**—**	**72**	**185,203**
Bonds and debentures (Note 15.2)	**74,787**	**—**	**—**	**—**	**74,787**
Bank borrowings (Note 15.2)	**20,470**	**—**	**—**	**—**	**20,470**
Derivatives (Note 11)	**—**	**—**	**—**	**84**	**84**
Other non-current liabilities (Note 21.2)	**85,830**	**—**	**—**	**—**	**85,830**
Loans and other payables	85,830	—	—	—	85,830
Payable to suppliers (Note 16)	**270,598**	**—**	**—**	**—**	**270,598**
Employee receivables	**13,546**	**—**	**—**	**—**	**13,546**
Advances from customers	**949**	**—**	**—**	**—**	**949**
Total current financial liabilities	**466,180**	**—**	**—**	**84**	**466,264**

EUR thousand	Categories				
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through equity	Measured at fair value Hedging instruments	Carrying amount at 31.12.21
Non-current financial assets (Note 9)	**180,441**	**865**	**24,960**	**—**	**206,266**
Equity instruments	133,300	865	24,960	—	159,126
Non-current loans	47,064	—	—	—	47,064
Guarantees and deposits	77	—	—	—	77
Total non-current financial assets	**180,441**	**865**	**24,960**	**1,110**	**207,376**
Trade receivables (Note 21.2)	**195,765**	**—**	**—**	**—**	**195,765**
Other current financial assets	**24,224**	**—**	**—**	**—**	**24,224**
Other receivables	1,710	—	—	—	1,710
Loans and other receivables (Note 21.2)	17,816	—	—	—	17,816
Guarantees and deposits	4,698	—	—	—	4,698
Derivatives (Note 11)	**—**	**—**	**—**	**2,556**	**2,556**
Cash and cash equivalents	**257,096**	**—**	**—**	**—**	**257,096**
Total current financial assets	**477,085**	**—**	**—**	**2,556**	**479,641**
Bonds and debentures (Note 15.1)	**176,585**	**—**	**—**	**—**	**176,585**
Bank borrowings (Note 15.1)	**87,307**	**—**	**—**	**—**	**87,307**
Derivatives (Note 11)	**—**	**—**	**—**	**904**	**904**
Other financial liabilities	**1,952**	**—**	**—**	**—**	**1,952**
Loans and other payables	1,952	—	—	—	1,952
Total non-current financial liabilities	**265,844**	**—**	**—**	**904**	**266,748**
Bonds and debentures (Note 15.2)	**3,866**	**—**	**—**	**—**	**3,866**
Bank borrowings (Note 15.2)	**10,460**	**—**	**—**	**—**	**10,460**
Derivatives (Note 11)	**—**	**—**	**—**	**49**	**49**
Other non-current liabilities (Note 21.2)	**71,711**	**—**	**—**	**—**	**71,711**
Loans and other payables	71,711	—	—	—	71,711
Payable to suppliers (Note 16)	**317,083**	**—**	**—**	**—**	**317,083**
Employee receivables	**12,878**	**—**	**—**	**—**	**12,878**
Advances from customers	**163**	**—**	**—**	**—**	**163**
Total current financial liabilities	**416,161**	**—**	**—**	**49**	**416,210**

9. Non-current and current investments

9.1 Non-current investments

Breakdown of non-current investments at year-end 2022 and 2021 (in EUR thousand):

	2022	2021
Derivatives		
Hedging derivatives (Note 11)	14,437	1,110
Investments		
Measured at fair value (Note 21.2)	159,706	25,825
Measured at amortised cost (Note 21.2)	—	2,682
Loans and receivables		
Non-current guarantees and deposits	77	78
Total	**174,220**	**29,695**

Non-current investments in the equity instruments of companies over which the Company does not exercise significant influence in accordance with Rule for the Preparation of Financial Statements no. 13 since it does not participate in the setting of financial or commercial policies. This item relates to the Company's strategy of diversifying the sources of growth other than advertising revenues through investments using the model of broadcasting advertising in exchange for an ownership interest in a company. Investments include the holding in Fever Labs Inc, the carrying amount of which at 31 December 2022 was EUR 156,457 thousand (2021: EUR 27,642 thousand). In 2022, of the EUR 128,815 thousand change, EUR 11,538 thousand was the result of the acquisition of new shares and EUR 117,277 thousand (2021: EUR 10,431 thousand) was from the increase in the value of the Company's investment due to the funding round carried out in January 2022, in which the Company participated. This difference was recognised in "Equity - Valuation adjustments".

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

9.2 Current investments

Balance of current investments at 31 December 2022 and 2021 (in EUR thousand):

	2022	2021
Derivatives		
Derivatives (Note 11)	3,257	2,556
Investments		
Measured at cost	75,000	—
Loans and receivables		
Current guarantees and deposits	2,828	4,698
Total	**81,085**	**7,254**

Current investments measured at cost for EUR 75,000 thousand as at 31 December 2022 related to bank deposits maturing within 5-11 months.

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

Breakdown of non-current investments in group companies, jointly controlled entities and associates at year-end 2022 and 2021 (in EUR thousand):

	2022	2021
Investments in group companies and associates (Note 21.2)	131,291	133,300
Non-current loans to group companies and associates (Note 21.2)	22,056	44,382
Total	**153,347**	**177,682**

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

Company name	Registered address	2022 %	2021 %	Line of business
Antena 3 Multimedia, S.L.U.	Madrid	100	100	Audiovisual services
Antena 3 Noticias, S.L.U.	Madrid	100	100	Audiovisual productions
Atres Advertising, S.L.U.	Madrid	100	100	Advertising management
Atresmedia Cine, S.L.U.	Madrid	100	100	Audiovisual productions
6&M Producciones y Contenidos Audiovisuales, S.L.U.	Madrid	100	100	Audiovisual productions
Atresmedia Música, S.L.U.	Madrid	100	100	Management of music rights
Atresmedia Studios, S.L.U.	Madrid	100	100	Production of audiovisual content
Atresmedia Capital, S.L.U.	Madrid	100	100	Holding company
Buendía Estudios, S.L.	Madrid	50	50	Production of audiovisual content
Buendía Producción, S.L.	Madrid	50	50	Production of audiovisual content
Diariomotor Medios Digitales, S.L.	Madrid	100	100	Development and operation of digital content
Música Aparte, S.A.U.	Madrid	100	100	Management of copyrights
Uniprex, S.A.U.	Madrid	100	100	Radio broadcasting services
Atresmedia Tech, S.L. (formerly I3 Televisión, S.L.)	Madrid	100	100	Provision of IT services
Hola Televisión América, S.L.	Madrid	50	50	Audiovisual media services
Suma Content, S.L.	Madrid	30	30	Development, production and marketing of audiovisual works
Atresmedia Smart Tools, S.L.	Madrid	100	—	Audiovisual-related document management
CTK Live Esports, S.L.	Alicante	50	—	Technology services
TVI Televisao Independiente, S.A.	Lisbon	—	0.001	Television

2022

Company name	Cost	Impairment/ reversal for the year	Accumulated impairment losses	Share capital	Operating profit/(loss)	Net profit/(loss)	Other equity	Total equity	Dividends received
Antena 3 Multimedia, S.L.U.	3	—	—	3	(29)	—	238	241	—
Antena 3 Noticias, S.L.U.	4,233	1,143	(1,216)	6	1,102	1,143	1,868	3,017	—
Atres Advertising, S.L.U.	3	—	—	3	2,664	717	2,752	3,471	—
Atresmedia Cine, S.L.U.	34,022	(1,328)	(29,085)	1,900	(2,468)	(1,323)	4,366	4,942	—
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,629	—	—	50	1,880	1,423	265	1,738	2,750
Atresmedia Música, S.L.U.	102	—	—	3	241	182	597	782	—
Atresmedia Studios, S.L.U.	6,621	140	(4,259)	203	70	140	2,020	2,362	—
Atresmedia Capital, S.L.U.	7,227	(2,305)	(4,099)	4	(12)	(2,305)	5,430	3,128	—
Buendía Estudios, S.L.	2	—	—	3	(877)	95	(937)	(839)	—
Buendía Producción, S.L.	2	—	—	3	1,370	1,016	(821)	198	—
Música Aparte, S.A.U.	60	—	—	60	6,464	4,849	(3,999)	910	5,600
Uniprex, S.A.U.	106,635	—	—	900	(4,593)	(3,444)	89,254	86,711	—
Atresmedia Tech, S.L.U. (formerly I3 Televisión)	1,191	33	(608)	310	(23)	33	240	584	—
Diariomotor Medios Digitales, S.L.	6,644	—	—	18	211	158	645	821	—
Hola Televisión América, S.L.	6,174	—	(6,174)	3,089	(6)	(50)	7,099	10,139	—
Suma Content, S.L.	1,880	—	—	3	(252)	(189)	1,268	1,082	—
Atresmedia Smart Tools, S.L.	3	—	—	3	—	—	—	3	—
CTK Live Esports, S.L.	300	—	—	600	—	—	—	600	—
Total	**176,732**	**(2,317)**	**(45,440)**	**7,161**	**5,742**	**2,445**	**110,285**	**119,890**	**8,350**

2021

Company name	Cost	Impairment/ reversal for the year	Accumulated impairment losses	Share capital	Operating profit/(loss)	Net profit/(loss)	Other equity	Total equity	Dividends received
Antena 3 Multimedia, S.L.U.	3	—	—	3	4	—	238	241	—
Antena 3 Noticias, S.L.U.	4,233	900	(2,359)	6	1,086	900	968	1,874	—
Atres Advertising, S.L.U.	3	—	—	3	4,834	6,910	(4,158)	2,755	4,557
Atresmedia Cine, S.L.U.	34,022	699	(27,757)	1,900	4	699	3,666	6,266	—
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,629	68	—	50	2,002	1,504	1,511	3,065	—
Atresmedia Música, S.L.U.	102	—	—	3	295	224	373	600	—
Atresmedia Studios, S.L.U.	6,621	1,390	(4,399)	203	(593)	1,390	629	2,223	—
Atresmedia Capital, S.L.U.	7,227	3,228	(1,794)	4	(7)	3,228	2,202	5,433	—
Buendía Estudios, S.L.	2	—	—	3	(654)	(505)	(316)	(818)	—
Buendía Producción, S.L.	2	—	—	3	(553)	(418)	(530)	(945)	—
Música Aparte, S.A.U.	60	—	—	60	2,107	1,581	19	1,661	—
Uniprex, S.A.U.	106,635	—	—	900	(6,565)	(5,216)	94,470	90,154	—
Atresmedia Tech, S.L.U. (formerly I3 Televisión)	1,191	100	(641)	310	61	100	140	550	—
Diariomotor Medios Digitales, S.L.	6,639	—	—	18	82	65	580	663	—
Hola Televisión América, S.L.	6,174	—	(6,174)	3,089	(6)	(295)	7,441	10,235	—
Suma Content, S.L.	1,880	—	—	3	(143)	(107)	1,375	1,271	
TVI Televisao Independiente, S.A.	2,016	—	(2,016)	—	—	—	—	—	—
Total	**178,439**	**6,385**	**(45,139)**	**6,558**	**1,954**	**10,060**	**108,608**	**125,228**	**4,557**

Non-current loans to group companies, jointly controlled entities and associates (in EUR thousand):

Loans	Balance at 1/1/22	Additions	Transfers	Disposals	Balance at 31/12/22
Uniprex, S.A.U.	3,000	—	(3,000)	—	—
Atresmedia Cine, S.L.U.	17,913	—	2,537	—	20,450
Buendía Estudios, S.L.	—	—	1,196	—	1,196
Buendía Producción, S.L.	—	—	410	—	410
Atresmedia Capital, S.L.U.	23,469	—	(23,469)	—	—
Total	**44,382**	**—**	**(22,326)**	**—**	**22,056**

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

In December 2012, the Company granted a loan to Uniprex, S.A.U. for a total amount of EUR 100,000 thousand, EUR 90,000 thousand of which were non-current, with annually maturity between 2014 and 2020 bearing fixed interest of 4.5%, reviewed annually. In 2020, the maturity was extended to 30 November 2023 (see Note 21.2). At 31 December de 2022, they were recognised under current assets.

In addition, the Company granted a loan to Atresmedia Cine, S.L. Unipersonal (formerly Antena 3 Films, S.A. Unipersonal), which accrues fixed annual interest. On 31 December 2020, the terms of the loan were modified, with maturity now at 31 December 2025 and a limit of EUR 100,000 thousand. The amount drawn down at 31 December 2022 was EUR 20,450 thousand (see Note 21.2).

In June 2022, the Company rolled over the profit participating loan agreements with Buendía Producción, S.L and Buendía Estudios, S.L. for EUR 410 thousand and EUR 1,197 thousand maturing in January and July 2024, respectively, entered into to provide financing to both companies. These profit participating loans carry floating rates of interest determined in accordance with the borrowers' operations based on their profit before tax performance.

The most representative acquisitions and sales of ownership interests in other entities and other significant corporate transactions in 2022 were as follows:

– On 2 January 2022, the Company incorporated Atresmedia Smart Tools, S.L., subscribing and paying for 1,500 shares of EUR 1 par value each representing 50% of the company's share capital. On 29 June 2022, it subscribed for the remaining 1,500 shares, giving it a 100% shareholding. The company's object includes the provision of specialised professional and technological audiovisual document management services.

– On 25 May 2022, the change in corporate name of subsidiary I3 TELEVISIÓN, S.L.U. to Atresmedia Tech, S.L.U. was executed in a public deed and placed on public record.

– On 21 July 2022, the Company subscribed and paid for 3,000 shares of CTK Live Esports, S.L. of EUR 1 par value each, representing 50% of its share capital, with a share premium of EUR 297 thousand. Its objects include production of IT and computer-related services.

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

– On 29 July 2021, Suma Content, S.L. was incorporated, with the Company subscribing 900 shares of EUR 1 par value each representing 30% of its share capital. This company's objects include the development, production and marketing of audiovisual works. The Company also made equity holder contributions amounting to EUR 1,879 thousand.

– On 18 November 2021, the Company executed in a public deed the agreement to purchase from Diariomotor Medios Digitales, S.L. 1,828,592 shares of EUR 0.01 par value each of Diariomotor Medios Digitales, S.L. representing 100% of its share capital, with the sellers retaining the right of benefits of 20% of the shares as guarantee of payment of the earn-out agreement entered into between the parties. The amount will be determined based on the achievement of business milestones during the reference period, which runs until December 2025. The acquisition-date fair value of the contingent consideration amounted to EUR 1,933 thousand and was part of the consideration transferred. This company is engaged in the development and operation of digital content. As at 31 December 2022, this business milestones had not be met, so the earn-out recorded was cancelled.

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

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

For Uniprex, S.A. Unipersonal and Diariomotor Medios Digitales, S.L., the key assumptions on which the cash flow projections are based refer primarily to the expected trend of the advertising markets where they operate, since they are the main source of revenue generation. The data are based on scenarios used by market participants to set prices, on a consensus among analysts, who are independent third parties employed by the industry in general, on audience figures, advertising efficiency ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by management of the Company and updated in accordance with the performance of the advertising markets.

These future projections cover the next five years. The cash flows for the years not considered in the projections are estimated to be perpetual, with growth of 1.5% for Uniprex, S.A. Unipersonal (2021: 1.5%) and 2% for Diariomotor Medios Digitales, S.L.

In assessing value in use, the estimated cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

In order to calculate the discount rate, the current time value of money and the risk premiums generally used by analysts for the business and geographical area (Spain) are taken into account, giving rise to future discount rates in 2022 of 10% for both Uniprex, S.A. Unipersonal and Diariomotor Medios Digitales, S.L. (2021: 9.5%).

Regarding Uniprex, S.A. Unipersonal, according to the sensitivity analysis carried out, a decrease in the growth in perpetuity rate of 0.5% would result in a decrease in the recoverable amount of EUR 7,805 thousand, while an increase of 0.5% would increase the amount by EUR 8,780 thousand. A 1.0% increase in the discount rate would reduce the value by EUR 19,362 thousand, while a 1.0% decrease would increase its value by EUR 24,580 thousand. The sensitivity analysis performed indicates that there is considerable margin of safety relative to the CGU's carrying amount.

For the Diariomotor Medios Digitales, S.L. business, an increase in the growth in perpetuity rate of 0.5% would increase its value by EUR 352 thousand, while a 0.5% decrease would reduce its value by EUR 311 thousand. A 1% increase in the discount rate would reduce the value of the business by EUR 753 thousand, while a 1% decrease would increase it by EUR 971 thousand. Therefore, the changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

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

In 2022, the Company recognised net losses on impairment and reversals of impairment on financial instruments totalling EUR 2,317 thousand (2021: EUR 6,386 thousand net gain). Impairment losses amounting to EUR 3,633 thousand were recognised on investments in group companies and associates. Meanwhile, reversals of previously recognised impairments amounted to EUR 1,316 thousand, of which EUR 1,143 thousand related to Antena 3 Noticias, S.L. Unipersonal (2021: EUR 6,386 thousand, of which EUR 3,228 related to Atresmedia Capital, S.L. Unipersonal and EUR 1,390 thousand to Atresmedia Studios, S.L. Unipersonal). As at 31 December 2022, the Company had derecognised its equity interest in TVI Televisao Independiente, S.A. for EUR 2,016 thousand which had been fully written off.

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

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

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

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

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

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

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

a) Credit risk:

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

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

The percentage of past-due receivables at 31 December 2022 was 1.19% (2021: 2.15%).

In any case, the Company estimates allowances for doubtful receivables based on the age of the debt. Allowances for doubtful receivables at 31 December 2022 stood at EUR 7,348 thousand (2021: EUR 5,725 thousand).

b) Liquidity risk:

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

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

c) Foreign currency risk:

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

d) Interest rate risk:

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

e) Foreign currency cash flow risk:

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

11. Derivative financial instruments

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

Foreign currency hedges

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

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

At 31 December 2022, the Company had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 17,340 thousand, at a weighted average exchange rate of 1.1290 (USD/EUR). Hedging instruments at 31 December 2021 amounted to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (USD/EUR).

Total amounts of the outstanding forward currency purchase contracts entered into by the Company at year-end 2022 and 2021:

							Fair value (EUR thousand)	
2022	**Classification**	**Type**	**Expiry**	**Notional amount contracted (USD thousand)**	**Amount contracted (EUR thousand)**	**Ineffective portion recognised in profit or loss (EUR thousand)**	**Assets**	**Liabilities**
Currency forwards	Foreign currency hedge	Purchase of USD	2023	9,815	8,479	—	692	84
Currency forwards	Foreign currency hedge	Purchase of USD	2024	5,715	5,221	—	65	61
Currency forwards	Foreign currency hedge	Purchase of USD	2025	1,810	1,655	—	—	11
Total				**17,340**	**15,355**		**757**	**156**

							Fair value (EUR thousand)	
2021	**Classification**	**Type**	**Expiry**	**Notional amount contracted (USD thousand)**	**Amount contracted (EUR thousand)**	**Ineffective portion recognised in profit or loss (EUR thousand)**	**Assets**	**Liabilities**
Currency forwards	Foreign currency hedge	Purchase of USD	2022	18,897	15,893	—	752	49
Currency forwards	Foreign currency hedge	Purchase of USD	2023	5,083	4,237	—	190	10
Total				**23,980**	**20,130**	**—**	**942**	**59**

At 31 December 2022, the estimated fair value of the Company's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 757 thousand and a financial liability of EUR 156 thousand (2021: asset of EUR 942 thousand and liability of EUR 59 thousand). The impact on profit or loss of changes in the fair value of foreign currency hedges whose underlying was effective at the closing date amounted to a negative EUR 406 thousand (2021: EUR 1,204 thousand), recognised under "Net gain/(loss) on changes in value of financial instruments at fair value". This impact offsets exchange differences on balances with suppliers in USD, which at that date were a positive EUR 49 thousand (2021: EUR 1,978 thousand negative).

For derivatives whose underlying was not effective at the closing date, the net impact recognised in equity amounted to EUR 57 thousand (2021: 26 thousand).

The measurement method consists of estimating the present value of the future cash flows that will arise under the terms and conditions arranged by the parties for the derivative instrument. The spot price is taken to be the reference exchange rate of the European Central Bank on 31 December 2022, the swap points (offer/bid), the interest rates prevailing at the measurement date and the credit risk.

The Company assesses whether the credit risk component has a significant impact on the performance of currency hedges.

The sensitivity analysis of the foreign currency derivative financial instruments demonstrates that changes of +/-10% in the EUR/USD exchange rate prevailing at year-end would give rise to changes in fair value within a range of EUR +/-1.5 million for hedges whose underlying is in force at year-end, and changes of EUR +/-0.1 million for hedges whose underlying is not yet in force and therefore affect equity. Appreciation in the USD/EUR exchange rate gives rise to increases in value, and depreciations to decreases.

The sensitivity analysis of the balances payable to suppliers in USD, shows that changes of +/-10% in the USD/EUR exchange rate prevailing at year-end would give rise to changes in the fair value recognised of around EUR +/-1.5 million, and would be sufficiently offset by the changes in the value of the derivatives entered into.

In 2021, changes of +/-10% in the exchange rate prevailing at year-end would have given rise to changes in fair value within a range of EUR +/-2.0 million for hedges whose underlying was in force at year-end and changes of EUR +/-0.1 million for hedges whose underlying was not yet in force and therefore affected equity.

Interest rate hedges

Regarding the syndicated financing, in July 2021 the Company entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025.

At 31 December 2022, the fair value of the derivative instrument under non-current and current assets was EUR 6,127 thousand and EUR 181 thousand, respectively. The fair value of the derivative under non-current assets at 31 December 2021 was EUR 920 thousand.

Hedge effectiveness was assessed using a qualitative assessment to verify the economic relationship between the hedged item and the hedging instrument, analysing the compatibility of notional amounts, interest settlement periods, maturity dates and the reference of the variable-interest cash flows. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. The market swap curve at the measurement date and other normal market techniques are used for the calculation. Changes in the fair value of this financial instrument designated as a hedge are recognised temporarily in equity as they meet the hedge effectiveness requirements, and reclassified to profit or loss as the changes in fair value of the hedged item affect profit or loss.

Cross currency swaps

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

At 31 December 2022 the fair value of the derivative related to the bond issue was EUR 10,629 thousand, of which EUR 2,384 thousand was recognised in derivative financial instruments in current assets and EUR 8,245 thousand under derivative financial instruments in non-current assets. At 31 December 2021, the fair value amounted to EUR 910 thousand, with EUR 1,804 thousand recognised as derivatives under current assets and EUR 894 thousand under non-current liabilities.

The Company measures the effectiveness of these cash flow hedges by analysing the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of hedged items attributable to the hedged risk. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. This determination is made using the quoted prices of swap rates at the measurement date, interest rates prevailing on the measurement, credit risk and generally accepted techniques in the market. It determined that they are effective hedges, so the gain or loss on the hedging instrument is recognised temporarily in equity and taken to profit or loss in the periods in which the hedged transaction affects profit or loss.

The Company assessed the hedge effectiveness of outstanding hedges at the end of the current period. It verified the continuing economic relationship between the hedged item and the hedging instrument and the absence of a significant COVID-19-related impact on credit risk that could affect the measurement of the hedging instrument.

12. Inventories

Inventories in the balance sheets at 31 December 2022 and 2021:

EUR thousand	2022	2021
Programme rights, net-		
Rights on external productions	194,072	224,916
In-house productions and productions in progress	119,277	85,928
Sports broadcasting rights	3,214	3,214
Write-down of inventories of external productions	(46,476)	(38,789)
Write-down of inventories of sports broadcasts	(3,214)	(3,214)
	266,873	**272,055**
Raw and other materials		
Dubbing, soundtracks and titles	10,264	9,677
Other materials	459	1,095
	10,723	**10,772**
Advances to suppliers	**548**	**1,254**
	278,144	**284,081**

“Advances to suppliers” in the accompanying balance sheets as at 31 December 2022 and 2021 includes basically advances paid in connection with external production commitments and live broadcasting.

Changes in write-downs of inventories in the accompanying balance sheets (in EUR thousand):

	Balance at 1/1/22	Additions	Transfers	Disposals or reductions	Balance at 31/12/22
Write-downs of inventories	**(38,789)**	(8,800)	—	1,113	**(46,476)**

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

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

At 31 December 2022, the Company had commitments, mainly for the purchase of audiovisual property rights and the production of programmes, amounting to EUR 54,158 thousand (2021: EUR 35,532 thousand). In addition, the Company has purchase commitments to distributors, the definitive amount and price of which will be determined once the programmes are produced and, in certain cases, by establishing the acquisition price on the basis of box-office takings. The best estimate of these commitments amounted to EUR 52,000 thousand (2021: EUR 42,872 thousand).

Inventoriable in-house productions are expected to be amortised in full and approximately EUR 106,000 thousand of external production rights will be amortised in 2023 (see Note 4.6).

13. Equity and shareholders' equity

Shareholder structure at year-end 2022 and 2021:

	% ownership
Grupo Pasa Cartera, S.A. Unipersonal	41.70
Ufa Film und Fernseh GMBH	18.65
Treasury shares	0.25
Other shareholders	39.40
Total	**100**

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

The Company's share capital at 31 December 2022 and 2021 amounted to EUR 169,300 thousand, represented by 225,732,800 fully subscribed and paid shares of EUR 0.75 par value each, which carry the same rights.

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

13.1 Reserves

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

At 31 December 2022, the legal reserve was fully allocated (EUR 33,860 thousand).

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

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

The remaining reserves, with a balance of EUR 157,348 thousand, are unrestricted.

13.2 Treasury shares

Treasury shares held by the Company at the end of 2022 and 2021:

Year	No. of shares	Par value (EUR)	Average acquisition price (EUR)	Total cost (EUR thousand)
2022	554,376	415,782	11.13	6,168
2021	554,376	415,782	11.13	6,168

At 31 December 2022, the shares of the Company held by it represented 0.246% of share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share.

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

13.3 Dividends

At the General Meeting held on 27 April 2022, the shareholders of the Company ratified the distribution of an ordinary dividend out of 2021 profit for a gross amount of 24 euro cents (EUR 0.24) per share, for a total of EUR 54,043 thousand. This is a final dividend and comes in addition to the interim dividend paid on 16 December 2021 of EUR 0.18 gross per share. This dividend was paid on 22 June 2022.

At the Company's Board of Directors meeting, held on 23 November 2022, a resolution was passed to distribute, out of the profit for 2022, the gross amount of eighteen euro cents (EUR 0.18) for each of the 225,732,800 shares of EUR 0.75 par value representing the share capital, of which 554,376 were treasury shares. Accordingly, the dividend rights inherent to treasury shares were attributed proportionately to the other shares in accordance with Article 148 of the Corporate Enterprises Act. This dividend was paid to shareholders as an interim dividend on 14 December 2022, for a total amount of EUR 40,532 thousand.

13.4 Government grants

Disclosures on government grants received by the Company, which are included in equity, and the related amounts recognised in profit or loss at year-end 2022 are as follows (in EUR thousand):

Body	Domain	Balance at 1/1/22	Increases	Transfer to profit/(loss)	Balance at 31/12/22	Tax effect	Amount recognised in equity
Private sector	Spanish organisation	—	9,811	(1,724)	8,087	(2,022)	6,065

In 2022, the Company earned income on financing agreements for a gross total of EUR 9,811 thousand. Of the grants recognised, EUR 1,724 thousand were recognised in profit or loss for the year. The rest remained in equity, net of the tax effect, and will be released to profit or loss as the subsidised inventories are consumed.

At year-end 2022, the Company had complied with all the attaching conditions for receiving the grants detailed above.

14. Provisions and contingencies

Current and non-current provisions in 2022 and 2021 (in EUR thousand):

EUR thousand	Balance at 1/1/22	Charges	Amounts used	Surplus	Transfers	Balance at 31/12/22
Non-current						
Employee remuneration	14,800	5,627	(401)	—	(2,265)	17,761
Provisions for litigation	20,364	—	—	—	—	20,364
	35,164	**5,627**	**(401)**	**—**	**(2,265)**	**38,125**
Current						
Employee remuneration	2,703	—	(2,663)	—	2,265	2,305
Provisions for litigation	6,658	1,545	(83)	(3,068)	—	5,052
Other provisions	7,902	2,945	—	(2,126)	—	8,721
	17,263	**4,490**	**(2,746)**	**(5,194)**	**2,265**	**16,078**

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

Provisions for employee benefits

During the year ended 31 December 2020, the Group offered permanent employees aged 57 and over and more than 15 years of service by year-end 2020 a voluntary redundancy plan (the “2020 Plan”). The 2020 Plan was of limited duration, to 31 December 2020, and entailed the voluntary termination of employment through individual agreements. The severance scheme for employees taking part included monthly income until ordinary retirement age calculated based on the employee’s base salary and including the payment of any social security supplements to which the employee is entitled. The total amount of obligations arising from these agreements recognised in 2020 was calculated based on the number of employees who signed up to the Plan, updated using the Spanish yield curve up to 10 years, as explained in Note 4.16. As at 31 December 2022, the provision had been utilised in accordance with the payment schedule agreed with each employee. At the end of the reporting period, the amount of this provision is updated and the amount payable within the next 12 months is reclassified from non-current to current.

At the General Meeting held on 28 April 2021, approval was given to implement a long-term variable remuneration scheme, with partial delivery of Company shares, for executive directors and certain managers of the Group. This long-term variable remuneration plan is linked to the achievement of financial and non-financial targets. Note 21.3 details the plan's main features. As at 31 December 2022, the amount recognised under “Staff costs” in the statement of profit or loss related to the variable remuneration plan was EUR 5,667 thousand (2021: EUR 5,747 thousand).

Provisions for litigation

At 31 December 2022 and 2021, certain civil, labour, criminal and administrative lawsuits had been filed against the Company which were taken into account in estimating potential contingent liabilities. Noteworthy, in view of their amount, were the lawsuits with certain collection societies. Specifically, a favourable ruling was handed down in the case involving the Spanish Intellectual Rights Management Association (AGEDI)-Artistas Intérpretes o Ejecutantes, Sociedad de Gestión de España (AIE), the management entity for music performers and executant musicians. However, the impact cannot be quantified since the ruling has yet to be enforced. The payment schedule related to litigation is based on court judgements and is therefore difficult to estimate. "Other provisions" relates mainly to estimated future risks. For both, charges, amounts used and surpluses are recognised under "Other operating expenses" in the statement of profit or loss.

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

Contingencies

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

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

The specific restrictions on competition disapproved by the CNMC are:

1. contractual imposition on advertisers of minimum quotas of television advertising,

2. a bundled marketing system that makes sale of television advertising subject to advertisers buying channel bundles and simulcast or single-platform television advertising, and

3. a system of rewarding media agencies for brokering advertising deals.

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

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

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

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

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

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

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

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

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

15. Non-current and current payables

15.1 Non-current financial liabilities

Balance of "Non-current payables" at 31 December 2022 and 2021:

	Non-current financial instruments							
	Bonds and other marketable debt securities		Bank borrowings		Derivatives and other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Debts and payables	117,195	176,585	67,917	87,307	17	1,950	185,129	265,842
Derivatives	—	—	—	—	72	904	72	904
Total	**117,195**	**176,585**	**67,917**	**87,307**	**89**	**2,854**	**185,201**	**266,746**

Breakdown by maturity of “Non-current payables”:

	2024	2025	2026	Total
Bonds and other marketable debt securities	—	117,195	—	117,195
Bank borrowings	19,390	19,390	29,137	67,917
Derivatives	61	11	—	72
Other debts and payables	17	—		17
Total at 31/12/22	**19,468**	**136,596**	**29,137**	**185,201**

	2023	2024	2025	2026	Total
Bonds and other marketable debt securities	66,219	—	110,366	—	176,585
Bank borrowings	19,390	19,390	19,390	29,137	87,307
Derivatives	—	—	904	—	904
Other debts and payables	17	—	1,933		1,950
Total at 31/12/21	**85,626**	**19,390**	**132,593**	**29,137**	**266,746**

a) Bonds and other marketable debt securities

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

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

b) Bank borrowings

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

Of the total amount, 40% is a five-year loan, with partial repayments, and 60% a revolving credit facility maturing at five years. No amounts had been drawn down on the credit facility as at 31 December 2022.

The applicable interest rate is Euribor plus a market spread, subject to compliance with financial covenants habitually used in transactions of this kind: the debt to EBITDA ratio and the interest coverage ratio, with semi-annual and annual assessments, and three ESG indicators based on level of compliance and reviewed annually. The Parent's directors expect the covenants to be complied with at 31 December 2022.

The fair value of this financing approximates its carrying amount. In July 2021, the Company entered into cash flow hedges (CAP) to minimise the interest rate risk related to this financing (see Note 11).

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

15.2 Current financial liabilities

Current bank borrowings at 31 December 2022 amounted to EUR 20,470 thousand (2021: EUR 10,460 thousand).

The rate of interest paid by the Company in 2022 on the loans and credit facilities arranged with banks was mainly tied to Euribor.

The fair value of interest accrued at 31 December 2022 on bonds and other marketable securities was EUR 4,470 thousand (2021: EUR 3,866 thousand). As explained in Note 11, the Company entered into a swap that generated EUR 2,384 thousand for the Company (2021: EUR 1,804 thousand).

Detail of non-current and current bank borrowings:

	2022			2021		
EUR thousand	**Limit**	**Current balance drawn down**	**Non-current balance drawn down**	**Limit**	**Current balance drawn down**	**Non-current balance drawn down**
Syndicated financing	240,000	20,000	67,917	250,000	10,000	87,307
Credit facilities	73,000	—	—	92,000	—	—
Interest payable	—	470	—	—	460	—
Total	**313,000**	**20,470**	**67,917**	**342,000**	**10,460**	**87,307**

16. Trade payables

The balance of this item at year-end 2022 and 2021, excluding amounts receivable from or payable to public authorities, is as follows:

EUR thousand	**2022**	**2021**
Payable to suppliers	242,639	295,616
Payable to suppliers, group companies and associates	27,959	21,467
Other payables	32	75
Employee receivables	13,546	12,878
Advances from customers	949	163
	285,125	**330,199**

“Payables to suppliers” included EUR 32,094 thousand (2021: EUR 38,435 thousand) of payables to suppliers through reverse factoring agreements with banks.

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

The following table presents the disclosures required by Additional Provision Three of Law 18/2022, of 28 September, on the creation and growth of companies and Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Auditing Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	2022	**2021**
	Days	**Days**
Average supplier payment period	37	45
Ratio of transactions paid	39	49
Ratio of transactions outstanding	25	20

	EUR thousand	**EUR thousand**
Total payments made	599,845	577,595
Total payments outstanding	104,311	93,088

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

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

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

Set out below is the monetary volume and number of invoices paid before the statutory deadline as at 31 December 2022.

	2022
Monetary volume paid before the statutory deadline (EUR thousand)	439,323
% of total payments to suppliers	73.24%
No. of invoices paid before the statutory deadline	11,379
% of total invoices paid	49.03%

17. Tax matters

17.1 Current tax receivables and payables

Breakdown of current tax receivables and payables (in EUR thousand):

Receivables

EUR thousand	2022	2021
To be settled in 2022	**15,154**	**19,664**
Deferred tax assets	1,282	1,442
Carry forward of unused tax losses	6,714	8,482
Unused tax credits and tax relief	7,157	9,740
To be settled from 2023	**126,793**	**143,602**
Deferred tax assets	16,500	18,828
Carry forward of unused tax losses	46,729	52,902
Unused tax credits and tax relief	63,564	71,872
Total non-current assets	**141,947**	**163,266**
2021 income tax refundable	10,540	12,264
2022 income tax refundable	8,044	9,993
Other tax receivables	69	55
Total current assets	**18,653**	**22,312**
TOTAL TAX RECEIVABLES	**160,600**	**185,578**

Payables

EUR thousand	2022	2021
Deferred tax liabilities	10,057	10,767
Total non-current liabilities	**10,057**	**10,767**
Tax withholdings payable	4,800	4,980
Social security payable	586	611
VAT payable	4,558	7,355
Total current liabilities	**9,944**	**12,946**
TOTAL TAX PAYABLES	**20,001**	**23,713**

17.2 Reconciliation of accounting profit and taxable income

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

Companies composing the tax group at 31 December 2022:

TAXPAYER IDENTIFICATION NUMBER	SUBSIDIARY	Date of inclusion in the Group
B82832841	Atresmedia Cine, S.L.U.	1/1/03
B84187335	Antena 3 Multimedia, S.L.U.	1/1/04
A84920230	Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	1/1/06
B86424132	Antena 3 Noticias, S.L.U.	1/1/12
B84171453	Atres Advertising, S.L.U.	1/1/04
B86885530	6&M Producciones y Contenidos Audiovisuales, S.L.U.	1/1/13
B87294187	Atresmedia Música, S.L.U.	1/1/15
B65273914	Atresmedia Studios, S.L.U.	1/1/14
B87377230	Atresmedia Capital, S.L.U.	1/1/15
A79458535	Música Aparte S.A.U.	1/1/01
B85498723	Smartclip Hispania, S.L.U.	1/1/18
B84196914	Uniprex Televisión, S.L.U.	1/1/04
B84405422	Inversión y Distribución Global de Contenidos, S.L.U.	1/1/05
B84527704	I3 Televisión, S.L.U.	1/1/20
A28782936	Uniprex, S.A.U.	1/1/01
B87802658	Diario Motor Medios Digitales, S.L.	1/1/22
B10827137	Pazy Digital Venture, S.L.	17/6/22

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

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

Reconciliation of accounting profit and profit for income tax purposes for 2022:

	EUR thousand		
	Increases	Decreases	Total
Accounting profit after tax			**93,650**
Income tax	**31,473**	**—**	**31,473**
Permanent differences -	**9,053**	**7,933**	**1,120**
Penalties	180	—	180
Donations	612	—	612
Impairment of investments	2,317	—	2,317
Elimination of dividends	—	7,933	(7,933)
Elimination of intragroup transactions	5,542	—	5,542
Other permanent differences	402	—	402
Deductible temporary differences:	**14,391**	**10,477**	**3,914**
Originating in the current year:			
Provisions for contingencies and charges	7,806	—	7,806
Non-current payables	5,784	—	5,784
Impairment losses	801	—	801
Originating in prior years:			
Provisions for contingencies and charges	—	4,710	(4,710)
Non-current payables	—	4,973	(4,973)
Impairment losses	—	794	(794)
Taxable temporary differences:	**6,880**	**—**	**6,880**
Originating in the current year:			
Depreciation and amortisation	6,880	—	6,880
Gross taxable profit			**137,037**
Offset of prior years' tax losses			**(34,259)**
Tax rate			**25%**
Gross tax payable			**25,694**
Receivables from (payables to) group companies			4,152
Tax credits taken in 2022			(11,939)
Tax prepayments in 2022			(25,951)
Income tax payable (refundable)			**(8,044)**

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

	EUR thousand		
	Increases	**Decreases**	**Total**
Accounting profit after tax			**98,150**
Income tax	**28,606**	**—**	**28,606**
Permanent differences -	**4,366**	**14,805**	**(10,441)**
Penalties	—	172	(172)
Donations	763	—	763
Impairment of investments	—	10,304	(10,304)
Elimination of dividends	—	4,329	(4,329)
Elimination of intragroup transactions	3,398	—	3,398
Other permanent differences	205	—	205
Deductible temporary differences:	**26,117**	**16,686**	**9,431**
Originating in the current year:			
Provisions for contingencies and charges	20,267	—	20,267
Non-current payables	5,850	—	5,850
Originating in prior years:			
Provisions for contingencies and charges	—	10,806	(10,806)
Non-current payables	—	5,086	(5,086)
Impairment losses	—	794	(794)
Taxable temporary differences:	**6,880**	**—**	**6,880**
Originating in the current year:			
Depreciation and amortisation	6,880	—	6,880
Gross taxable profit			**132,626**
Offset of prior years' tax losses			**(33,157)**
Tax rate			**25%**
Gross tax payable			**24,867**
Receivables from (payables to) group companies			3,054
Tax credits taken in 2021			(16,081)
Tax prepayments in 2021			(21,834)
Income tax payable (refundable)			**(9,994)**

17.3 Tax recognised in equity

Taxes recognised directly in equity in 2022:

	EUR thousand		
	Increases	**Decreases**	**Total**
Deferred tax			
Originating in the current year:			
Revaluation of other financial assets	—	784	(784)
Recognition of assets at fair value	1,012	—	1,012
Government grants	—	2,022	(2,022)
Total deferred tax	**1,012**	**2,806**	**(1,794)**
Total tax recognised directly in equity	**1,012**	**2,806**	**(1,794)**

Taxes recognised directly in equity in 2021:

	EUR thousand		
	Increases	**Decreases**	**Total**
Deferred tax			
Originating in the current year:			
Revaluation of other financial assets	—	153	(153)
Recognition of assets at fair value	2,608	—	2,608
Total deferred tax	**2,608**	**153**	**2,455**
Total tax recognised directly in equity	**2,608**	**153**	**2,455**

17.4 Reconciliation of accounting profit and income tax expense

Reconciliation of accounting profit and income tax expense (EUR thousand):

	2022	**2021**
Profit/(loss) before tax	**125,123**	**126,756**
Tax charge at 25%	**31,281**	**31,689**
Tax credits earned in the year	**(237)**	**(273)**
Audiovisual productions	—	—
Donations to not-for-profit entities	(238)	(260)
Other	—	(13)
Offset of tax losses	**—**	**—**
Other-		
Permanent differences (Note 17.2)	280	(2,610)
Total current tax expense for the year	**31,324**	**28,806**
Income tax adjustments	**149**	**(200)**
Difference in income tax per tax return	149	(200)
Total income tax expense recognised in profit or loss	**31,473**	**28,606**

Income tax expense for the year (in EUR thousand):

	2022	**2021**
Current tax	13,862	11,564
Deferred tax	17,461	17,242
Total income tax expense for the year	**31,324**	**28,806**

17.5 Deferred tax assets recognised

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

CHANGES IN DEFERRED TAX ASSETS	EUR thousand				
	2021	**Increases**	**Decreases**	**Other**	**2022**
Contingencies and charges	13,288	1,951	1,177	(2,493)	11,569
Payables	7,692	1,447	1,243	(12)	7,884
Other items	984	200	199	(178)	807
Hedging instruments	(1,694)	—	784	—	(2,478)
Total	**20,270**	**3,598**	**3,403**	**(2,683)**	**17,782**

The detail for 2021 is as follows:

CHANGES IN DEFERRED TAX ASSETS	EUR thousand				
	2020	Increases	Decreases	Other	2021
Contingencies and charges	11,445	5,067	2,702	(522)	13,288
Payables	7,501	1,463	1,272	—	7,692
Other items	1,122	—	199	61	984
Hedging instruments	(1,848)	153	—	—	(1,694)
Total	**18,220**	**6,683**	**4,173**	**(461)**	**20,270**

The tax effect of the valuation adjustments relating to the hedging instruments at 31 December 2022 amounted to a negative EUR 2,478 thousand.

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

On the basis of the estimate made by the Company's directors of the timing of future profits for the offset and use of these deferred tax assets, EUR 16,500 thousand were considered to be recoverable in the long term, while EUR 1,282 thousand were considered to be recoverable in the short term. Both amounts are recognised under "Deferred tax assets".

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

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

Chapter IV of Title VI of the Income Tax Law sets a limit for the offset of taxes of 15 years and for RD&I credits of 18 years. However, management assessed the recoverability of deferred tax assets, recognising those it expects to recover within seven years from 31 December 2022. It considered this to be the most appropriate period, given the uncertainties inherent in forecasts for longer periods.

Given the minimum tax with effect from 1/1/22 introduced in the Income Tax Law, which places a new cap on the recognition of tax credits, the Company decided it was better not to recognise new credits, even if the deferred tax assets recognised will be recovered in full within that period.

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

The changes in deferred tax assets recognised in "Other" include mainly the difference between the estimated tax for the previous year and the tax return actually filed with the taxation authorities, giving rise to a negative adjustment in deferred tax assets of EUR 2,683 thousand. Also, the effect on expenses of this difference, amounting to a positive EUR 149 thousand, is recognised under "Income tax adjustments".

At 31 December 2022, the Company had unused tax credits amounting to EUR 110,311 thousand, of which EUR 70,721 thousand were recognised in the balance sheet, as follows:

Tax credits

EUR thousand

Unused at 31/12/21	Used in the year	Other	Unused at 31/12/22	Limit
10,990	(10,852)	—	138	2028
11,460	(40)	—	11,421	2029
14,946	—	—	14,946	2030
12,945	—	—	12,945	2031
13,230	—	—	13,230	2032
11,410	—	—	11,410	2033
15,630	—	240	15,870	2034
15,640	—	380	16,019	2035
9,625	—	646	10,271	2036
4,061	—	—	4,061	2037
119,937	**(10,892)**	**1,266**	**110,311**	

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

Tax loss carryforwards

EUR thousand

Year generated	Amount	Used in the year	Other	Unused at 31/12/22
2007	26,588	(8,565)	625	18,648
2008	31,918	—	—	31,918
2,009	**28,965**	**—**	**—**	28,965
2010	8,377	—	—	8,377
2011	15,473	—	—	15,473
2012	12,587	—	—	12,587
Total tax assets	**123,908**	**(8,565)**	**625**	**115,968**

“Other” includes the differences between the estimate made at the end of the reporting period and the income tax return effectively filed for positive amounts of EUR 646 thousand and EUR 625 thousand in tax credits and tax losses, respectively. Meanwhile, the table on tax credits in this section also includes an amount of EUR 620 thousand for the update of the final figure for the RD&I tax credit.

Pursuant to Spanish tax legislation, there is no time limit on the offset of tax losses. Of the total amount of unused tax losses, the Company recognised EUR 53,443 thousand.

Of the EUR 11,939 thousand of tax credits taken in the year, EUR 10,932 thousand were deductions for audiovisual production, EUR 724 thousand for international double taxation, EUR 243 thousand for donations to not-for-profit entities, and EUR 40 thousand for reversal of temporary measures (Transitional Provision Thirty-Seven of the Spanish Income Tax Law).

17.6 Deferred tax liabilities recognised

Breakdown of deferred tax liabilities recognised in the year:

DEFERRED TAX LIABILITIES	**EUR thousand**						
	2020	**Increases**	**Decreases**	**2021**	**Increases**	**Decreases**	**2022**
Tax effect of identification of intangible assets	9,880	—	(1,720)	8,159	—	(1,720)	6,439
Tax effect of assets at fair value	—	2,608	—	2,608	—	(1,012)	1,596
Government grants	—	—	—	—	2,453	(431)	2,022
Total	**9,880**	**2,608**	**(1,720)**	**10,767**	**2,453**	**(3,163)**	**10,057**

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

The deferred tax liabilities relate to the identification of the "La Sexta" trademark and to the signal transmission licence. The trademark was being amortised for accounting purposes at an annual rate of 5%, with the amortisation taken in 2015 amounting to EUR 791 thousand. In 2016, the trademark began to be amortised at an annual rate of 10%, in accordance with Spanish Audit Law 22/2015, of 20 July (see Note 4.1).

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

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

Spain’s 2021 General State Budget Law (Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021) introduced financing agreements in Article 39.7 of Spain’s Income Tax Law (see Note 4.13).

The Company entered into financing agreements with different investors for fiction series produced in 2022.

Therefore, “Grants” under deferred tax liabilities includes the tax effect of the accounting recognition of the income from financing agreements.

17.7 Years open to inspection and tax audits

The Company is open to inspection for income tax from 2016 and for the rest of the taxes applicable to it from 2019.

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

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

Accordingly, in 2022 and 2021 the Company submitted written requests for rectification of self-assessments of income tax for the years 2016 to 2021, inclusive.

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

18. Foreign currencies

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

	2022	2021
Receivables	5,556	2,443
Payables	197,832	206,820
Sales	18,211	12,869
Purchases	11,468	21,190

Exchange differences recognised in 2022 profit or loss by class of financial instruments (in EUR thousand):

	Transactions settled in the year	Unmatured balances	Total
Trade receivables	(283)	—	(283)
Financial assets	—	(129)	(129)
Total financial assets	**(283)**	**(129)**	**(412)**
Trade payables	226	129	355
Financial liabilities	—	129	129
Total financial liabilities	**226**	**258**	**484**

Data for 2021 (in EUR thousand):

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

19. Revenue and expenses

19.1 Revenue

Breakdown of revenue in 2022 and 2021 from continuing operations by business line and geographical market (in EUR thousand):

Line of business	2022	2021
Advertising sales	692,206	674,059
Total	**692,206**	**674,059**

Geographical market	2022	2021
Spain	692,206	674,059
Total	**692,206**	**674,059**

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

19.2 Procurements

Procurements in 2022 and 2021:

EUR thousand	2022	2021
Broadcasting of in-house productions	240,171	241,508
External production services	247,930	229,461
Programme broadcasting rights	105,166	121,034
Performances and contributions of entertainers	15,474	17,745
Other amortisation	9,811	14,464
Live broadcasting rights	—	65
Inventories	(272,879)	(266,182)
Total	**345,673**	**358,095**

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

Of total procurements in 2022, EUR 14 million related to purchases in other European Union countries (2021: EUR 20 million) and approximately EUR 42 million to purchases in non-EU countries (2020: EUR 57 million), mainly the United States.

19.3 Employee benefits expense

Employee benefits expense in 2022 and 2021:

EUR thousand	2022	2021
Social Security payable by the	5,963	5,794
Other employee benefits expense	1,070	1,626
Total	**7,033**	**7,420**

19.4 Other operating expenses

Breakdown of other operating expenses in 2022 and 2021:

EUR thousand	2022	2021
Subcontracted work	81,356	79,673
Communications	37,632	35,129
Leases and royalties	26,044	26,369
Advertising and publicity	7,727	7,724
Copyrights and other expenses	76,560	72,221
Total	**229,319**	**221,116**

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

"Copyrights and other expenses" includes changes in the allowance for doubtful receivables. In 2022, the Company charged EUR 1,625 thousand (2021: EUR 230 thousand).

19.5 Finance income and costs

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

	2022	2021
Finance income	10,150	6,047
Finance costs	8,448	11,200

Of total finance income in 2022, EUR 8,350 thousand related to dividends received by Atresmedia Corporación de Medios de Comunicación, S.A. from its subsidiaries (2021: EUR 4,557 thousand) (see Note 9.3).

19.6 Changes in fair value of financial instruments

This item in the statement of profit or loss includes mainly the net gain or loss arising from changes in the fair value of the currency hedges and IRSs disclosed in Note 15.

Net gain/(loss) on changes in fair value in 2022 and 2021 by item:

EUR thousand	2022	2021
Hedging instruments	1,527	404
Other non-current liabilities	(847)	1,197
Total	**680**	**1,601**

20. Recognition of non-financial and other grants related to assets

Non-financial and other grants related to assets in 2022 and 2021:

EUR thousand	2022	2021
Financing agreements	1,724	—
Total	**1,724**	**—**

This item includes the recognition of income in profit or loss from the financing agreements (see Note 17.6), in accordance with recognition and measurement standard 18 of the General Accounting Plan on Grants, donations and bequests received, in proportion to the consumption of inventories as described in Note 4.6

21. Related party transactions and balances

21.1 Related party transactions

Transactions with related parties in 2022 and 2021 (in EUR thousand):

	2022		2021	
	Group companies	Associates	Group companies	Associates
Revenue	690,829	1,473	699,236	284
Purchase and receipt of services	54,130	39,695	52,717	9,619
Accrued interest expenses	118	—	286	—
Accrued interest income	653	300	872	273
Guarantees and deposits (extended and received)	260	—	150	—
Dividends received	8,350	—	4,557	—

In addition to these transactions, advertising space was sold to and purchased from related parties in 2022 amounting to EUR 1,253 thousand (2021: EUR 1,272 thousand).

The increase relative to 2021 in "Purchase and receipt of services" from associates is the result of the change as of 1 January 2022 in the method of accounting for Buendía Producción, S.L. from integrating 50% of its assets, liabilities, revenue and expenses, to accounting for the investment using the equity method after the modification of the contractual agreements determining the rights and obligations of the venturers in the joint venture.

21.2 Related party balances

Balances with related parties on the balance sheet at 31 December 2022 and 2021 (in EUR thousand):

2022	Equity instruments	Non-current loans to companies	Trade receivables	Current investments	Non-current payables	Current payables	Trade payables
Group companies	**129,108**	**20,449**	**176,997**	**34,383**	**2**	**85,830**	**14,198**
Antena 3 Multimedia, S.L.U.	3	—	11	—	—	891	667
Antena 3 Noticias, S.L.U.	3,017	—	166	404	—	5,854	8,387
Antena 3 TDT Canarias, S.A.U.	—	—	—	35	—	1,713	139
Atres Advertising, S.L.U.	3	—	175,609	31	—	47,400	486
Atresmedia Cine, S.L.U.	4,938	20,449	137	—	—	87	518
6&M Producciones y Contenidos Audiovisuales, S.L.U.	1,629	—	81	492	—	895	1,872
Atresmedia Música, S.L.U.	102	—	—	60	—	978	—
Atresmedia Studios, S.L.U.	2,362	—	290	—	—	3,648	17
Diario Motor Medios Digitales, S.L.	6,644	—	—	93	—	—	17
Atresmedia Capital, S.L.U.	3,128	—	—	26,712	—	—	—
Música Aparte, S.A.U.	60	—	102	881	—	1,584	1
Uniprex, S.A.U.	106,635	—	500	4,428	2	7,713	826
Atresmedia Tech, S.L.U. (formerly I3 Televisión)	584	—	31	—	—	1,730	536
Inversión y Distribución Global de Contenidos, S.L.	—	—	—	14	—	—	—
Uniprex Televisión, S.L.U.	—	—	14	507	—	—	732
Smartclip Hispania, S.L.	—	—	16	726	—	13,178	—
Atresmedia Smart Tools, S.L.U.	3	—	—	—	—	—	—
Pazy Digital Ventures, S.L.	—	—	—	—	—	41	—
Sociedad de Distribución Digital Sonora de Entretenimiento, S.L.	—	—	40	—	—	118	—
Associates	**2,180**	**—**	**1,299**	**7,028**	**—**	**—**	**2,463**
CTK Live Esports, S.L.	300	—	—	—	—	—	—
Hola Televisión América, S.L.	—	—	396	7,028	—	—	—
Hola Televisión América USA, S.L.	—	—	903	—	—	—	240
Suma Content, S.L.	1,880	—	—	—	—	—	2,223
Investments	**156,556**		**—**	**—**	**—**	**—**	**—**
Jointly controlled entities	**3**	**1,607**	**141**	**—**	**—**	**—**	**10,181**
Buendía Estudios Canarias, S.L.	—	—	9	—	—	—	25
Buendía Estudios, S.L.	1	1,197	6	—	—	—	6
Buendía Producción, S.L.	2	410	126	—	—	—	10,150
Related companies	**3,150**	**—**	**1,614**	**1,000**	**—**	**—**	**1,117**
Planeta Group	3,150	—	314	—	—	—	710
RTL Group	—	—	1,300	1,000	—	—	407
Total	**290,997**	**22,056**	**180,051**	**42,411**	**2**	**85,830**	**27,959**

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

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

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

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

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

21.3 Remuneration of directors and senior management

The remuneration earned in 2022 by the current and former members of the Company's Board of Directors (composed at 31 December 2022 and 2021 of four women and eight men) in the form of salaries, attendance fees and insurance premiums amounted to EUR 4,540 thousand, EUR 737 thousand and EUR 45 thousand, respectively (2021: EUR 4,654 thousand, EUR 717 thousand and EUR 42 thousand, respectively).

Salaries and life insurance premiums paid to members of senior management who are not directors in 2022 amounted to EUR 4,978 thousand and EUR 86 thousand, respectively (2021: EUR 3,954 thousand and EUR 82 thousand, respectively).

The third-party liability insurance taken out for Atresmedia Group directors and managers in 2021 amounted to EUR 227 thousand (2021: EUR 200 thousand).

At 31 December 2022 and 2021, the Company had not granted any loans or advances to its Board members and senior executives, and it did not have any supplementary pension or retirement bonus obligations with them. As for two Executive Directors, the Annual Report on Director Remuneration sets out certain special conditions in the event their relationship with the Company is terminated.

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

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

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

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

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

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

21.4 Information regarding situations of conflict of interest involving directors

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

- In 2022, none of the directors reported to the Board of Directors any direct or indirect conflict of interest that they or their affiliates, as defined in Article 231 of the Corporate Enterprises Act, might have with respect to the Company, except Mónica Ribé, who disclosed two potential conflicts of interest in the provision of services to the Company by RIBE SALAT BROKER CORREDURIA DE SEGUROS Y REASEGUROS, S.L. A conflict of interest waiver was granted by the Board of Directors based on a favourable report by the

Appointments and Remuneration Committee. The 2022 Annual Corporate Governance Report (Section C.1.3), which is part of the management report accompanying the financial statements, provides a detail description.

22. Other disclosures

22.1 Employees

In 2022, the average number of employees was 429 (2021: 424), broken down by employment category as follows:

	2022		2021	
Employment category	**Female**	**Male**	**Female**	**Male**
Senior management	1	12	1	10
Managers	29	46	29	49
Technicians	125	118	120	114
Administrative	33	10	33	12
Other	35	20	36	20
Total	**223**	**206**	**219**	**205**

There were 440 employees at year-end 2022 (2021: 432), broken down by gender and employment category as follows:

	2022		2021	
Employment category	**Female**	**Male**	**Female**	**Male**
Senior management	2	11	1	10
Managers	28	48	29	49
Technicians	132	119	124	119
Administrative	34	9	34	11
Other	34	23	36	19
Total	**230**	**210**	**224**	**208**

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

Senior management comprises three directors (all men).

Average number of employees in 2022 with a disability of more than 33% by employment category:

Employment category	2022
Technicians	2
Other	6
Total	**8**

22.2 Audit fees

Fees for financial audit and other professional services in 2022 and 2021 provided by the statutory auditor of the Company, or by a firm in the same group or related to the auditor (in EUR thousand):

	Audit of financial statements	Other audit-related services	Tax advisory services	Other services
2022	41	12	—	—
2021	34	14	—	—

"Other audit-related services" includes the reports of agreed-upon procedures on compliance with covenants on financing transactions, and the report on compliance with the investment in audiovisual production provided by KPMG Auditores, S.L. to the Company during the years ended 31 December 2022 and 2021.

Information on services provided by KPMG Auditores, S.L. to companies controlled by the Company in the year ended 31 December 2022, where applicable, are disclosed in the consolidated financial statements of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2022.

Other KPMG International affiliates did not provide professional services to the Company in the years ended 31 December 2022 and 2021.

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

22.3 Off-balance sheet agreements

The Company has provided bank guarantees to third parties, primarily to respond to the obligations arising from the concession of television licences. The amounts of these guarantees in 2022 and 2021 were EUR 44,913 thousand and EUR 44,962 thousand, respectively.

The Company's directors consider that any liabilities not foreseen at 31 December 2022 that might arise from the guarantees provided would not be material.

23. Events after the reporting period

Two events took place after year-end 2022 that must be considered, both of which involved Atresmedia investee FEVER LABS, Inc. First, in January 2023, that company completed a new round of funding after the one carried out in 2022, led by Goldman Sachs growth equity fund. Then, on 17 February 2023, Atresmedia entered into an agreement with other company shareholders to sell a minority stake in FEVER LABS, Inc. The sale was worth EUR 13.3 million. Atresmedia's stake after the two transactions was 9.01%, fully diluted; i.e. considering the share options and plans granted to FEVER LABS, Inc.'s management team. FEVER LABS, Inc is a global leader in entertainment experiences and digital content, with a strong footprint in Europe and the US. It has grown rapidly over the last past few years in terms of both sales and geographically.

Atresmedia Corporación de Medios de Comunicación, S.A.

Management Report for 2022

ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.

MANAGEMENT REPORT FOR 2022

Business performance and situation of the Company

Atresmedia Corporación de Medios de Comunicación, S.A. (Atresmedia) is the parent of a group that, through its TV and radio arms, produces and distributes audiovisual and radio content for a wide variety of audiences, in which it inserts the advertising formats it sells to advertisers for their advertising campaigns. Atres Advertising currently oversees this business activity, which is the Group's main source of revenue.

In addition to TV and radio advertising airtime sales, Atresmedia carries out several related activities: it sells various types of advertising on internet, which it inserts in proprietary web pages through Atres Advertising and third-party web pages through its Smartclip subsidiary. In addition, after the acquisition of influencer marketing agency Human to Human, Atresmedia also offers advertisers a new way of promoting their brands, i.e. through influencers on social media.

Atresmedia has its own VOD (video on demand) offering, through Atresplayer (AVOD) or third-party supports. Thanks to all these activities, Atresmedia is the leading seller of advertising in Spain, with a share of the total advertising market of over 15%.

The Company is also involved in other businesses that are not advertising-driven, such as the sale of content it produces to other television networks or the operation of VOD (Atresplayer Premium) or AOD (Sonora) platforms, individually or bundled as complete international pay platforms. This bid to diversify includes third-party content creation and production, for which it set up new companies Buendía Producción, S.L. and Buendía Estudios, S.L. These companies were set up jointly with Telefónica with the aim of becoming the largest creator of Spanish-language content, distributing their products across the globe. Lastly, Atresmedia complies with its statutory obligations to fund European audiovisual works (set out in the Spanish Audiovisual Act, *Ley General Audiovisual*) through its producer, Atresmedia Cine.

The overall advertising market grew by 4.3% in the year. Instability worldwide, coupled with an uncertain macroeconomic landscape, prompted advertisers to take a cautious stance regarding advertising spend. According to Infoadex, TV advertising spend fell by 4.6% from 2021 to EUR 1,695 million. Whereas in the first nine months of the year the market had fallen by nearly 6%, the fourth quarter featured a return by some advertiser related to the automotive and food industries, reducing the level of decline. Digital advertising continued to grow, by 8.4% in 2022 to EUR 2,708 million. The radio market delivered another excellent performance, with revenue up 7.7% from 2021 at EUR 447 million, according to Infoadex.

The combined audience share of Atresmedia's six TV channels was 27.2%. This was the first time ever above its rival, Mediaset España, whose audience share was 26.2%, but with one more channel than Atresmedia. By channel, Antena 3 had a 13.9% share (+0.1 p.p. from 2021), la Sexta a 6.1% share (-0.3 p.p.) and the theme channels (Neox, Nova, Mega and Atreseries) a 7.5% share (+0.1 p.p.).

TV consumption was lower in 2022 than 2021, when there were still pandemic-related mobility restrictions. Average consumption was 190 minutes per person per day, 24 minutes less than the year before. People aged over 65 watched an average of 5 hours and 38 minutes of TV a day, those aged 45-64 spent an average of 3 hours and 56 minutes watching TV, and those aged 25-44 watched an average of 1 hours and 57 minutes. The youngest age groups consumed less TV: 1 hour and 10 minutes for children aged 13-24, and 1 hour and 16 minutes for those aged 4-12.

FTA is still the TV option of choice among the entire population, including younger people, for entertainment and news. Atresmedia's position as a leader in TV news in Spain is unquestionable: Antena 3 Noticias was the leader in 2022 for the fifth straight year, achieving its best share and viewer figures in 15 years, with 19.3% and 2.2 million viewers. It was the only news programme that grew, resulting in its largest ever lead over its competitors. This shows that consumers in Spain choose Atresmedia for current and breaking news.

Revenue totalled EUR 692.2 million in 2022, up 2.7% from the year before. This increase came despite the adverse macroeconomic and geopolitical environment in which the Company carried out its operations during the year and outstripped the overall advertising market. Other operating income amounted to EUR 73.1 million.

Operating expenses totalled EUR 640.4 million, 1.3% lower than in 2021. Overall, 2022 was shaped by the required cost cutting due to the change in trend in advertising spend in the wake of the economic uncertainties caused by the invasion of Ukraine. Nevertheless, the Company maintained solid programming throughout the year, enabling it to remain the audience leader and, accordingly, its leadership position by market share.

Operating profit for the year was EUR 125.0 million, up from EUR 125.7 million in 2021.

Profit before tax totalled EUR 125.1 million, up from EUR 126.8 million the year before, while net profit for the year was EUR 93.6 million, up from EUR 98.1 million in 2021.

Atresmedia's share price fell by 4.3% during the year, to EUR 3.192 at year-end. Atresmedia delivered the best performance of any European television company in 2022; on average, the industry fell by 24.6%. Meanwhile, the Ibex 35 was down 5.6%.

Events after the reporting period

Two events took place after year-end 2022 that must be considered, both of which involved Atresmedia investee FEVER LABS, Inc. First, in January 2023, that company completed a new round of funding after the one carried out in 2022, led by Goldman Sachs growth equity fund. Then, on 17 February 2023, Atresmedia entered into an agreement with other company shareholders to sell a minority stake in FEVER LABS, Inc. The sale was worth EUR 13.3 million. Atresmedia's stake after the two transactions was 9.01%, fully diluted; i.e. considering the share options and plans granted to FEVER LABS, Inc.'s management team. FEVER LABS, Inc is a global leader in entertainment experiences and digital content, with a strong footprint in Europe and the US. It has grown rapidly over the last past few years in terms of both sales and geographically.

Outlook for the Group

Against such an uncertain geopolitical and macroeconomic backdrop at present, it is difficult to forecast the performance of markets that affect our advertising-related operations (TV, Radio and Digital) with any degree of finesse. The FUNCAS expert panel is forecasting GDP growth for Spain of 1.3%, although the Spanish Government is expecting growth of 2.1%. For its part, the International Monetary Fund is estimating economic growth for Spain of around 1.1%. Forecast inflation for 2023 is set to be lower than in 2022, yet still hover around 4%, while interest-rate hikes will drive down household savings rates and disposable income levels. As a result, private consumption should barely grow at all in 2023 (by 1.2% according to FUNCAS), boding poorly for advertisers to step up their advertising budgets much this year. Analysts' consensus estimates show the TV advertising market contracting by around 3% in 2023 from 2022.

Therefore, with scant scope for growth in advertising revenue, the Company continues to adapt its cost structure to the challenging situation, leaving in place many of the cost-cutting decisions taken in recent years.

The Company has made efforts to diversify its revenue mix to offset the impact of fluctuations in advertising with other more stable revenue streams. On this front, one of the keys areas on which the Group is focusing is Atresplayer, the Video on Demand (VOD) platform. At year-end 2022, Atresplayer had 431,000 subscribers. In addition to this VOD offering, Sociedad de Distribución Digital Sonora de Entretenimiento S.L., an Audio on Demand (AOD) platform was set up on 31 December 2021. It employs a subscription model and aims to be a benchmark in Spain for fiction audio content.

The Company is also investing in start-ups, leveraging its available advertising space. In this way, companies that otherwise would not be able to advertise on TV are able to do so and therefore grow their sales and size (media for equity). For instance, as explained in Note 9.1, the value of the equity holding in Fever Labs, in which the Company began using the media for equity model, has increased. Fever now has operations in several countries in Europe and the United States, and in its latest funding round was valued at over EUR 1,600 million.

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

Research and development activities

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

Movements in treasury shares

At 31 December 2022, the shares of the Company held by it represented 0.246% of the Company's share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share

Average supplier payment period

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

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

The average supplier payment period in 2022 was 37 days.

Use of financial instruments and main financial risks

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

At 31 December 2022, the Group had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 17,337 thousand, at a weighted average exchange rate of 1.1290 (EUR/USD). Hedging instruments at 31 December 2021 amounted to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (EUR/USD). At 31 December 2022, the estimated fair value of the Group's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 757 thousand and a financial liability of EUR 156 thousand (2021: asset of EUR 942 thousand and liability of EUR 59 thousand).

Regarding the syndicated financing signed in July 2021, that year the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025. At 31 December 2022, the fair value of the derivative instrument under non-current and current assets was EUR 6,127 thousand and EUR 181 thousand, respectively. The fair value of the derivative under non-current assets at 31 December 2021 was EUR 920 thousand.

On 11 July 2018, the Parent carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and debentures at a fixed rate in euros. These are cash flow hedges that hedge exposure to the currency and interest rate risk of the cash flows related to the hedged underlying. At 31 December 2022 the fair value of the derivative related to the bond issue was EUR 10,629 thousand, of which EUR 2,384 thousand was recognised in derivative financial instruments in current assets and EUR 8,245 thousand under derivative financial instruments in non-current assets.

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

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

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

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

The Group’s main financial risks are:

a) Foreign currency risk. Foreign currency risk is concentrated basically in payments in international markets to acquire broadcasting rights. To mitigate this risk, the Group enters into hedging instruments, mainly currency forwards.

b) Liquidity risk. The Group's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business.

c) Credit risk. The Group does not have significant credit risk since the average customer collection period is short and the advertising contract terms allow for bank guarantees to be required prior to the launch of advertising campaigns. Cash placements are made and derivative instruments are arranged with institutions of recognised solvency.

d) Interest rate risk. The Group's borrowings are exposed to interest rate risk. Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025. At 31 December 2022, the fair value of the derivative instrument under non-current and current assets was EUR 6,127 thousand and EUR 181 thousand, respectively.

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

Non-financial statement

The non-financial statement, which should form part of this management report in accordance with Law 11/2018, of 28 December, on non-financial and diversity information, is not presented as a section of this management report since that information is included in the consolidated management report of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2022.

Annual corporate governance report

In accordance with article 538 of the Corporate Enterprises Act, the separate management report includes the 2022 Annual Corporate Governance Report, which is published on the website of the Spanish National Securities Market Commissions (www.cnmv.es) and our corporate website (www.atresmediacorporacion.com).

Annual report on director remuneration

In accordance with article 538 of the Spanish Code of Commerce, the separate management report includes the 2022 Annual Report on Director Remuneration, which is published on the website of the Spanish National Securities Market Commission (www.cnmv.es) and our corporate website (www.atresmediacorporacion.com).

The Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., at its meeting held on 22 February 2023, authorised for issue the financial statements and management report of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2022.

San Sebastián de los Reyes, 22 February 2023

José Creuheras Margenat Chairman	Silvio González Moreno Vice Chairman
Javier Bardají Hernando Chief Executive Officer	Mauricio Casals Aldama Director
Marco Drago Director	Patricia Estany Puig Director
Carlos Fernández Sanchiz Director	Elmar Heggen Director
Rosa María Lleal Tost Director	Mónica Ribé Salat Director
Beatriz Roger Torres Director	Nicolas de Tavernost Director

STATEMENT issued for the record that, in accordance with article 253.2 of the Corporate Enterprises Act, the financial statements and management report (the latter of which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2022 were authorised for issue on 22 February 2023 with the agreement of all directors, with the meeting minutes reflecting the unanimous vote in favour of all members of the Board of Directors for their authorisation for issue, and signed, as recorded in this document, by all the directors except for Mr Tavernest, whose representation and vote in favour of approval of the documents was exercised by Mr Heggen, by express proxy, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as recorded in this document.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL REPORT

The members of the Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., hereby state that, to the best of their knowledge, the financial statements for the year ended 31 December 2022, authorised for issue by the Board of Directors at the meeting held on 22 February 2023, have been prepared in accordance with the applicable accounting principles to give a true and fair view of the equity, financial position and results of Atresmedia Corporación de Medios de Comunicación, S.A. and that the management report presents fairly the business performance and the results and position of Atresmedia Corporación de Medios de Comunicación, S.A., and a description of the main risks and uncertainties it faces.

San Sebastián de los Reyes, 22 February 2023

José Creuheras Margenat
Chairman

Silvio González Moreno
Vice Chairman

Javier Bardají Hernando
Chief Executive Officer

Mauricio Casals Aldama
Director

Marco Drago
Director

Patricia Estany Puig
Director

Carlos Fernández Sanchiz
Director

Elmar Heggen
Director

Rosa María Lleal Tost
Director

Mónica Ribé Salat
Director

Beatriz Roger Torres
Director

Nicolas de Tavernost
Director

STATEMENT issued for the record that, in accordance with article 253.2 of the Spanish Companies Act, the financial statements and management report (the latter of which the non-financial statement forms part) of Atresmedia Corporación de Medios de Comunicación, S.A. for the year ended 31 December 2022, were authorised for issue on 22 February 2023, with the minutes of the meeting reflecting the unanimous vote of all members of the Board of Directors in favour of their authorisation for issue and agreement with the statements of responsibility for their content, as signed by all them in this document except for Mr Heggen, who attended the meeting by videoconference, and Mr Drago, whose proxy and vote in favour of the approval of these documents was exercised by Mr Fernández by express delegation, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as explained.

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

(Together with the consolidated annual accounts and consolidated directors' report of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2022)

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

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

Independent Auditor's Report on the Consolidated Annual Accounts

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

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

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Atresmedia Corporación de Medios de Comunicación, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

Recognition of revenue: advertising sales

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

Key audit matter	*How the matter was addressed in our audit*
Advertising sales, which make up a large proportion of revenue, amount to Euros 761,756 thousand and are recognised in the income statement on airing of the commercials on the Group's various channels and media. They are measured at the fair value of the consideration received or receivable, less trade discounts. This revenue is derived from a high number of transactions accrued on a daily basis on airing of the commercials through the Group's different channels and media, and is recognised on the basis of the terms negotiated with each customer. Due to the significance of the amount of advertising sales and the considerable number of transactions that make up this revenue, the existence and accuracy of this item has been considered a key audit matter.	Our audit procedures included the following: – We assessed the design and implementation of the most relevant controls established by Group management for the recognition of advertising sales revenue. We also tested the effectiveness of key controls related to the aforementioned revenue process. – For a sample of commercials broadcast by the various media managed by the Group, we also obtained supporting documentation for the broadcast. – We performed analytical substantive tests on the advertising sales. – We obtained confirmation from third parties for a sample of invoices reflecting trade receivables that were outstanding at the reporting date. – We assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

<table>
<tr><th colspan="2">Recoverable amount of goodwill and licences
See notes 3. a), 3. c), 4 and 6 to the consolidated annual accounts</th></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>At 31 December 2022, the Group has goodwill of Euros 158,916 thousand and licences, which are considered to have an indefinite useful life, amounting to Euros 82,804 thousand, as a result of the various business combinations entered into in prior years.

The Group calculates the recoverable amount of goodwill and licences on an annual basis to determine whether they are impaired.

Estimating the recoverable amounts requires the Group to exercise a high level of judgement as regards the assumptions applied in their calculation and the valuation methodology used.

Due to the significance of the carrying amount of goodwill and licences and the high level of judgement associated with the methodology used to calculate the recoverable amount and with the key assumptions, as well as the related uncertainties, the recoverability of the value of goodwill and licences has been considered a key audit matter.</td><td>Our audit procedures included the following:
– We assessed the design and implementation of the key controls relating to the process of estimating the recoverable amount of goodwill and licences.
– With the assistance of our specialists, we analysed the reasonableness of the methodology, growth and discount rates and assumptions used by the Group to estimate the cash flows which served as the basis for calculating the recoverable amount of goodwill and licences.
– Our audit procedures included reviewing the level of fulfilment of the assumptions used to estimate the recoverable amount of these assets in the prior year, and evaluating the sensitivity of the key assumptions used in 2022.
– We assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</td></tr>
</table>

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

Recognition and recoverability of deferred tax assets See notes 3. o) and 21. d) to the consolidated annual accounts.	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2022, the Group has recognised deferred tax assets amounting to Euros 163,048 thousand. The recognition of deferred tax assets entails a high level of judgement by Group management in assessing the probability and sufficiency of future taxable profits and reversals of taxable temporary differences. Due to the significance of the balance of deferred tax assets, the high level of judgement regarding the key assumptions and estimates used and the uncertainty associated therewith, the recognition and recovery of the aforementioned assets have been considered a key audit matter.	Our audit procedures included the following: – We assessed the design and implementation of the most relevant controls established by the Group over the recognition and measurement of deferred tax assets. – We evaluated the key assumptions used to estimate future taxable profits and reversals of taxable temporary differences, comparing these assumptions and estimates with the Group's historical data. – We considered the sufficiency of future taxable profits to offset deferred tax assets within the time limit established in the financial reporting framework applicable to the Group. – We assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

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

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

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

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

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

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

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

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

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

– Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

– Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for 2022 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Atresmedia Corporación de Medios de Comunicación, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the “ESEF Regulation”). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors’ Remuneration by means of a reference thereto in the consolidated directors’ report.

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

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

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

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 22 February 2023.

Contract Period

We were appointed as auditor of the Group by the shareholders at the general meeting on 27 April 2022 for a period of one year, from the year commenced 1 January 2022.

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

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

This report corresponds to stamp number 01/23/00043 issued by the Spanish Institute of Registered Auditors (ICJCE)

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 17564

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

Consolidated financial statements for the year ended 31 December 2022

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

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

ATRESMEDIA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

EUR thousand	NOTES	31/12/22	31/12/21
ASSETS			
Goodwill	4	158,916	162,463
Other intangible assets	6	121,764	119,885
Property, plant and equipment	7	35,383	37,237
Right-of-use assets	8	3,703	3,931
Investments accounted for using the equity method	9	1,063	1,133
Non-current financial assets	14	187,287	49,898
Derivative financial instruments	14-c	14,437	1,110
Deferred tax assets	21-d	163,048	183,852
NON-CURRENT ASSETS		**685,601**	**559,509**
Programme rights	10	258,450	269,820
Inventories		10,864	10,951
Trade receivables	11	267,510	257,938
Other receivables	11	2,232	2,423
Current tax assets	21-d	18,584	22,804
Derivative financial instruments	14-c	3,257	2,556
Other current financial assets	14	89,240	18,136
Other current assets		1,507	1,789
Cash and cash equivalents	14	173,585	268,402
CURRENT ASSETS		**825,229**	**854,819**
TOTAL ASSETS		**1,510,830**	**1,414,328**
EQUITY AND LIABILITIES			
Share capital	12-a	169,300	169,300
Share premium	12-b	38,304	38,304
Legal and bylaw reserves	12-c	42,475	42,475
Retained earnings		351,581	333,557
Treasury shares	12-e	(6,168)	(6,168)
Interim dividends	12-f	(40,532)	(40,532)
Valuation adjustments		130,166	11,235
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**685,126**	**548,171**
Non-controlling interests	12-g	1,860	2,147
EQUITY		**686,986**	**550,318**
Provisions	13	62,027	63,938
Bonds and debentures	14-a	117,195	176,585
Bank borrowings	14-b	65,492	83,778
Derivative financial instruments	14-c	72	904
Other non-current financial liabilities	21-d	7,169	8,047
Non-current lease liabilities	8	2,877	2,975
Deferred tax liabilities	21-e	40,407	39,532
Other non-current liabilities		4	27
NON-CURRENT LIABILITIES		**295,243**	**375,786**
Provisions	13	60,994	54,704
Bonds and debentures	14-a	74,787	3,866
Bank borrowings	14-b	20,487	10,502
Derivative financial instruments	14-c	84	49
Other current financial liabilities		30	253
Current lease liabilities	8	1,004	1,069
Payable to suppliers	15	311,077	352,480
Other payables	15	42,386	44,716
Current tax liabilities	21-d	263	444
Other current liabilities	15	17,489	20,141
CURRENT LIABILITIES		**528,601**	**488,224**
TOTAL EQUITY AND LIABILITIES		**1,510,830**	**1,414,328**

The accompanying Notes 1 to 27 are an integral part of the consolidated balance sheet as at 31 December 2022.

ATRESMEDIA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR

ENDED 31 DECEMBER 2022

EUR thousand	NOTES	2022	2021
Revenue	18-a	867,289	877,870
Other operating income	18-a	83,505	85,388
Programme amortisation and other procurements	18-b	(382,785)	(395,574)
Staff costs	18-c	(165,485)	(168,546)
Other operating expenses	18-d	(229,731)	(226,632)
Depreciation and amortisation	6, 7 and 8	(17,789)	(18,076)
Impairment and gains/(losses) on disposals of non-current assets		292	112
OPERATING PROFIT		**155,296**	**154,542**
Net gain/(loss) on changes in value of financial instruments at fair value	19	(362)	1,368
Exchange differences	19	49	(1,978)
Net finance income/(expense)	19	(6,337)	(6,224)
Impairment and gains/(losses) on disposals of financial assets	19	1,152	3,855
Share of profit/(loss) of associates	9	596	1,861
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**150,394**	**153,424**
Income tax expense	21-b	(38,067)	(34,943)
PROFIT FOR THE YEAR		**112,327**	**118,481**
Profit/(loss) attributable to non-controlling interests	12-g	(583)	(59)
PROFIT ATTRIBUTABLE TO THE PARENT		**112,910**	**118,540**
Earnings per share:		**31/12/22**	**31/12/21**
From continuing operations			
Basic	23	0.501	0.526
Diluted	23	0.500	0.525

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

EUR thousand	2022	2021
CONSOLIDATED PROFIT FOR THE YEAR	**112,327**	**118,481**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:	**115,989**	**6,212**
Equity instruments at fair through other comprehensive income	114,211	8,282
Tax effect	1,778	(2,070)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:	**2,942**	**(611)**
Hedges:	**3,726**	**(764)**
Valuation gains/(losses)	5,288	533
Amounts transferred to profit or loss	(1,562)	(1,297)
Tax effect	**(784)**	**153**
TOTAL COMPREHENSIVE INCOME	**231,258**	**124,082**
Profit/(loss) attributable to non-controlling interests	(583)	(59)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PARENT	**231,841**	**124,141**

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

EUR thousand	Share capital	Share premium	Legal and bylaw reserves	Treasury shares	Retained earnings	Interim dividend	Valuation adjustments	Equity attributable equity holders of the Parent	Non-controlling interests	Equity
	Note 12-a	Note 12-b	Note 12-c	Note 12-e		Note 12-f			Note 12-g	
Balance at 31 December 2020	**169,300**	**38,304**	**42,475**	**(6,168)**	**216,716**	**—**	**5,634**	**466,261**	**25**	**466,286**
Total comprehensive income	—	—	—	—	118,540	—	5,601	124,141	(59)	124,082
Distribution of profit:										
2021 interim dividend paid in 2021	—	—	—	—	—	(40,532)	—	(40,532)	—	(40,532)
Changes in the scope of consolidation and other:										
Other changes	—	—	—	—	(1,699)	—	—	(1,699)	2,181	482
Balance at 31 December 2021	**169,300**	**38,304**	**42,475**	**(6,168)**	**333,557**	**(40,532)**	**11,235**	**548,171**	**2,147**	**550,318**
Total comprehensive income	—	—	—	—	112,910	—	118,931	231,841	(583)	231,258
Distribution of profit:										
2021 interim dividend paid in 2021	—	—	—	—	(40,532)	40,532	—	—	—	—
2021 final dividend paid in 2022	—	—	—	—	(54,043)	—	—	(54,043)	—	(54,043)
2022 interim dividend paid in 2022	—	—	—	—	—	(40,532)	—	(40,532)	—	(40,532)
Changes in the scope of consolidation and other:										
Other changes	—	—	—	—	(311)	—	—	(311)	296	(15)
Balance at 31 December 2022	**169,300**	**38,304**	**42,475**	**(6,168)**	**351,581**	**(40,532)**	**130,166**	**685,126**	**1,860**	**686,986**

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

EUR thousand	NOTES	2022	2021
1. OPERATING ACTIVITIES			
Consolidated profit for the year before tax		**150,394**	**153,424**
Adjustments for:		**19,022**	**24,333**
- Depreciation and amortisation	6, 7 and 8	**17,789**	**18,076**
- Provisions and other:		**(5,417)**	**(577)**
- Provisions		(3,377)	5,251
- Net impairment losses (+/-)	4 and 19	(1,444)	(3,967)
- Share of profit/(loss) of associates	9	(596)	(1,861)
- Net finance income/(expense)	19	**6,650**	**6,834**
Working capital changes		**(31,593)**	**22,523**
Cash flows from operating activities		**137,823**	**200,280**
Income tax paid		**(13,639)**	**(6,509)**
Net cash flows from operating activities		**124,184**	**193,771**
2. INVESTING ACTIVITIES			
Investments		**(119,083)**	**(44,681)**
Subsidiaries, joint ventures and associates		(24,095)	(27,099)
Property, plant and equipment and intangible assets		(19,988)	(17,582)
Other financial assets	14	(75,000)	—
Disposals		**12,419**	**7,344**
Subsidiaries, joint ventures and associates		12,419	7,344
Net cash flows used in investing activities		**(106,664)**	**(37,337)**
3. FINANCING ACTIVITIES			
Lease payments	8	(1,212)	(1,368)
Finance costs paid		(6,142)	(14,117)
Financing - Associates and related parties		543	461
Net bank borrowings		(9,389)	(7,877)
Dividends received	9 and 14	1,201	2,210
Dividends paid	12-f	(94,575)	(40,532)
Net cash flows used in financing activities		**(109,574)**	**(61,223)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(92,054)**	**95,211**
Cash and cash equivalents at beginning of year	14	**268,402**	**172,792**
Changes in the scope of consolidation	2-b	(2,763)	399
Cash and cash equivalents at end of year		**173,585**	**268,402**

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2022.

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

Notes to the consolidated financial statements for the year ended 31 December 2022.

1. Corporate information

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

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

The wholly-owned subsidiary Uniprex, S.A.U. also provides audiovisual media services via radio, pursuant to licences that are valid, under the LGCA, for a period of 15 years from their grant or, for concessions awarded before the LGCA became effective, from the date of their transformation into licences. Uniprex, S.A.U. broadcasts the Onda Cero (conventional radio), Europa FM and Melodía FM (music stations). These licenses currently expire between 2025 and 2037.

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

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

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

2. Basis of preparation and consolidation

a) Basis of preparation

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

The consolidated financial statements have been prepared taking into account all the mandatory accounting principles and rules, and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, and, accordingly, they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2022, and its results, the changes in consolidated equity and the consolidated cash flows in the year then ended.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2022 (EU-IFRSs) differ from those used by the Group companies (the Spanish General Accounting Plan, *Plan General de Contabilidad*), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with EU-IFRSs. In addition to EU-IFRSs, all the requirements included in the Spanish Commercial Code (Código de Comercio) and the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital) were applied in these consolidated financial statements, as well as other applicable aspects of Spanish accounting regulations in force. The figures presented in these consolidated financial statements are in thousands of euros (EUR), rounded up to the nearest thousand.

The consolidated financial statements for the year ended 31 December 2022 were authorised for issue by the Parent's directors at the Board of Directors Meeting held on 22 February 2023. The Group’s consolidated financial statements for 2022 and the separate financial statements of the Group companies, which were authorised for issue by the companies' respective directors, will be submitted for approval by shareholders at their respective General Meetings. They are expected to be approved without any changes.

The 2021 consolidated financial statements, which were approved by the shareholders at the General Meeting held on 27 April 2022 and are included for comparison purposes, were also prepared in accordance with EU-IFRSs.

The accounting policies and principles adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the 2021 annual consolidated financial statements except for the new standards described in section 1 of this note.

1. New standards effective

The following standards and interpretations became effective in 2022:

New standards, amendments and interpretations:		Mandatory application for annual periods beginning on or after:
Amendments and/or interpretations		
Amendments to IFRS 3 *Business Combinations* (issued in May 2020)	The amendments update IFRS 3 to align the definitions of assets and liabilities recognised in a business combination to the definitions in the conceptual framework. They also introduce certain clarifications regarding the recognition of contingent assets and contingent liabilities.	1 January 2022
Amendments to IAS 16 *Proceeds before Intended Use* (issued in May 2020)	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.	
Amendments to IAS 37 *Onerous Contracts - Cost of Fulfilling a Contract* (issued in May 2020)	The amendment specifies that costs that relate directly to the contract include incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	
Annual Improvements to IFRSs 2018-2020 Cycle (issued in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	

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

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

New standards, amendments and interpretations:		Mandatory application for annual periods beginning on or after:
Approved for use in the European Union		
Amendments and/or interpretations		
Amendments to IAS 1 *Disclosure of Accounting Policies* (issued in February 2021)	The amendments help entities decide which material accounting policies to disclose in their financial statements.	1 January 2023
Amendments to IAS 8 *Definition of Accounting Estimates* (issued in February 2021)	Amendments and clarifications about what should be understood as a change in accounting estimates.	
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued in May 2021)	Clarifications on how entities should recognise deferred tax on transactions such as leases and decommissioning obligations.	
Amendments to IFRS 17 *Insurance Contracts* – Initial application of IFRS 17 and IFRS 9. Comparative information	Amendments to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.	
New standards		
IFRS 17 *Insurance Contracts*	Replaces IFRS 4 and sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts	1 January 2023
Not yet endorsed for use in the European Union		
Amendments and/or interpretations		
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (issued in January 2020)	Clarification regarding the presentation of liabilities as current or non-current	1 January 2024
Amendment to IFRS 16 *Lease Liability in a Sale and Leaseback*	This amendment clarifies the subsequent accounting of leases arising in sale and leaseback transactions.	

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

2. Highlights of the year: Macroeconomic landscape

Against such an uncertain geopolitical and macroeconomic backdrop at present, it is difficult to forecast the performance of markets that affect our advertising-related operations (TV, Radio and Digital) with any degree of finesse. The FUNCAS expert panel is forecasting GDP growth for Spain of 1.3%, although the Spanish Government is expecting growth of 2.1%. For its part, the International Monetary Fund is estimating economic growth for Spain of around 1.1%. Forecast inflation for 2023 is set to be lower than in 2022, yet still hover around 4%, while interest-rate hikes will drive down household savings rates and disposable income levels. As a result, private consumption should barely grow at all in 2023 (by 1.2% according to FUNCAS), boding poorly for advertisers to step up their advertising budgets much this year. Analysts' consensus estimates show the TV advertising market contracting by around 3% in 2023 from 2022.

Therefore, with scant scope for growth in advertising revenue, Atresmedia continues to adapt its cost structure to the challenging situation, leaving in place many of the cost-cutting decisions taken in recent years.

Moreover, for several years now, Atresmedia has made efforts to diversify its revenue mix to ease the impact of fluctuations in advertising with other more stable revenue streams. On this front, one area on which the Group is focusing is Atresplayer, the Video on Demand (VOD) platform relaunched in 2019. It ended 2022 with 431,000 subscribers. In addition to this VOD offering, Sociedad de Distribución Digital Sonora de Entretenimiento S.L., an Audio on Demand (AOD) platform was set up on 31 December 2021. It employs a subscription model and aims to be a benchmark in Spain for fiction audio content.

Atresmedia is also investing in start-ups, leveraging its available advertising space. In this way, companies that otherwise would not be able to advertise on TV are able to do so and therefore grow their sales and size (media for equity). For instance, the value of the equity holding in Fever Labs, a company in which the Group began using the media for equity model, increased. Fever now has operations in several countries in Europe and the United States, and in its latest funding round was valued at over EUR 1,600 million (see Note 27).

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

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

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

In the consolidated financial statements for the year ended 31 December 2022, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein.

Basically, these estimates relate to:

- The Group tests its goodwill and intangible assets with indefinite useful lives for impairment annually. The determination of the recoverable amount of the cash-generating units (CGUs) to which these assets were assigned implies the use of estimates. Recoverable amount is the higher of fair value less costs of disposal and value in use. The Group generally uses discounted cash flow methods to determine value in use.

Discounted cash flows are calculated based on future projections covering a period of five years in budgets approved by the Group, which consider past experience and represent the best estimate of future market performance.

Cash flows beyond the fifth year are extrapolated using specific growth rates for each CGU. The key assumptions used in the measurement are growth rates, weighted average cost of capital and the tax rates prevailing at any given time. The estimates, including the methodology applied, could have a significant impact on the values and impairment loss (see Notes 3-c and 4).

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

- The estimation of the useful life of certain intangible assets, such as trademarks and licenses, is highly subjective, but supported by industry knowledge obtained from past experience and market reports. Note 3-c indicates the useful lives considered for each type of intangible asset.

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

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

- The Group assesses the recoverability of the tax assets based on the estimated future tax bases calculated using the business plan of the tax group of which the Parent is the head, the periods considered to be reasonable and tax legislation in force at any given time (see Note 21).

- The estimates made in relation to share-based payments are subject to uncertainty in terms of the conditions to be satisfied and the evaluation of the plan. The conditions and evaluation of the plan are detailed in Note 25.

- The Group is subject to regulatory and legal procedures. If it is probable that an obligation at year-end will give rise to an outflow of resources, a provision is recognised provided the amount can be reliably estimated. Legal proceedings usually involve complicated matters and are subject to substantial uncertainty. Consequently, the directors make a significant judgement when determining whether it is probable that the process will result in an outflow of resources and estimating the amount, based on criteria determined by the various expert advisors on the matters analysed (see Notes 3-l and 13).

Although these estimates were made on the basis of the best information available at 31 December 2022 regarding the facts analysed, future events could make it necessary to revise these estimates (upwards or downwards) in subsequent reporting periods. Any changes in accounting estimates would be applied prospectively in accordance with IAS 8, with the effects of the change in accounting estimates recognised in the consolidated statements of profit or loss of the periods affected.

At year-end 2022, the Group had positive working capital of EUR 296,628 thousand (2021: EUR 366,595 thousand). Excluding programme rights expected to be consumed in more than one year (see Note 10), working capital at year-end 2022 would still be positive at EUR 214,463 thousand (2021: EUR 266,543 thousand).

b) Basis of consolidation

Subsidiaries

Subsidiaries included the scope of consolidation:

Company name	Registered address	Year incorporated	Line of business	Owner	2022 percentage	2021 percentage
6&M Producciones y Contenidos Audiovisuales, S.L.U. (*)	Madrid	2013	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Antena 3 Multimedia, S.L.U.	Madrid	2004	Audiovisual services	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Antena 3 Noticias, S.L.U. (*)	Madrid	2012	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Atres Advertising, S.L.U. (*)	Madrid	2004	Advertising management	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Atresmedia Capital, S.L.U.	Madrid	2015	Holding company	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Atresmedia Cine, S.L.U. (*)	Madrid	2000	Audiovisual productions	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Atresmedia Música, S.L.U.	Madrid	2015	Management of music rights	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Atresmedia Studios, S.L.U. (*)	Madrid	2010	Production, distribution, dissemination and marketing of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Atresmedia Tech, S.L.U. (formerly I3 Televisión, S.L.U.)	Madrid	2005	Provision of IT services	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Música Aparte, S.A.U. (*)	Madrid	1990	Management of copyrights	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Human to Human Communications, S.L. (*)	Madrid	2017	Provision of marketing and advertising services	Atres Advertising, S.L.U.	70	70
Diariomotor Medios Digitales, S.L.	Madrid	2017	Development and operation of digital content	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Pazy Digital Ventures, S.L.	Madrid	2022	Funeral services	Atresmedia Capital, S.L.U.	82.32	—
Atresmedia Smart Tools, S.L.	Madrid	2022	Audiovisual product documentation management services	Atresmedia Corporación de Medios de Comunicación, S.A.	100	—
Smartclip Hispania, S.L. (*)	Madrid	2008	Advertising services in digital environments	Atres Advertising, S.L.U.	100	100
Smartclip Latam, S.L. (**)	Madrid	2015	Provision of advertising services	Atres Advertising, S.L.U.	—	100
Smartclip Comunicacao Ltda (**)	Sao Paulo	2012	Advertising services in digital environments	Smartclip Latam, S.L.	—	100
Smartclip México S.A.P.I. de C.V. (**)	Mexico City	2011	Advertising services in digital environments	Smartclip Latam, S.L.	—	100
Smartclip Colombia S.A.S. (**)	Bogota, DC	2018	Advertising services in digital environments	Smartclip Latam, S.L.	—	100
Smarclip Perú S.A.C.	Lima	2018	Advertising services in digital environments	Smartclip Latam, S.L.	—	100
Smartclip Argentina S.A. (**)	Buenos Aires	2018	Advertising services in digital environments	Smartclip Latam, S.L.	—	55.20
Smartclip Chile SPA (**)	Santiago de Chile	2018	Advertising services in digital environments	Smartclip Latam, S.L.	—	100
Adconion Brasil, S.L.	Sao Paulo	2014	Dormant	Smartclip Latam, S.L.	—	100
Uniprex, S.A.U. (*)	Madrid	1982	Radio broadcasting services	Atresmedia Corporación de Medios de Comunicación, S.A.	100	100
Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	Las Palmas	2006	Local digital terrestrial television	Uniprex, S.A.U.	100	100

Uniprex Televisión Digital Terrestre de Andalucía, S.L.	Seville	2006	Local digital terrestrial television	Uniprex, S.A.U.	74.20	74.20
Uniprex Televisión, S.L.U. (*)	Madrid	2004	Indirect management of TV service	Uniprex, S.A.U.	100	100
Sociedad de Distribución Digital Sonora de Entretenimiento, S.L.	Madrid	2021	Creation, production, distribution and marketing of audio content	Uniprex, S.A.U.	75	70
Inversión y Distrubución Global de Contenidos, S.L.U.	Valencia	2005	Local digital terrestrial television	Uniprex, S.A.U.	100	100

(*) Audited companies (**) Companies audited in 2021

Subsidiaries over which the Group exercises control are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after making adjustments to adapt the accounting policies used to those applied by the Group, and adjustments and eliminations relating to intra-Group transactions.

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

Joint operations and joint ventures

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

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

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

Company name	Registered address	Year incorporated	Line of business	Owner	2022 percentage (*)	2021 percentage (*)
Buendía Producción, S.L.	Madrid	2020	Production of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	50	50
Buendía Estudios, S.L.	Madrid	2020	Production of audiovisual content	Atresmedia Corporación de Medios de Comunicación, S.A.	50	50
Buendía Estudios Canarias, S.L.	Las Palmas	2021	Production of audiovisual content	Buendía Estudios, S.L.	50	—

(*) Effective ownership interest

Associates

Ownership interests in associates over which Atresmedia Corporación de Medios de Comunicación, S.A. or its subsidiaries do not exercise control, but have the capacity to exercise significant influence in their management, normally through agreements with other shareholders, were accounted for using the equity method. Under the equity method of accounting, the investment is recognised at cost, including any goodwill arising on the acquisition, and is subsequently adjusted on the basis of the changes in its equity, in proportion to the Group's share of ownership. The Group's share of the profit and loss of these companies is recognised, net of the related tax effect, under "Share of profit/(loss) of companies accounted for using the equity method" in the consolidated statement of profit or loss, and any dividends received from these companies are deducted from the value of the investment.

Associates:

Company name	Registered address	Year incorporated	Line of business	Owner	2022 percentage (*)	2021 percentage (*)
Atres Hub Factory, S.L.	Barcelona	2015	Creation of digital businesses	Atresmedia Corporación de Medios de Comunicación, S.A.	50	50
Suma Content, S.L.	Madrid	2021	Production of audiovisual works	Atresmedia Corporación de Medios de Comunicación, S.A.	30	30
CTK Live Esports, S.L.	Alicante	2022	Provision of IT and technology services	Atresmedia Corporación de Medios de Comunicación, S.A.	50	—
Hola Televisión América, S.L.	Madrid	2011	Audiovisual media services	Atresmedia Corporación de Medios de Comunicación, S.A.	50	50
Hola TV Latam, S.L.	Madrid	2013	Audiovisual media services	Hola Televisión América, S.L.	50	50
Hola TV US, LLC	Miami	2013	Audiovisual media services	Hola TV Latam, S.L.	50	50

(*) Effective ownership interest

Changes in the scope of consolidation and main transactions in 2022

– On 1 January 2022, the method for accounting for Buendía Producción, S.L. was changed from integrating 50% of its assets, liabilities, revenue and expenses, to accounting for the investment using the equity method after the modification of the contractual agreements determining the rights and obligations of the venturers in the joint venture. This change did not have a significant impact on these consolidated financial statements.

– On 2 January 2022, Atresmedia Corporación de Medios de Comunicación, S.A. incorporated Atresmedia Smart Tools, S.L., subscribing and paying for 1,500 shares of EUR 1 par value each representing 50% of the company's share capital. On 29 June 2022, it subscribed for the remaining 1,500 shares, giving it a 100% shareholding. The company's object includes the provision of specialised professional and technological audiovisual document management services. It is fully consolidated.

– On 26 January 2022, the purchase whereby subsidiary Atres Advertising sold to ShowHeroes SE 179,964 shares of subsidiary Smartclip Latam, S.L., representing 100% of its share capital, was executed in a public deed. The transaction also included the transfer of subsidiaries Smartclip Latam, S.L., Smartclip Comunicacao Ltda, Smartclip Mexico S.A.P.I. de C.V., Smatclip Colombia S.A.S., Smartclip Peru S.A.C., Smartclip Argentina S.A. Smartclip Chile SPA, and Adconion Brasil, S.L. The sale had a positive impact of EUR 1,582 thousand recognised in "Impairment and gains/(losses) on disposal of financial assets" in the consolidated statement of profit or loss.

– On 25 May 2022, the change in corporate name of subsidiary I3 TELEVISIÓN, S.L.U. to Atresmedia Tech, S.L.U. was executed in a public deed and placed on public record.

– On 17 June 2022, subsidiary Atresmedia Capital, S.L.U. incorporated Pazy Digital Ventures, S.L., subscribing and paying for 3,000 shares of EUR 1 par value each representing 100% of the company's share capital. The company's objects include the provision, marketing and/or intermediation of all type of funeral services. This company is fully consolidated. On 4 November 2022, the capital increase entailing the creation of 27,500 new shares of EUR 1 par value representing 17.68% of share capital, with a share premium of EUR 3 per share, subscribed by DRD4 Partners, S.L. was executed in a notarial instrument. The capital increase left share capital at EUR 156 thousand. Atresmedia Capital, S.L.U.'s ownership interest post-capital increase represented 82.32% of the shares of Pazy Digital Ventures, S.L.

– In June 2022, included in the Group using the equity method was Buendía Estudios Canarias, S.L.U., a wholly owned subsidiary of associate Buendía Estudios, S.L. The Group has an effective interest in this company of 50%. This company's objects include the production of audiovisual content.

– On 21 July 2022, the Parent subscribed and paid for 3,000 shares of CTK Live Esports, S.L. of EUR 1 par value each, representing 50% of its share capital, with a share premium of EUR 297 thousand. Its objects include production of IT and computer-related services. This company was accounted for using the equity method.

– On 23 September 2022, the resolution to carry out a capital increase by Sociedad de Distribución Digital Sonora de Entretenimiento, S.L. whereby Uniprex, S.A.U. subscribed for 20,000 shares of EUR 1 par value and share premium of EUR 2,480 thousand was executed in a notarial instrument. The stake after the capital increase was 75%.

Other changes not affecting the scope of consolidation in 2022

– In June 2022, Atresmedia Corporación de Medios de Comunicación, S.A. rolled over the profit participating loan agreements with Buendía Producción, S.L and Buendía Estudios, S.L. for EUR 410 thousand and EUR 1,197 thousand maturing in January and July 2024, respectively, entered into to provide financing to both companies. These profit participating loans carry floating rates of interest determined in accordance with the borrowers' operations based on their profit before tax performance.

Changes in the scope of consolidation and main transactions in 2021

– On 6 May 2021, subsidiary Uniprex, S.A.U incorporated Sociedad de Distribución Digital Sonora de Entretenimiento, S.L., subscribing and paying for 2,100 shares of EUR 1 par value each representing 70% of the company's share capital. Its object is to create, produce, publish, distribute and market any type of audio content through one or more technology platforms. This company was fully consolidated. On 6 June 2021, the company carried out a capital increase, whereby Uniprex, S.A.U subscribed for 67,900 shares for EUR 67.9 thousand and a share premium of EUR 6,030 thousand, thus retaining its percentage interest in the company.

– On 29 July 2021, Suma Content, S.L. was incorporated, with the Parent subscribing 900 shares of EUR 1 par value each representing 30% of its share capital. This company's objects include the development, production and marketing of audiovisual works. The Parent also made contributions to equity holders amounting to EUR 1,879 thousand. This company was accounted for using the equity method.

– On 18 November 2021, Atresmedia Corporación de Medios de Comunicación, S.A. signed an agreement to purchase from Diariomotor Medios Digitales, S.L. 1,828,592 shares of EUR 0.01 par value each of Diariomotor Medios Digitales, S.L. representing 100% of its share capital for EUR 4,710 thousand plus deferred consideration of EUR 1,933 thousand measured at the acquisition date. This company is engaged in the development and operation of digital content. This company was fully consolidated (see Note 5).

– On 20 December 2021, Smartclip Latam entered into an agreement whereby it transferred the 6,024 shares of Smartclip Hispania, S.L. representing 100% of its share capital to subsidiary Atres Advertising, S.L. This transaction completed Smartclip Group's reorganisation. Its recognition did not have any impact on last year's consolidated financial statements.

Other changes not affecting the scope of consolidation in 2021

– On 30 June 2021, a resolution was passed at the General Shareholders' Meeting of investee Atres Hub Factory, S.L. to contribute funds to offset credit claims it held against subsidiary Atresmedia Capital, S.L. of EUR 159 thousand. This contribution did not result in any change in percentage ownership interest in this company.

c) Comparative information

The information contained in consolidated financial statements for 2021 is presented solely for comparison with the information relating to the annual period ended 31 December 2022.

3. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with EU-IFRSs, were as follows:

a) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition, plus the non-controlling interests and fair value of any previous investment in the acquiree, over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

The assets and liabilities acquired are measured provisionally at the date on which control of the company is obtained, and the resulting value is reviewed within a maximum period of one year from the acquisition date until the fair value of the assets and liabilities has been calculated definitively. Any difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognised provisionally as goodwill.

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and goodwill acquired before then is stated at the carrying amount at 31 December 2003. In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to “Impairment and gains/(losses) on disposals of non-current assets” in the accompanying consolidated statement of profit or loss.

In this connection, the goodwill arising from the business combination is allocated to each of the Group's cash-generating units (CGUs) or groups of CGUs expected to benefit from the synergies of the combination.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

b) Business combinations

Business combinations are accounted for using the acquisition method.

The application of the acquisition method requires, as indicated in IFRS 3 *Business Combinations*, at the acquisition date, the recognition and fair value measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of a gain from a bargain purchase made on highly favourable terms.

The acquirer shall identify the acquisition date, which is the date on which it obtains control of the acquiree.

The cost of a business combination is the sum of the acquisition-date fair values of the consideration transferred, and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Costs related to the issue of equity instruments or the financial liabilities given as consideration for the acquired assets and liabilities are not included in the cost of the business combination.

The cost of a business combination also does not include the fees paid to legal advisers and other professionals involved in the combination, or any costs incurred internally in this connection. These amounts are taken directly to profit or loss.

Any contingent consideration transferred by the Group in exchange for the acquiree shall be recognised at the acquisition-date fair value.

At the acquisition date, the acquirer shall recognise a gain or goodwill, measured as the excess of the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value. If the consideration is lower, the resulting gain shall be recognised in profit or loss.

The consideration transferred by the acquirer in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

If the measurement process required for the application of the acquisition method is incomplete by the end of the reporting period in which the combination occurs, the accounting is considered provisional. The provisional values may be adjusted over the necessary period to obtain the information required. This period shall not exceed one year. The effects of measurement period adjustments are recognised retrospectively against goodwill, and comparative information for prior periods must be adjusted as needed.

Subsequent changes that are not measurement period adjustments to the fair value of the contingent consideration classified as an asset or a liability shall be recognised in accordance with IAS 39, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income, unless the contingent consideration has been classified as equity, in which case it shall not be remeasured and its subsequent settlement shall be accounted for within equity.

After initial recognition at cost, goodwill acquired in a business combination is measured at cost less accumulated impairment losses. The impairment tests are performed annually, or more frequently if events or changes in circumstances indicate that the asset may have become impaired.

In accordance with IAS 36, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group’s CGUs that are expected to benefit from the synergies of the business combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those units.

c) Other intangible assets

Administrative concessions

“Administrative Concessions” includes mainly the cost assigned to administrative concessions for radio broadcasting acquired by Uniprex, S.A. Unipersonal. The amount recognised in the accompanying consolidated balance sheet relates to the expenses incurred to directly obtain the concession from the State or from the related public body. This amount is amortised on a straight-line basis over the initial term of the radio licence.

Licences and trademarks

The Group recognises in these items mainly the amounts relating to the licence and the trademark identified in the purchase price allocation process arising from the merger with Gestora de Inversiones Audiovisuales La Sexta, S.A. carried out in 2012 (see Note 6).

At the end of each reporting period the directors assess the licence for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, it is written down with a charge to “Impairment and gains/(losses) on disposals of non-current assets” in the accompanying consolidated statement of profit or loss.

Impairment losses on this intangible asset may not be reversed in a subsequent reporting period.

In 2013, the Parent reviewed the values of the licence and trademark identified in the purchase price allocation process performed under the framework of the aforementioned merger. For this review, which involved an independent expert, the standard procedures for analyses of this kind were used. It was concluded that the assigned values were within reasonable valuation ranges.

Consequently, it was not necessary to modify the initial estimates or make any adjustments at that year-end.

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

This license has a specific expiration, but historically has been tacitly renewed. Based on an analysis of all the relevant factors, the Group considers that there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group. As a result, the licence was classified as an intangible asset with an indefinite useful life and, therefore, is not amortised. This indefinite useful life classification is reviewed at each reporting date and is consistent with the related business plans.

Computer software

Costs incurred by third parties for the acquisition and development of the basic computer systems used in the Group's management are recognised with a charge to "Other intangible assets" in the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated statement of profit or loss for the year in which they are incurred.

Computer software is amortised on a straight-line basis over a period of between three and five years from the entry into service of each application, on the basis of its estimated useful life.

Audiovisual productions

"Audiovisual productions" relates to the costs incurred by the Group in film productions. The carrying amount includes the production costs incurred for remuneration paid to co-producers, and the launch and initial marketing costs. The Group begins amortising films from the date of commercial release or of when the rating certificate is obtained. Each film production is amortised on an annual basis over its commercial cycle, which the Group estimates to be four years. Accordingly, at the end of each reporting period, the percentage amortised until then is approximately the same as the percentage of the income generated until then with respect to the present value of the estimated total income for that period. The Group recognises the appropriate write-downs to reduce the carrying amounts of these film productions when it is considered necessary based on future marketing expectations.

Since the activities relating to the acquisition, production and marketing of audiovisual productions are part of the Group's normal operations, the amortisation charges to consolidated profit or loss are included under "Programme amortisation and other procurements". Acquisitions of productions are classified as investing activities in the statement of cash flows since the related amounts are recovered over various years.

d) Property, plant and equipment

Land and buildings acquired for the performance of the Group's business activity or for administrative purposes are stated in the consolidated balance sheet at acquisition or production cost, less any accumulated depreciation and any recognised impairment losses.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the statement of profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand are considered to have an indefinite useful life and, therefore, is not depreciated.

The annual property, plant and equipment depreciation charge is recognised in the consolidated statement of profit or loss using the straight-line method at rates based on the following average years of estimated useful life of the various assets:

	Years of useful life
Buildings	33
Plant	5 to 8
Machinery and tools	6 to 10
Furniture	10
Computer hardware	3 to 7
Transport equipment and other items of property, plant and equipment	5 to 10

Property, plant and equipment held under finance leases are recognised in the corresponding asset category of the leased item and depreciated over the shorter of the expected useful life of the asset, on the same basis as owned assets, or the lease term.

Impairment of other intangible assets and property, plant and equipment

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

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

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

e) Leases

The Group has entered into several leases granting it the right to use the leased assets.

Right-of-use assets and lease liabilities

As of 1 January 2019, in accordance with IFRS 16, at inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period of use by the Group of an asset includes consecutive and non-consecutive periods of time. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

At the commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred in dismantling or restoring the underlying asset, as explained in the accounting policy for provisions.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts the lease payments at the appropriate incremental borrowing rate except where the interest rate implicit in the lease can be readily determined.

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

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

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects the exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the criteria for impairment of non-current assets explained in section d above for the right-of-use asset.

Lease contracts whose payments for the right to use the asset over the lease term depend on an index, such as the CPI, are recognised initially using the index at the commencement date, remeasuring the liability and adjusting the asset in subsequent measurements in accordance with the change in the index used.

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the variable lease payments not included in the initial recognition in profit or loss in the period in which the event or condition that triggers those payment occurs.

The Group recognises the remeasurement of the liability as an adjustment to the right-of-use asset until it has been reduced to zero and then in profit or less.

The Group remeasures the lease liability by discounting the lease payments using a revised interest rate if there is a change in the lease term or in the assessment of an option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review.

The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If the modification does not give rise to a separate asset, at the date of the modification, the Group allocates the consideration in the modified contract as explained previously, determines the lease term and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset to reflect partial or full termination of the lease for lease modifications that decrease the scope of the lease and recognises any gain or loss in profit or loss. For other modifications, the Group adjusts the carrying amount of the right-of-use asset.

f) Financial instruments

(i) Recognition and classification of financial instruments

Financial instruments are classified, at initial recognition, as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument provided for in IAS 32 *Financial Instruments: Presentation*.

Financial instruments are recognised when the Group acquires an obligation as a party to an agreement or legal business in accordance with the related terms.

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

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

- is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;

- is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments; or

- is an obligation to deliver financial assets obtained in a loan that it does not own.

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

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

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

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

Although the objective of the Group's business model may be to hold financial assets in order to collect contractual cash flows, it need not hold all of those instruments until maturity. Thus, the

Group's business model is to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future. The Group understands that this requirement is met when sales are due to an increase in the financial assets' credit risk. In the rest of the cases, the sales are insignificant both individually and in aggregate, whether they are frequent or infrequent.

The financial assets that are held within a business model whose objective is achieved by both holding assets to collect contractual cash flows and selling them are managed to realise cash flows by collecting contractual payments and selling them in accordance with the Group's various needs. In this type of business model, the Group's key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. To achieve this objective, the Group will both collect contractual cash flows and sell financial assets. Compared to the previous business model, this business model will typically involve greater frequency and value of sales.

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

The Group, at initial recognition, designates a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The rest of the financial assets as measured at fair value through profit or loss.

The Group classifies a financial asset at fair value through equity if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. After initial recognition, financial assets classified in this category are measured at fair value through equity.

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

The Group classifies liabilities held for trading as at fair value through profit or loss.

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

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

(ii) Offsetting

A financial asset and a financial liability are offset when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. For the Group to have a legally enforceable right, the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy.

(iii) Financial assets and liabilities at fair value through profit or loss

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

The fair value of a financial instrument at initial recognition is normally the transaction price, unless the price contains different elements of the instrument, in which case the Group determines its fair value. If the Group determines that the fair value of an instrument differs from the transaction price, it recognises the difference as a gain or loss, only where the value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. In the rest of the cases, the Group recognises the difference in profit or loss to the extent that it arises from a change in a factor that market participants would take into account when pricing the asset or liability. (IFRS 7.28 a)

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

Nevertheless, for financial liabilities designated at fair value through profit or loss, the Group recognises the gains or losses attributable to own credit risk in other comprehensive income. Amounts deferred in other comprehensive income are not reclassified subsequently to profit or loss.

The Group determines the changes in fair value attributable to credit risk by first computing the liability's internal rate of return at the start of the period using the fair value of the liability and the liability's contractual cash flows, and deducting from this rate of return the benchmark interest rate to arrive at an instrument-specific component of the credit risk, provided that the changes in the benchmark interest rate are not significant and there are no other factors giving rise to significant changes in fair value. At the end of each reporting period, the Group discounts the contractual cash flows at the rate equal to the sum of the benchmark interest rate at that date and the instrument-specific component of the credit risk. The difference between the fair value at the end of the reporting period and this amount represents the change attributable to credit risk.

(iv) Financial assets and liabilities at amortised cost

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

(v) Financial assets measured at cost

Equity instruments for which there is insufficient information available to measure fair value or those for which there is a wide range of possible fair value measurements and related derivative instruments that must be settled by delivery of the investments are measured at cost. However, any time a more reliable measurement of the asset or contracts becomes available to the Group, these assets are measured at fair value, with any gains or losses recognised in profit or loss, or other comprehensive income if the instrument is designated as at fair value through other comprehensive income.

(vi) Reclassifications of financial instruments

The Group reclassifies financial assets when it changes its business model for managing those financial assets. The Group does not reclassify financial liabilities.

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

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

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, it recognises any gains or losses between the fair value and the carrying amount in other comprehensive income. The effective interest rate and measurement of expected credit losses are not adjusted as a result of the reclassification. However, the cumulative amount of expected credit losses is recognised in other comprehensive income and disclosed in the notes.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value. The amount deferred in equity is adjusted against the carrying amount of the asset. The effective interest rate and measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the effective interest rate and expected credit losses are determined by reference to the fair value at the reclassification date.

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

(vii) Impairment

The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets measured at amortised cost, fair value through profit or loss, finance lease receivables, contract assets, loan commitments and financial guarantee contracts.

For financial assets measured at fair value through other comprehensive income, expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

At each reporting date, the Group measures the loss allowance at an amount equal to 12-month expected credit losses for financial instruments for which the credit risk has not increased significantly since initial recognition or when it considers that the credit risk has no longer increased significantly.

At each reporting date, the Group assesses whether the credit risk on a financial instrument - whether assessed on an individual or collective basis- has increased significantly since initial recognition. For the collective assessment, the Group has grouped instruments on the basis of shared credit risk characteristics. When making an assessment of whether the credit risk on a financial instrument or group of financial instruments has increased significantly, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring at each reporting date with that at the date of initial recognition.

When assessing whether there has been a significant increase in credit risk, the Group considers all reasonable and supportable information, including that which is forward-looking, specifically:

- Internal and external credit ratings;

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Relevant macroeconomic information.

The Group has determined the impairment of cash and cash equivalents at 12-month expected credit losses. The Group considers that cash and cash equivalents have low credit risk based on the credit ratings of the financial institutions where it holds its cash and deposits.

For trade receivables, the Group uses an expected credit loss model entailing a three-stage approach. It must distinguish between measuring loss allowances based on 12-month expected credit losses from initial recognition (Stage 1), lifetime expected credit losses when there is a significant increase in credit risk (Stage 2) and lifetime expected credit losses where a credit event has occurred (Stage 3). The criteria adopted by the Group is to recognise as incurred losses balances more than 180 days past due and events occurring that indicate the existence of an incurred loss. The Group has chosen a simplified approach for measuring expected credit losses in Stages 1 and 2, based on an analysis of debt performance from a history of trade receivables segmented by business models. A matrix of default rates is established applicable to outstanding balances not impaired due to age of the debt or the borrower's financial position. The Group reassesses the rates to be applied to expected loss annually.

(viii) Derecognitions, modifications and cancellations of financial assets

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

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received net of transaction costs, including any new asset obtained less any liability assumed, plus any accumulated gain or loss deferred in other comprehensive income is recognised in profit or loss, except for equity instruments designated as at fair value through in other comprehensive income.

(ix) Interest and dividends

The Group recognises interest revenue using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the carrying amount, based on the contractual terms of the financial asset and excluding expected credit losses, except for purchased or originated credit-impaired financial assets.

Interest is recognised on the gross carrying amount of the financial assets, except for purchased or originated credit-impaired financial assets and financial assets that have subsequently become credit-impaired financial assets. For the first, the Group applies the effective interest rate adjusted for the initial credit risk and for the second it applies the effective interest rate to the amortised cost.

Changes in estimates of cash flows are discounted at the effective interest rate or the original credit-adjusted effective interest rate and are recognised in profit or loss.

(x) Derecognition and modifications of financial liabilities

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

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

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

If the exchange is accounted for as an extinguishment of the original financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. Otherwise, the modified cash flows are discounted at the original effective interest rate, with any difference with the previous carrying amount recognised in profit or loss. In addition, any costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of the financial liability or part of that liability extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liability assumed, in profit or loss.

The Group has arranged reverse factoring agreements with several banks to manage payments to suppliers. Trade payables whose settlement is managed by banks are recorded under "Trade and other payables" in the balance sheet as the Company only transfers management of payment to the financial institutions, but is still the primary obligor for payment of the liabilities with trade creditors until they are settled, cancelled or expire.

g) Programme rights

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

1. Inventoriable in-house productions (programmes produced to be rerun, such as fiction series) are measured at acquisition and/or production cost, which includes both external costs billed by third parties for programme production and for the acquisition of resources, and internal production costs calculated by applying previously determined internal rates on the basis of the time during which operating resources are used in production. The costs incurred in producing the programmes are recognised, based on their nature, under the appropriate headings in the consolidated statement of profit or loss and are included under "Programme rights" in the consolidated balance sheet with a credit to "Additions to programme rights" under "Programme amortisation and other procurements" in the accompanying consolidated statement of profit or loss.

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

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

3. Rights on external productions (films, series and other similar productions) are measured at acquisition cost. These rights are deemed to have been acquired when the term of the right commences for the Group.

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

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

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

   There are no assets specifically acquired to be amortised within a period of over 12 months. All the programme assets are subject to amortisation, i.e. included in the operating cycle, once they are recognised as assets. It is not possible to know which specific assets will be amortised beyond a period of 12 months. However, detailed analyses of future programming for that period are performed and the results are used to assess the need to recognise any impairment. The programming policy has differing degrees of specificity depending on when the programme schedules are prepared. The Parent estimates the total amount which would be amortised beyond that year, based on past experience and the approximate estimate of amortisation.

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

Advances on purchases of rights

Payments made to external production distributors prior to the commencement of the term of the rights are recognised under "Programme rights - Advances on purchases of rights" in the consolidated balance sheet and if such payments are in foreign currency they are translated to euros at the year-end exchange rate.

Provisions

The Group recognises provisions for the unamortised value of in-house productions and of the rights on external productions which it considers will not be shown. When these rights expire, the amounts set aside are applied to cancel the costs.

Classification of programme rights

In accordance with standard industry practice, programme rights are classified as current assets, since they are amortised in the operating cycle.

h) Current versus non-current classification

In the accompanying consolidated balance sheet, financial assets and liabilities are classified on when they are expected to be realised or settled, i.e. financial assets and liabilities that are expected to be realised or settled over the course of the company's normal operating cycle or within 12 months are classified as current, and those that do not meet these requirements as non-current.

Deferred tax assets and liabilities are classified as non-current regardless of when they are expected to be realised or settled.

i) Derivative hedging instruments

All the derivatives held by the Group at 31 December 2022 were OTC derivatives, whose prices are not quoted on active futures and options markets. Therefore, it is necessary to apply generally accepted valuation techniques, based on objective market data, used in the measurement of financial instruments of this nature.

The Group enters into the following types of derivatives:

Foreign currency hedges

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

They relate, in all cases, to cash flow hedges for payment obligations in EUR relating to the purchase of broadcasting rights (the underlying), in which the exposure to the EUR/USD exchange rate is hedged (hedged risk), which gives rise to a potential change in the cash flows payable in euros for broadcasting rights. This change affects the profit or loss of the period(s) in which the planned payment transaction has not been performed. The Group applies hedge accounting and documents the hedging relationships and measures their effectiveness as required by IFRS 9.

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

Interest rate hedges

For the syndicated financing arranged, the Group entered into cash flow hedges (CAPs) to minimise interest rate risk (see Note 14).

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

Cross currency swaps

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

Measurement

Hedging instruments in the consolidated balance sheet are stated at fair value. Changes in the fair value of this financial instrument designated as a hedge are recognised temporarily in equity as they meet the hedge effectiveness requirements, and reclassified to profit or loss as the changes in fair value of the hedged item affect profit or loss.

The Group measures the effectiveness of these cash flow hedges by analysing the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of hedged items attributable to the hedged risk.

Effectiveness of the interest rate hedge was assessed using a qualitative assessment to verify the economic relationship between the hedged item and the hedging instrument, analysing the compatibility of notional amounts, interest settlement periods, maturity dates and the reference of the variable-interest cash flows.

The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. This determination is made using the European Central Bank's benchmark exchange rate on the closing date, the quoted prices of swaps at the measurement date, interest rates prevailing on the measurement, credit risk and generally accepted techniques in the market.

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

j) Treasury shares

Acquisitions or sales of treasury shares (see Note 12-e) are debited or credited to equity at the amount paid or received, respectively. Therefore, the gains or losses arising from these transactions are not reflected in the consolidated statement of profit or loss, but are recognised as an addition to or a reduction of equity, respectively.

k) Bonds and debentures and bank borrowings

Payables for bonds and debentures, loans, credit facilities and bank overdrafts are recorded at the amount received. Borrowing costs are recognised in the consolidated statement of profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the liability to the extent that they are not settled in the period in which they arise.

l) Provisions and contingencies

When preparing the consolidated financial statements, the Group’s directors made a distinction between:

– Provisions: the Group recognises provisions when it has a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount of the obligation.

– Contingent liabilities: possible obligations arising from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group.

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

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

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

m) Employee benefits

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

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

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

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

n) Revenue and expense recognition

The Group performs an extensive analysis of the various classes of customer contracts covered by IFRS 15, identifying the performance obligations for each contract type as provided for in the standard, and verifying the approaches for determining the transaction price and its allocation to each of the obligations, and recognising the revenue upon satisfaction of the obligation of the contract.

For advertising revenues from television, radio and digital, which make up approximately more than 90% of the Group's total revenue, the performance obligation is met when the advertising campaign is broadcast, which is when the related revenue is recognised. IFRS 15 requires allocation of the transaction price on a stand-alone selling price basis, which can affect the amount and the timing of revenue recognition. In the case of certain commercial policies that could include a separate performance obligation (no-cost showings), the conclusion is that since the accrual of these campaigns coincides with the annual period, the estimation of the stand-alone selling price of the performance obligations satisfied with the customer is not applicable.

For other business lines, including audiovisual production and distribution, and the sale of content, customer contracts generally have a large variety of performance obligations, from contracts involving production services to multi-year licensing agreements, as well as ancillary rights and services (e.g. commercial rights, sponsorship rights, production consultancy services) and distribution activities. Application of IFRS 15 requires Atresmedia to assess the nature of its promise in contracts (access or usage rights) to determine whether the licences grant a right to access content (revenue recognised over time) or a right to use content (revenue recognised at a point in time). The Group has determined that most of the licences granted are licences for which revenue is recognised when the customer obtains control. In addition, variable consideration is recognised based on the best estimate in accordance with the entity’s experience.

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

To contribute to a better understanding and provide more details on the Group's business performance, especially in its digital activity, and the production and distribution of content in the audiovisual business, the Atresmedia Group combines activities into two large business lines.

- Audiovisual segment: includes the “Television” and the “Other businesses” CGUs.
- Radio segment: relates to the “Radio” CGU.

Key information on this division is disclosed in Note 20.

o) Income tax: deferred tax assets and liabilities

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year less any allowable tax deductions, taking into account changes in deferred tax assets and liabilities.

In general, deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets (including those relating to temporary differences, and the carry forward of unused tax credits and unused tax losses) are recognised only to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are calculated by applying the tax rate expected to apply at the date of reversal, which is 25% for 2022 and subsequent years.

The Group began filing consolidated tax returns in 2001, with Atresmedia Corporación de Medios de Comunicación, S.A. as the head of the tax group (see Note 21).

p) Foreign currency transactions and balances

The functional currency of the Parent and its investees is the euro. Therefore, transactions in currencies other than the euro are deemed to be “foreign currency transactions” and are recognised by applying the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are translated to euros at the year-end exchange rates, while non-monetary items measured at historical cost are translated at the exchange rates prevailing on the date of the transaction. Non-monetary assets measured at fair value are translated to euros by applying the exchange rate prevailing at the date when the fair value was determined.

The gains or losses arising on settlement of foreign currency transactions and on the translation to euros of monetary assets and liabilities denominated in foreign currency are recognised in profit or loss. However, the exchange differences arising in monetary items forming part of a net investment in a foreign operation are recognised as translation differences in other comprehensive income.

The exchange gains and losses related to monetary financial assets or liabilities denominated in foreign currency are also recognised in profit or loss.

Monetary financial assets denominated in foreign currency are considered recognised at amortised cost in the foreign currency. Therefore, the exchange differences associated with the changes in amortised cost are recognised in profit or loss.

The Group presents the effect of translating the deferred tax assets and liabilities denominated in foreign currency, together with deferred income tax, in profit or loss.

q) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares of the Parent outstanding during the year.

Diluted earnings per share is calculated by dividing net profit for the period attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding adjusted for the dilutive effects of potential ordinary shares, understood as shares whose conversion into outstanding shares could reduce earnings per share (see Note 23).

r) Share-based payments

Remuneration via the issue of equity instruments is recognised by applying the following criteria:

- If the equity instruments granted vest immediately upon being granted, the services received are recognised with a charge to profit or loss, with a simultaneous increase in "Other equity instruments;

- If the equity instruments granted vest when the beneficiaries complete a specified period of service, the services received are recognised over the vesting period with a credit to "Other equity instruments".

The Group determines the fair value of the instruments granted on the grant date.

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

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

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

4. Goodwill

Reconciliation of goodwill in the consolidated balance sheets at the beginning and end of 2022 and 2021:

EUR thousand	Balance at 31/12/20	Additions	Balance at 31/12/21	Additions	Disposals	Balance at 31/12/22
RADIO BUSINESS:						
Uniprex, S.A.U.	134,862	—	134,862	—	—	134,862
OTHER BUSINESSES:						
Human to Human Communications, S.L.	9,471	—	9,471	—	—	9,471
Diariomotor Medios Digitales, S.L. (Note 5)	—	3,922	3,922	5	—	3,927
Smartclip Group	13,211	997	14,208	—	(3,552)	10,656
Total	**157,544**	**4,919**	**162,463**	**5**	**(3,552)**	**158,916**

Main changes

As explained in Note 2.b, in January this year the 100% stake in Smartclip Latam, S.L. and its subsidiaries was sold. The recognition of this transaction entailed a reduction of EUR 3,552 thousand in the goodwill allocated to the business disposed of. The remaining goodwill of Smartclip's business is allocated to Smartclip Hispania, S.L., which still belongs to the Group.

The increase of EUR 5 thousand is the result of the adjustment to the values of the business combination with Diariomotor Medios Digitales, S.L. carried out in November last year, which led to the inclusion of EUR 3,922 thousand of goodwill, as explained in Note 5. As provided for in the accounting standards, reported amounts of the business combination may be adjusted within one year from the acquisition date.

Assessment of recoverability

As explained in Note 3.a, the Group periodically assesses the recoverability of the goodwill it acquires, considering the CGUs on the basis of the business activities of its subsidiaries, which at year-end were the "Television", "Radio" and "Other businesses" CGUs (see Note 3.n).

The Group uses the strategic plans of the various businesses to calculate any possible impairment losses and discounts expected future cash flows. The Group prepares the various projections individually, taking into account the expected future cash flows of each CGU.

For the "Radio" and "Other businesses" CGUs; i.e. those to which the goodwill is allocated, the key assumptions on which the cash flow projections are based refer primarily to the expected trend of the advertising markets where they operate, since they are the main source of revenue generation. The data are based on scenarios used by market participants to set prices, on a consensus among analysts, who are independent third parties employed by the industry in general, on audience figures, advertising efficiency ratios and cost forecasts. Except for advertising, which is measured on the basis of external information sources, the rest of the assumptions are based on past experience and reasonable projections approved by Group management and updated in accordance with the performance of the advertising markets.

These future projections cover the next five years. The cash flows for the years not considered in the projections are estimated to be perpetual, with growth of 1.5% for the "Radio" CGU (2021: 1.5%) and 1.5% for the "Other businesses" CGU (2021: 1.5%), but 2% for Diariomotor.

In assessing value in use, the estimated cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

In order to calculate the discount rate, the current time value of money and the risk premiums generally used by analysts for the business and geographical area (Spain) are taken into account, giving rise to future discount rates in 2022 of 10% for both the "Radio" and "Other businesses" CGUs (2021: 9.5%).

Based on the methods used and the estimates, projections and assessment of value in use available to the Parent's directors, it was determined that the carrying amount of all goodwill recognised is below the values in use obtained for each and, therefore, it was not necessary to recognise any impairment losses.

Sensitivity analysis

The Group also performs sensitivity analyses when there are reasonably possible changes in the key assumptions used to calculate the recoverable amounts of the “Radio” and “Other businesses” CGUs. In this respect, the sensitivity analyses are prepared using different assumptions according to the variables deemed most significant, i.e. advertising revenue, which depends mainly on the performance of the advertising market and the investment share, and the discount rate.

The sensitivity analyses performed indicate that in none of the scenarios recoverable amount would fall below carrying amount in any of the assets acquired associated with each CGU:

- For the "Radio" CGU, a decrease in the growth in perpetuity rate of 0.5% would result in a decrease in the recoverable amount of EUR 7,805 thousand, while an increase of 0.5% would increase the amount by EUR 8,780 thousand. A 1.0% increase in the discount rate would reduce the value by EUR 19,362 thousand, while a 1.0% decrease would increase its value by EUR 24,580 thousand.
- For the "Other businesses" CGU, which includes the Smartclip, Human to Human Communications (H2H) and Diariomotor businesses, no impairment was required since based on the methods used and estimates, projections and value in use measurements, its recoverable amount was not lower than its carrying amount.

The sensitivity analysis for the Smartclip business indicated that an increase in the growth in perpetuity rate of 0.5% would give rise to an increase in value of EUR 1,873 thousand, whereas a decrease in the growth in perpetuity rate of 0.5% would give rise to a decrease in value of EUR 1,665 thousand. Meanwhile, a 1.0% decrease in the discount rate would give rise to an increase of EUR 5,294 thousand, and a 1.0% increase in the discount rate would give rise to a decrease of EUR 4,179 thousand. The changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

For the H2H business, an increase in the growth in perpetuity rate of 0.5% would increase its value by EUR 1,395 thousand, while a 0.5% decrease would reduce its value by EUR 1,240 thousand. A 1% increase in the discount rate would reduce the value of the business by EUR 3,095 thousand, while a 1% decrease would increase it by EUR 3,925 thousand. Therefore, the changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

For the Diariomotor business, an increase in the growth in perpetuity rate of 0.5% would increase its value by EUR 352 thousand, while a 0.5% decrease would reduce its value by EUR 311 thousand. A 1% increase in the discount rate would reduce the value of the business by EUR 753 thousand, while a 1% decrease would increase it by EUR 971 thousand. Therefore, the changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

5. Business combinations

There were no business combinations in the year ended 31 December 2022.

On 18 November 2021, Atresmedia Corporación de Medios de Comunicación, S.A. placed on public record the agreement to purchase from Diariomotor Medios Digitales, S.L. 1,828,592 shares of EUR 0.01 par value each of Diariomotor Medios Digitales, S.L. representing 100% of its share capital, with the sellers retaining the right of benefits of 20% of the shares as guarantee of payment of the earn-out agreement entered into between the parties. The amount will be determined based on the achievement of business milestones during the reference period, which runs until December 2025. The acquisition-date fair value of the contingent consideration amounted to EUR 1,933 thousand and was part of the consideration transferred.

Diariomotor Medios Digitales, S.L.'s objects include the development and operation of digital content. By adding this company, the Group has made further progress in its digital native content-development strategy, reinforcing its positioning in this area.

As a result of the transaction, in accordance with the accounting rules in IFRS 3, the Group assessed the assets and liabilities of the acquiree to determine the goodwill as of the acquisition date, measured as the difference between the consideration transferred and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. This goodwill was allocated to the “Other businesses” CGU.

As at 31 December 2022, the purchase price allocation (PPA) had been completed. The definitive amount was accounted for within the 12 months provided for in IFRS 3, which ended 18 November 2022, based on information about facts and circumstances that existed as of the acquisition date. The following table summarises the definitive amounts of consideration transferred, the acquisition-date fair values of the identifiable assets and liabilities of the company, the date on which control was obtained, and the goodwill generated.

EUR thousand	**2021**
Consideration paid in cash	4,710
Contingent consideration	1,933
(+) Consideration transferred	**6,643**
Intangible assets - Trademark (Note 6)	2,716
Other intangible assets	8
Property, plant and equipment	4
Other financial assets	2
Trade and other receivables	415
Other non-financial assets	19
Cash and cash equivalents	400
Deferred tax liabilities	(679)
Trade and other payables	(169)
(-) Fair value of net assets	**2,716**
Goodwill	**3,927**

To measure the trademark (intangible assets), the income approach was used; i.e. the relief-from-royalty method was applied. A finite useful life of 25 years was considered for the assets.

The Group fully consolidated the company from the acquisition date (i.e. the date on which it obtained control).

6. Other intangible assets

Reconciliation of the opening and closing balances of other intangible assets recognised in the consolidated balance sheet in 2022 and 2021:

EUR thousand	Balance at 1/1/22	Additions or charges	Disposals or reductions	Transfers	Changes in the scope of consolidation	Balance at 31/12/22
Cost:						
Administrative concessions	46,302	—	—	—	—	46,302
Licences	82,804	—	—	—	—	82,804
Trademarks	24,307	—	—	—	—	24,307
Intellectual property	2,260	137	—	—	—	2,397
Computer software	83,512	1,234	(52)	3,847	(95)	88,446
Audiovisual productions	167,328	691	(130)	3,828	—	171,717
Other intangible assets	8,364	279	—	—	—	8,643
Intangible assets in progress	6,349	11,957	(400)	(8,593)	—	9,313
	421,226	**14,298**	**(582)**	**(918)**	**(95)**	**433,929**
Accumulated amortisation:						
Administrative concessions	(44,536)	(551)	—	—	—	(45,087)
Trademarks	(10,042)	(1,219)	—	—	—	(11,261)
Intellectual property	(1,941)	(56)	—	—	—	(1,997)
Computer software	(74,417)	(6,225)	7	—	49	(80,586)
Audiovisual productions	(165,932)	—	—	(1,529)	—	(167,461)
Other intangible assets	(4,035)	(1,019)	—	(106)	—	(5,160)
	(300,903)	**(9,070)**	**7**	**(1,635)**	**49**	**(311,552)**
Provisions:	**(438)**	**(480)**	**305**	**—**	**—**	**(613)**
Total	**119,885**	**4,748**	**(270)**	**(2,553)**	**(46)**	**121,764**

EUR thousand	Balance at 1/1/21	Additions or charges	Disposals or reductions	Transfers	Changes in the scope of consolidation	Balance at 31/12/21
Cost:						
Administrative concessions	46,302	—	—	—	—	46,302
Licences	82,804	—	—	—	—	82,804
Trademarks	21,591	—	—	—	2,716	24,307
Intellectual property	2,100	85	—	75	—	2,260
Computer software	79,388	176	(3)	3,929	22	83,512
Audiovisual productions	166,828	268	(74)	306	—	167,328
Other intangible assets	5,279	3,085	—	—	—	8,364
Intangible assets in progress	1,926	8,984	(251)	(4,310)	—	6,349
	406,218	**12,598**	**(328)**	**—**	**2,738**	**421,226**
Accumulated amortisation:						
Administrative concessions	(43,985)	(551)	—	—	—	(44,536)
Trademarks	(8,962)	(1,080)	—	—	—	(10,042)
Intellectual property	(1,848)	(93)	—	—	—	(1,941)
Computer software	(68,054)	(6,397)	48	—	(14)	(74,417)
Audiovisual productions	(163,851)	—	—	(2,081)	—	(165,932)
Other intangible assets	(3,581)	(454)	—	—	—	(4,035)
	(290,281)	**(8,575)**	**48**	**(2,081)**	**(14)**	**(300,903)**
Provisions:	**(276)**	**(287)**	**125**	**—**	**—**	**(438)**
Total	**115,661**	**3,736**	**(155)**	**(2,081)**	**2,724**	**119,885**

In 2022, amounts derecognised due to changes in the scope of consolidation related to the departure following the disposal of Smartclip Latam, S.L. and its subsidiaries and the change in the method of accounting for Buendía Producción, S.L. from full consolidation to the equity method (see Note 2.b).

Additions in 2021 from changes in the scope of consolidation arose from the business combination with Diariomotor Medios Digitales, S.L. (see Note 5).

Fully amortised intangible assets in use at 31 December 2022 amounted to EUR 245,546 thousand (2021: EUR 228,779 thousand).

There were no impairments of intangible assets in 2021 and 2022. The existence of impairment of audiovisual productions was determined based on an analysis of the related investment through a case-by-case assessment of the value in use of each film, taking into account updated estimates of the revenue produced in each commercial exploitation window, recognising, where necessary, an impairment loss under "Programme amortisation and other procurements" since the impairment relates to cinema productions shown on television channels.

For the licence, assigned to the "Television" CGU and which has an indefinite useful life, a recoverability assessment was performed at year-end.

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

These future projections cover the next five years. The cash flows for the years not considered in the projections are estimated to be perpetual, with growth for 2022 of 0.5% (2021: 0.5%). This growth in perpetuity rate was calculated taking into consideration internal expectations of future growth and information obtained from analysts.

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. The pre-tax discount was not different from the post-tax discount rate.

In order to calculate the rate, the current time value of money and the risk premiums generally used by analysts for the business and geographical area (Spain) are taken into account, giving rise to a future discount rates in 2022 of 10% for the "Television" CGU (2021: 8.9%).

Based on the methods used and the estimates, projections and assessment of value in use available al Parent's directors, it was determined that the carrying amount of the licence is below the value in use obtained. Therefore, it was not necessary to recognise any impairment loss.

The sensitivity analysis shows that a 1.0% increase in the growth in perpetuity rate gives rise to an increase in value of EUR 18.9 million, while a decrease of 1.0% gives rise to a decrease of EUR 15.3 million. Similarly, a 1.0% increase in the discount rate gives rise to a decrease of EUR 20.6 million, and a 1.0% decrease in the discount rate gives rise to an increase of EUR 25.5 million. The changes in value used in all these sensitivity analyses would not reduce the recoverable amount to below the carrying amount.

As at 31 December2022 and 2021, the Group did not have any intangible assets pledged as collateral and there were no restrictions on their ownership. It also did not have any commitments to acquire intangible assets.

7. Property, plant and equipment

Reconciliation of the opening and closing balances of property, plant and equipment in the consolidated balance sheet in 2022 and 2021:

EUR thousand	Balance at 1/1/22	Additions or charges	Disposals or reductions	Transfers	Changes in the scope of consolidation	Balance at 31/12/22
Cost:						
Land and buildings	72,827	—	(537)	354	—	72,644
Plant and machinery	104,257	31	(629)	3,394	—	107,053
Other fixtures and tools	62,483	228	(13)	890	—	63,588
Furniture	11,726	3	(110)	187	(9)	11,797
Computer hardware	42,546	77	(1,108)	1,122	(104)	42,533
Transport equipment and other items of property, plant and equipment	1,011	13	(57)	—	(90)	877
Property, plant and equipment in progress	373	5,658	—	(5,947)	(46)	38
	295,223	**6,010**	**(2,454)**	**—**	**(249)**	**298,530**
Accumulated depreciation:						
Land and buildings	(45,512)	(1,557)	266	—	—	(46,803)
Plant and machinery	(99,392)	(3,238)	629	—	—	(102,001)
Other fixtures and tools	(58,348)	(1,050)	13	—	—	(59,385)
Furniture	(11,216)	(167)	108	—	2	(11,273)
Computer hardware	(39,760)	(1,524)	1,066	—	32	(40,186)
Transport equipment and other items of property, plant and equipment	(898)	(58)	51	—	90	(815)
	(255,126)	**(7,594)**	**2,133**	**—**	**124**	**(260,463)**
Provisions:	**(2,860)**	**—**	**176**	**—**	**—**	**(2,684)**
Total	**37,237**	**(1,584)**	**(145)**	**—**	**(125)**	**35,383**

EUR thousand	Balance at 1/1/21	Additions or charges	Disposals or reductions	Transfers	Changes in the scope of consolidation	Balance at 31/12/21
Cost:						
Land and buildings	72,647	—	—	180	—	72,827
Plant and machinery	102,044	13	(525)	2,725	—	104,257
Other fixtures and tools	61,765	—	(152)	870	—	62,483
Furniture	11,816	6	(121)	24	1	11,726
Computer hardware	41,411	191	(556)	1,493	7	42,546
Transport equipment and other items of property, plant and equipment	1,057	18	(64)	—	—	1,011
Property, plant and equipment in progress	36	5,629	—	(5,292)	—	373
	290,776	**5,857**	**(1,418)**	**—**	**8**	**295,223**
Accumulated depreciation:						
Land and buildings	(43,903)	(1,609)	—	—	—	(45,512)
Plant and machinery	(96,332)	(3,585)	525	—	—	(99,392)
Other fixtures and tools	(57,328)	(1,172)	152	—	—	(58,348)
Furniture	(11,092)	(244)	120	—	—	(11,216)
Computer hardware	(38,700)	(1,610)	554	—	(4)	(39,760)
Transport equipment and other items of property, plant and equipment	(956)	(23)	81	—	—	(898)
	(248,311)	**(8,243)**	**1,432**	**—**	**(4)**	**(255,126)**
Provisions:	**(2,868)**	**—**	**8**	**—**	**—**	**(2,860)**
Total	**39,597**	**(2,386)**	**22**	**—**	**4**	**37,237**

In 2022, amounts derecognised due to changes in the scope of consolidation related to the departure following the disposal of Smartclip Latam, S.L. and its subsidiaries and the change in the method of accounting for Buendía Producción, S.L. from full consolidation to the equity method (see Note 2.b).

At 31 December 2022, fully depreciated property, plant and equipment in use amounted to EUR 227,981 thousand (2021: EUR 223,903 thousand). The Group does not have any temporarily idle items.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities.

As at 31 December 2022 and 2021, the Group did not have any property, plant and equipment pledged as collateral and there were no restrictions on their ownership. It also did not have any commitments to acquire property, plant and equipment.

8. Right-of-use assets and lease liabilities

The relevant amounts of leases by class of asset at 31 December 2022 and 2021 are as follows:

EUR thousand	Balance at 1/1/22	Additions or charges	Disposals or reductions	Changes in the scope of consolidation	Balance at 31/12/22
Cost:					
Right-of-use assets:					
Offices and premises	6,106	742	(307)	(182)	6,359
Broadcasting stations	832	347	(91)	—	1,088
	6,938	**1,089**	**(398)**	**(182)**	**7,447**
Accumulated depreciation:					
Right-of-use assets:					
Offices and premises	(2,600)	(936)	221	76	(3,239)
Broadcasting stations	(407)	(189)	91	—	(505)
	(3,007)	**(1,125)**	**312**	**76**	**(3,744)**
Provisions:	—	—	—	—	—
Total	**3,931**	**(36)**	**(86)**	**(106)**	**3,703**

EUR thousand	Balance at 1/1/21	Additions or charges	Disposals or reductions	Changes in the scope of consolidation	Balance at 31/12/21
Cost:					
Right-of-use assets:					
Offices and premises	5,528	1,098	(520)	—	6,106
Broadcasting stations	664	180	(12)	—	832
	6,192	**1,278**	**(532)**	**—**	**6,938**
Accumulated depreciation:					
Right-of-use assets:					
Offices and premises	(1,993)	(1,127)	520	—	(2,600)
Broadcasting stations	(287)	(132)	12	—	(407)
	(2,280)	**(1,259)**	**532**	**—**	**(3,007)**
Provisions:	—	—	—	—	—
Total	**3,912**	**19**	**—**	**—**	**3,931**

The Group's right-of-use assets are classified in accordance with the nature of the underlying assets as offices and premises, and broadcasting stations.

For leases whose payments for the right to use the asset over the lease term are linked to the IPC, the liability was remeasured during the year for changes in the updated value of lease payments not made and to adjust the related right-of-use asset.

At the end of the current period, there was no indication that any of the right-of-use assets recognised was impaired, nor had there been any material changes to the existing leases as a result of the pandemic.

In 2022, amounts derecognised due to changes in the scope of consolidation related to the change in the method of accounting for Buendía Producción, S.L. from full consolidation to the equity method (see Note 2.b).

Breakdown of lease liabilities by maturity at 31 December 2022 and 2021:

2022

EUR thousand	2023	2024	2025	2026	2027 and beyond	Total
Lease liabilities	1,004	745	675	406	1,051	**3,881**

2021

EUR thousand	2022	2023	2024	2025	2026 and beyond	Total
Lease liabilities	1,069	707	546	510	1,212	**4,044**

Lease payments in 2022 amounted to EUR 1,212 thousand (2021: EUR 1,368 thousand).

The Group also has short-term leases of assets for operations of the various businesses for which it recognised an expense at 31 December 2022 of EUR 5,997 thousand (2021: EUR 8,149) under "Other expenses" in the consolidated statement of profit or loss.

9. Investments accounted for using the equity method and interests in joint arrangements

Changes in investments accounted for using the equity method in 2022 and 2021:

EUR thousand	Balance at 1/1/22	Changes in the scope of consolidation	Additions or disposals	Share of profit/(loss)	Other changes	Balance at 31/12/22
Associates:						
Atres Hub Factory, S.L.	752	—	(233)	(177)	—	342
Suma Content, S.L.	381	—	—	(57)	—	324
CTK Live Esports, S.L.	—	300	—	—	—	300
Hola TV América Group	—	—	(1,159)	300	859	—
Joint ventures:						
Buendía Producción, S.L.	—	(411)	—	508	—	97
Buendía Estudios, S.L.	—	—	5	48	(53)	—
Buendía Estudios Canarias, S.L.U.	—	2	—	(26)	24	—
Investments accounted for using the equity method	**1,133**	**(109)**	**(1,387)**	**596**	**830**	**1,063**

EUR thousand	Balance at 1/1/21	Changes in the scope of consolidation	Additions or disposals	Share of profit/(loss)	Other changes	Balance at 31/12/21
Associates:						
Atres Hub Factory, S.L.	264	—	(1,522)	2,010	—	752
Suma Content, S.L.	—	—	413	(32)	—	381
Hola TV América Group	—	—	(967)	92	875	—
Joint ventures:						
Buendía Estudios, S.L.	—	—	10	(209)	199	—
Investments accounted for using the equity method	**264**	**—**	**(2,066)**	**1,861**	**1,074**	**1,133**

None of the Group's investees are listed on Spanish or foreign stock exchanges.

As explained in Note 2.b, the changes in the scope of consolidation in 2022 related to the change in the method of accounting for the investment in Buendía Producción, S.L., which as of 1 January 2022 changed from the integration of 50% of the company's assets, liabilities, revenue and expenses to accounting for it using the equity method, and the inclusion of CTK Live Esports, S.L. and Buendía Estudios Canarias, S.L., both companies in which the Group has a 50% equity interest.

The column "Share of profit/(loss)" shows the Group's share of the profit or loss generated by the investee in accordance with its ownership interest.

As at 31 December 2022 and 2021, there were no restrictions on the receipt of dividends or the repayment of loans granted to companies accounted for using the equity method. In 2022, no dividends were received from these companies (2021: EUR 1,819 thousand).

The following tables presents key financial indicators of associates accounted for using the equity method for 2022 and 2021:

	2022					
EUR thousand	**% ownership**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit or loss**
Atres Hub Factory, S.L.	50%	972	293	679	11	(354)
Suma Content, S.L.	30%	19,411	18,329	1,082	2,552	(189)
CTK Live Esports, S.L.	50%	600	—	600	—	—
Hola TV América Group	50%	8,730	29,434	(20,704)	5,441	600

	2021					
EUR thousand	**% ownership**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit or loss**
Atres Hub Factory, S.L.	50%	1,793	290	1,503	15	4,019
Suma Content, S.L.	30%	1,486	215	1,271	534	(107)
Hola TV América Group	50%	7,962	26,949	(18,986)	4,938	185

Key financial indicators of the Group's interests in joint arrangements at 31 December 2022 and 2021:

	2022					
EUR thousand	**% ownership**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit or loss**
Buendía Producción, S.L.	50%	46,539	46,341	198	45,082	1,016
Buendía Estudios, S.L.	50%	6,198	7,037	(839)	13,879	95
Buendía Estudios Canarias, S.L.	50%	10,360	10,408	(49)	—	(52)

	2021					
EUR thousand	**% ownership**	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Profit or loss**
Buendía Producción, S.L.	50%	25,791	26,610	(818)	27,340	(505)
Buendía Estudios, S.L.	50%	7,111	8,056	(945)	6,473	(418)

10. Programme rights

Breakdown of programme rights:

EUR thousand	2022	2021
Programme rights, net		
Rights on external productions	188,165	214,052
In-house productions and productions in progress	117,381	92,887
Sports broadcasting rights	3,214	3,214
Write-down of external productions	(51,107)	(42,152)
Impairment of sports broadcasting rights	(3,214)	(3,214)
	254,439	**264,787**
Advances to suppliers	**4,011**	**5,033**
Total	**258,450**	**269,820**

At 31 December 2022, the Parent had commitments, mainly for the purchase of audiovisual property rights and the production of programmes, amounting to EUR 54,158 thousand (2021: EUR 35,532 thousand). In addition, the Parent has purchase commitments to distributors, the definitive amount and price of which will be determined once the programmes are produced and, in certain cases, by establishing the acquisition price on the basis of box-office takings. The best estimate of these commitments amounted to EUR 52,000 thousand (2021: EUR 42,872 thousand).

Inventoriable in-house productions are expected to be amortised in full and approximately EUR 106,000 thousand of external production rights will be amortised in 2023.

Changes in write-downs of external production rights included under "Programme rights" in the consolidated balance sheet:

EUR thousand	Balance at 1/1/22	Additions	Amounts used	Balance at 31/12/22
Write-downs	**(45,366)**	(11,707)	2,752	**(54,321)**

EUR thousand	Balance at 1/1/21	Additions	Amounts used	Balance at 31/12/21
Write-downs	**(39,850)**	(7,051)	1,535	**(45,366)**

The write-downs recognised arose as a result of the decision, based on estimates made by the Parent, that certain titles would not be marketable and it was not likely that they would form part of the Parent's programme schedule. The changes are reflected in "Programme amortisation and other procurements" in the consolidated statement of profit or loss.

11. Trade and other receivables

Trade and other receivables in the consolidated balance sheets as at 31 December 2022 and 2021:

EUR thousand	2022	2021
Trade receivables	262,065	254,130
Receivables from associates and related parties (Note 22)	5,445	3,808
Total trade receivables	**267,510**	**257,938**
Other receivables	2,232	2,423
Total other receivables	**2,232**	**2,423**

The balances of "Trade receivables" are shown net of allowances for doubtful receivables. The allowance for doubtful receivables at year-end 2022 stood at EUR 21,508 thousand (2021: EUR 22,259 thousand). The amount arising in 2022 was EUR 3,333 thousand (2021: EUR 5,028 thousand), while the amount utilised was EUR 3,946 thousand (2021: EUR 3,198 thousand) and the amount recognised from changes in the scope of consolidation was EUR 138 thousand as a result of the sale of Smartclip Latam, S.L. and subsidiaries (see Note 2.b). Impairment losses are recognised or reversed as a result of valuation adjustments of trade and other receivables based on their due dates and the debtors' equity position. The related allowances and amounts charged to profit or loss are recognised under "Other operating expenses" in the consolidated statement of profit or loss.

Detail of ageing of past-due balance of trade receivables and the related impairment allowance at 31 December 2022 and 2021:

	2022			2021		
EUR thousand	**Trade receivables**	**Impairment allowance**	**Percentage impairment**	**Trade receivables**	**Impairment allowance**	**Percentage impairment**
Not yet due	243,581	(367)	0.2%	242,413	(3,302)	1.4%
Past-due 0-60 days	20,240	(493)	2.4%	15,219	(203)	1.3%
Past-due 61-120 days	3,153	(214)	6.8%	2,837	(163)	5.7%
Past-due 121-150 days	1,213	(203)	16.7%	924	(172)	18.6%
Past-due 151-180 days	894	(303)	33.9%	473	(88)	18.6%
Past-due +180 days	19,937	(19,928)	100%	18,331	(18,331)	100%
Total	**289,018**	**(21,508)**	**7.4%**	**280,197**	**(22,259)**	**7.9%**

In the Group's opinion, the amount of trade and other receivables; in the consolidated balance sheet does not differ from their carrying amount.

12. Equity

a) Share capital

The Parent's share capital at 31 December 2022 and 2021 amounted to EUR 169,300 thousand, represented by 225,732,800 fully subscribed and paid shares of EUR 0.75 par value each, which carry the same rights.

The Parent's shareholder structure at year-end 2022:

% ownership	2022	2021
Grupo Pasa Cartera, S.A. Unipersonal	41.70	41.70
Ufa Film und Fernseh GMBH	18.65	18.65
Treasury shares	0.25	0.25
Free float	39.40	39.40
Total	**100.00**	**100.00**

The shares of the Parent are admitted to trading on the Spanish Stock Market Interconnection System (Continuous Market) and all carry the same voting and dividend rights.

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

b) Share premium

This reserve is unrestricted. There were no changes in 2021, so the balance stood at EUR 38,304 thousand at both 31 December 2022 and 2021.

c) Legal and bylaw reserves

Legal reserve

Under the Spanish Corporate Enterprises Act, the Company must earmark an amount equal to 10% of profit for the year to a legal reserve until such reserve reaches at least 20% of the capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the increased capital amount. Except for this purpose, until the legal reserve exceeds the limit of 20% of share capital, it can only be used to offset losses, if there are no other reserves available.

The Parent’s legal reserve has reached the legally required minimum.

Capital redemption reserve

The capital redemption reserve has been appropriated in compliance with Article 335 of the Corporate Enterprises Act, which establishes that, when the reduction is performed with a charge to profit or unrestricted reserves or through the redemption of shares acquired by the Parent free of charge, the amount of the par value of the redeemed shares or of the decrease in the par value of the shares must be appropriated to a reserve, which shall only be unrestricted where the same requirements as for the capital reduction are met. The amount at 31 December 2022 and 2021 was EUR 8,333 thousand, included under “Legal and bylaw reserves”.

Other restricted reserves

“Legal and bylaw reserves” at 31 December 2022 and 2021 includes a restricted amount of EUR 281 thousand related to “Reserve for the adjustment of share capital to euros”.

At 31 December 2021, “Equity - Retained earnings” in the consolidated balance sheet included a restricted reserve for goodwill arising from subsidiary Uniprex, S.A. Unipersonal of EUR 41,295 thousand. At 31 December 2022, this amount was not changed.

According to the single transitional provision of Royal Decree 602/2016, of 2 December, the goodwill reserve will be reclassified to the Company’s voluntary reserves in the amount exceeding the goodwill recognised on the asset side of the balance sheet of this subsidiary.

d) Contributions to consolidated profit/(loss) by company

Contributions to the consolidated profit/(loss) for the year of fully consolidated companies and companies accounted for using the equity method at 31 December 2022 and 2021:

EUR thousand	2022	2021
Atresmedia Corporación de Medios de Comunicación subgroup	105,747	112,094
Uniprex subgroup	6,580	6,387
Total	**112,327**	**118,481**

e) Treasury shares

Treasury shares held by the Parent at the end of 2022 and 2021:

Year	No. of shares	Par value (EUR)	Average acquisition price (EUR)	Total cost (EUR thousand)
2022	554,376	415,782	11.13	6,168
2021	554,376	415,782	11.13	6,168

At 31 December 2022 shares of the Parent held by it represented 0.246% of share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share.

Movements in the treasury shares held by the Parent in 2022 and 2021:

Number of shares	2022	2021
At beginning of year	554,376	554,376
Purchases	—	—
Sales	—	—
At end of year	**554,376**	**554,376**

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

f) Dividends

At the General Meeting held on 27 April 2022, the shareholders of the Parent ratified the distribution of an ordinary dividend out of 2021 profit for a gross amount of 24 euro cents (EUR 0.24) per share, for a total of EUR 54,043 thousand. This is a final dividend and comes in addition to the interim dividend paid on 16 December 2021 of EUR 0.18 gross per share. This dividend was paid on 22 June 2022.

At the Parent's Board of Directors meeting held on 23 November 2022, a resolution was passed to distribute, out of 2022 profit, a gross amount of eighteen euro cents (EUR 0.18) for each of the 225,732,800 shares of EUR 0.75 par value representing the share capital, of which 554,376 were treasury shares. Accordingly, the dividend rights inherent to treasury shares were attributed proportionately to the other shares in accordance with Article 148 of the Corporate Enterprises Act. This dividend was paid to shareholders as an interim dividend on 14 December 2022, for a total amount of EUR 40,532 thousand.

g) Non-controlling interests

Non-controlling interests and changes in 2022 and 2021 (in EUR thousand):

Company	% non-controlling interest	Balance at 31/12/20	Changes in the scope of consolidation	Profit/(loss) for the year	Balance at 31/12/21	Changes in the scope of consolidatio	Profit/(loss) for the year	Balance at 31/12/22
Pazy Digital Ventures, S.L.	17.68%	—	—	—	—	108	(22)	86
Sociedad de Distribución Digital Sonora de Entretenimiento, S.L.	25.00%	—	2,130	(55)	2,075	280	(561)	1,794
Uniprex Televisión Digital Terrestre de Andalucía, S.L.U.	25.80%	(20)	—	—	(20)	—	—	(20)
Smartclip Argentina S.A.	44.80%	45	51	(4)	92	(92)	—	—
Total		**25**	**2,181**	**(59)**	**2,147**	**296**	**(583)**	**1,860**

Increases and decreases due to changes in the scope of consolidation relate to the transactions explained in 2.b.

13. Provisions and contingent liabilities

Changes in provisions in 2022 and 2021:

EUR thousand	Balance at 31/12/21	Charges	Amounts used and payments	Surplus	Transfers	Changes in the scope of consolidation	Balance at 31/12/22
Employee benefits	29,217	5,556	(1,093)	—	(5,681)	—	27,999
Provisions for litigation	24,564	—	—	—	—	—	24,564
Other provisions	10,157	1,973	—	(2,666)	—	—	9,464
Total non-current provisions	**63,938**	**7,529**	**(1,093)**	**(2,666)**	**(5,681)**	**—**	**62,027**
Operating provisions	32,495	19,227	(16,513)	—	—	(818)	34,391
Employee benefits	6,388	40	(6,255)	—	5,681	—	5,854
Provisions for litigation	7,313	2,739	(666)	(3,118)	—	—	6,268
Other provisions	8,508	8,459	(402)	(2,084)	—	—	14,481
Total current provisions	**54,704**	**30,465**	**(23,836)**	**(5,202)**	**5,681**	**(818)**	**60,994**

EUR thousand	Balance at 31/12/20	Charges	Amounts used and payments	Surplus	Transfers	Changes in the scope of consolidation	Balance at 31/12/21
Employee benefits	30,031	5,880	(521)	—	(6,173)	—	29,217
Provisions for litigation	24,564	—	—	—	—	—	24,564
Other provisions	**11,543**	1,290	—	(2,676)	—	—	10,157
Total non-current provisions	**66,138**	**7,170**	**(521)**	**(2,676)**	**(6,173)**	**—**	**63,938**
Operating provisions	28,090	18,521	(14,073)	(43)	—	—	32,495
Employee benefits	6,510	24	(6,319)	—	6,173	—	6,388
Provisions for litigation	8,813	1,973	(913)	(2,634)	74	—	7,313
Other provisions	3,128	5,929	(343)	(132)	(74)	—	8,508
Total current provisions	**46,541**	**26,447**	**(21,648)**	**(2,809)**	**6,173**	**—**	**54,704**

Provisions" in the consolidated balance sheet includes provisions classified by their nature as trade provisions, provisions for employee benefits, and provisions for civil, labour, criminal and administrative lawsuits against Group companies, which were taken into account in estimating potential contingent liabilities and other provisions.

Employee benefits provision

During the year ended 31 December 2020, the Group offered the Group's permanent employees aged 57 and over and more than 15 years of service by year-end 2020 a voluntary redundancy plan (the "2020 Plan"). The 2020 Plan was of limited duration, to 31 December 2020, and entailed the voluntary termination of employment through individual agreements. The severance scheme for employees taking part included monthly income until ordinary retirement age calculated based on the employee's base salary and including the payment of any social security supplements to which the employee is entitled. The total amount of obligations arising from these agreements recognised in 2020 was calculated based on the number of employees who signed up to the Plan, updated using the yield curve of Spanish 10-year bonds, as explained in Note 3-m. As at 31 December 2022, the provision had been utilised in accordance with the payment schedule agreed with each employee. At the end of each reporting period, the amount of this provision is updated and the amount payable within the next 12 months is reclassified from non-current to current.

At the General Meeting of Atresmedia Corporación de Medios de Comunicación, S.A. held on 28 April 2021, approval was given to implement a long-term variable remuneration scheme, with partial delivery of shares, for executive directors and certain managers of the Group. Note 25 details the plan's main features. As at 31 December 2021, the Group had recognised the provision for this remuneration under "Staff costs" in the consolidated statement of profit or loss.

Provisions for litigation

There are "Provisions for litigation" relating to civil, labour, criminal and administrative lawsuits filed against Group companies, which were taken into account in estimating contingent liabilities. Noteworthy, in view of their amount, were the lawsuits with certain collection societies. Specifically, a favourable ruling was handed down in the case involving the Spanish Intellectual Rights Management Association (AGEDI)-Artistas Intérpretes o Ejecutantes, Sociedad de Gestión de España (AIE), the management entity for music performers and executant musicians. However, the impact cannot be quantified since the ruling has yet to be enforced. "Other provisions" relates mainly to estimated future risks. For both, charges, amounts used and surpluses are recognised under "Other operating expenses" in the consolidated statement of profit or loss.

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

Contingencies

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

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

The specific restrictions on competition disapproved by the CNMC are:

1. contractual imposition on advertisers of minimum quotas of television advertising,

2. a bundled marketing system that makes sale of television advertising subject to advertisers buying channel bundles and simulcast or single-platform television advertising, and

3. a system of rewarding media agencies for brokering advertising deals.

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

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

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

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

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

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

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

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

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

14. Financial instruments

The Group's financial assets and liabilities at 31 December 2022 are as follows:

	Categories				Fair value level			
EUR thousand	**Measured at amortised cost**	**Measured at fair value through profit or loss**	**Measured at fair value through equity**	**Measured at fair value Hedging instruments**	**Level 1 (market prices)**	**Level 2 (estimates based on other observable market data)**	**Level 3 (estimates not based on other observable market data)**	**Carrying amount at 31/12/22**
Equity instruments	—	4,988	176,995	—	—	—	181,983	181,983
Non-current loans	4,884	—	—	—	—	—	—	4,884
Guarantees and deposits	420	—	—	—	—	—	—	420
Non-current financial assets	**5,304**	**4,988**	**176,995**	**—**	**—**	**—**	**181,983**	**187,287**
Derivatives (Note 14.c)	**—**	**—**	**—**	**14,437**	**—**	**14,437**	**—**	**14,437**
Total non-current financial assets	5,304	4,988	176,995	14,437	—	14,437	181,983	201,724
Trade receivables	**267,510**	**—**	**—**	**—**	**—**	**—**	**—**	**267,510**
Loans and other receivables	10,663	—	—	—	—	—	—	10,663
Guarantees and deposits	77,977	—	—	—	—	—	—	77,977
Other current financial assets	**88,640**	**600**	**—**	**—**	**—**	**—**	**600**	**89,240**
Derivatives (Note 14.c)	**—**	**—**	**—**	**3,257**	**—**	**3,257**	**—**	**3,257**
Cash and cash equivalents	**173,585**	**—**	**—**	**—**	**—**	**—**	**—**	**173,585**
Total current financial assets	529,735	600	—	3,257	—	3,257	600	533,592
Bonds and debentures	**117,195**	**—**	**—**	**—**	**—**	**—**	**—**	**117,195**
Bank borrowings (Note 14.b)	**65,492**	**—**	**—**	**—**	**—**	**—**	**—**	**65,492**
Derivatives (Note 14.c)	**—**	**—**	**—**	**72**	**—**	**72**	**—**	**72**
Loans and other payables	16	7,153	—	—	—	—	7,153	7,169
Other financial liabilities	**16**	**7,153**	**—**	**—**	**—**	**—**	**7,153**	**7,169**
Total non-current financial liabilities	182,703	7,153	—	72	—	72	7,153	189,928
Bonds and debentures	**74,787**	**—**	**—**	**—**	**—**	**—**	**—**	**74,787**
Bank borrowings (Note 14.b)	**20,487**	**—**	**—**	**—**	**—**	**—**	**—**	**20,487**
Derivatives (Note 14.c)	**—**	**—**	**—**	**84**	**—**	**84**	**—**	**84**
Loans and other payables	30	—	—	—	—	—	—	30
Other financial liabilities	**30**	**—**	**—**	**—**	**—**	**—**	**—**	**30**
Payable to suppliers	**311,077**	**—**	**—**	**—**	**—**	**—**	**—**	**311,077**
Advances from customers	**752**	—	—	—	—	**—**	**—**	**752**
Other current liabilities	**17,489**	**—**	**—**	**—**	**—**	**—**	**—**	**17,489**
Total current financial liabilities	**424,622**	—	**—**	84	—	**84**	**—**	**424,706**

"Non-current financial assets - Equity instruments" includes the fair value of non-current investments in the equity instruments of companies over which the Group does not exercise significant influence either because its ownership interest is below 20% or because it does not participate in the setting of financial or commercial policies. In line with its strategy of diversifying the sources of growth other than advertising revenues, the Group makes investments using the model of broadcasting advertising in exchange for an ownership interest in a company. Key investments include Fever Labs Inc, Fintonic Servicios Financieros, S.L. and JobToday, S.A., which represent a combined 92% of the total investment made. As at 31 December 2022, the Group had received dividends from these investments amounting to EUR 1,201 thousand (2021: EUR 392 thousand).

The Group does not hold these investments for the purpose of generating a short-term profit, but rather considers them strategic for the medium-to-long term.

At year-end, the Group assesses the fair value of its equity instruments in accordance with the measurement standards explained in Note 3-f.

In 2022, the increase in value of equity instruments at fair value through equity of EUR 114,211 thousand (2021: EUR 8,282 thousand) recognised in “Valuation adjustments” in the consolidated balance sheet relate primarily to the increase in the value of the equity investment in FEVER LABS, Inc. arising from the funding round carried out in January 2022 in which Atresmedia took part. There were also disposals of equity instruments at fair value through equity for EUR 2,032 thousand.

In 2022, gains/(losses) on disposals and impairment of financial assets in the consolidated statement of profit or loss related primarily to the impact of the sale of Smartclip Latam, S.L. and its subsidiaries explained in Note 2.b.

"Impairment and gains/(losses) on disposals of financial assets” in the 2021 consolidated statement of profit or loss included EUR 3,997 thousand of gains on disposals of equity instruments measured at fair value through profit or loss.

As at 31 December 2021, impairments amounting to EUR 1,965 thousand on equity instruments measured at fair value through profit or loss were recognised under "Impairment and gains/(losses) on disposals of financial assets” recorded in the consolidated statement of profit or loss.

At 31 December 2022, “Guarantees and deposits” under “Other current financial assets” in the consolidated balance sheet includes EUR 75,000 thousand of bank deposits with maturities ranging from 5-11 months. This item also includes short- and long-term loans with associates bearing interest at a fixed annual market rate.

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

EUR thousand	Categories				Fair value level			
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through equity	Measured at fair value Hedging instruments	Level 1 (market prices)	Level 2 (estimates based on other observable market data)	Level 3 (estimates not based on other observable market data)	Carrying amount at 31/12/21
Equity instruments	—	5,753	39,898	—	—	—	45,651	45,651
Non-current loans	3,842	—	—	—	—	—	—	3,842
Guarantees and deposits	405	—	—	—	—	—	—	405
Non-current financial assets	**4,247**	**5,753**	**39,898**	**—**	**—**	**—**	**45,651**	**49,898**
Derivatives (Note 14.c)	**—**	**—**	**—**	**1,110**	**—**	**1,110**	**—**	**1,110**
Total non-current financial assets	4,247	5,753	39,898	1,110	—	1,110	45,651	51,008
Trade receivables	**257,938**	**—**	**—**	**—**	**—**	**—**	**—**	**257,938**
Loans and other receivables	15,113	—	—	—	—	—	—	15,113
Guarantees and deposits	3,023	—	—	—	—	—	—	3,023
Other current financial assets	**18,136**	**—**	**—**	**—**	**—**	**—**	**—**	**18,136**
Derivatives (Note 14.c)	**—**	**—**	**—**	**2,556**	**—**	**2,556**	**—**	**2,556**
Cash and cash equivalents	**268,402**	**—**	**—**	**—**	**—**	**—**	**—**	**268,402**
Total current financial assets	544,476	—	—	2,556	—	2,556	—	547,032
Bonds and debentures	**117,195**	**—**	**—**	**—**	**—**	**—**	**—**	**117,195**
Bank borrowings (Note 14.b)	**65,492**	**—**	**—**	**—**	**—**	**—**	**—**	**65,492**
Derivatives (Note 14.c)	**—**	**—**	**—**	**72**	**—**	**72**	**—**	**72**
Loans and other payables	16	7,153	—	—	—	—	7,153	7,169
Other financial liabilities	**16**	**7,153**	**—**	**—**	**—**	**—**	**7,153**	**7,169**
Total non-current financial liabilities	182,703	7,153	—	72	—	72	7,153	189,928
Bonds and debentures	**74,787**	**—**	**—**	**—**	**—**	**—**	**—**	**74,787**
Bank borrowings (Note 14.b)	**20,487**	**—**	**—**	**—**	**—**	**—**	**—**	**20,487**
Derivatives (Note 14.c)	**—**	**—**	**—**	**84**	**—**	**84**	**—**	**84**
Loans and other payables	30	—	—	—	—	—	—	30
Other financial liabilities	**30**	**—**	**—**	**—**	**—**	**—**	**—**	**30**
Payable to suppliers	**311,077**	**—**	**—**	**—**	**—**	**—**	**—**	**311,077**
Advances from customers	**752**	**—**	**—**	**—**	**—**	**—**	**—**	**752**
Other current liabilities	**17,489**	**—**	**—**	**—**	**—**	**—**	**—**	**17,489**
Total current financial liabilities	**424,622**	**—**	**—**	**84**	**—**	**84**	**—**	**424,706**

a) Bonds and debentures

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

Cross currency swaps were entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly coupon payments at a fixed rate in euros see Note (see Note 14-c).

b) Loans and credit facilities

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

Of the total amount, 40% is a five-year loan, with partial repayments, and 60% a revolving credit facility maturing at five years. No amounts had been drawn down on the credit facility as at 31 December 2022.

The applicable interest rate is Euribor plus a market spread, subject to compliance with financial covenants habitually used in transactions of this kind: the debt to EBITDA ratio and the interest coverage ratio, with semi-annual and annual assessments, and three ESG indicators based on level of compliance and reviewed annually. The Parent's directors expect the covenants to be complied with at 31 December 2022.

The fair value of this financing approximates its carrying amount. In July 2021, the Group entered into cash flow hedges (CAP) to minimise the interest rate risk related to this financing (see Note 14-c).

The Parent also has bilateral financing facilities to meets its cash requirements.

Bank borrowings at 31 December 2022 and 2021:

	2022			2021		
EUR thousand	**Limit**	**Current balance drawn down**	**Non-current balance drawn down**	**Limit**	**Current balance drawn down**	**Non-current balance drawn down**
Syndicated financing	240,000	20,000	65,484	250,000	10,000	83,763
Credit facilities	73,000	18	8	92,000	42	15
Interest payable	—	469	—	—	460	—
Total	**313,000**	**20,487**	**65,492**	**342,000**	**10,502**	**83,778**

Breakdown by maturity of non-current financial liabilities relating to financing activities in 2022 and 2021:

EUR thousand	2024	2025	2026	Total
Bonds and debentures	—	117,195	—	117,195
Syndicated financing	18,423	18,634	28,427	65,484
Bank borrowings	8	—	—	8
Total at 31/12/22	**18,431**	**135,829**	**28,427**	**182,687**

EUR thousand	2023	2024	2025	2026	Total
Bonds and debentures	66,219	—	110,366	—	176,585
Syndicated financing	18,572	18,572	18,572	28,046	83,763
Bank borrowings	7	8	—	—	15
Total at 31/12/21	**84,799**	**18,580**	**128,938**	**28,046**	**260,362**

Reconciliation between the change in financial liabilities related to financing activities and the related cash flows in 2022 and 2021:

	Balance at 31/12/21	Additions/Receipts		Disposals/ Payments	Translation differences	Changes in fair value	Other changes	Balance at 31/12/22
EUR thousand		**Principal**	**Interest**					
Bonds and debentures	180,450	—	4,659	(4,659)	11,532	—		**191,982**
Derivatives, net	3,430	—	—	—	—	(11,532)	24	**(8,078)**
Bank borrowings	94,280	—	—	(10,872)	—	1,962	609	**85,979**
Total	**278,160**	**—**	**4,659**	**(15,531)**	**11,532**	**(9,570)**	**633**	**269,883**

	Balance at 31/12/20	Additions/Receipts		Disposals/ Payments	Translation differences	Changes in fair value	Other changes	Balance at 31/12/21
EUR thousand		**Principal**	**Interest**					
Bonds and debentures	166,757	—	2,062	(2,062)	13,693	—	—	**180,450**
Derivatives, net	17,123	—	—	—	—	(13,693)	—	**3,430**
Bank borrowings	105,703	—	—	(6,099)	—	(5,933)	609	**94,280**
Total	**289,583**	**—**	**2,062**	**(8,161)**	**13,693**	**(19,626)**	**609**	**278,160**

c) Derivative financial instruments

Foreign currency hedges

As explained in Note 3-i, the Group uses currency derivatives to hedge significant future transactions and cash flows in USD and mitigate the foreign currency risk.

At 31 December 2022, the Group had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 17,337 thousand, at a weighted average exchange rate of 1.1290 (EUR/USD). Hedging instruments at 31 December 2021 amounted to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (EUR/USD).

Total amounts of the outstanding forward currency purchase contracts entered into by the Group at year-end 2022 and 2021:

							Fair value (EUR thousand)	
2022	**Classification**	**Type**	**Expiry**	**Notional amount contracted (USD thousand)**	**Amount contracted (EUR thousand)**	**Ineffective portion recognised in profit or loss (EUR thousand)**	**Assets**	**Liabilities**
Currency forwards	Foreign currency hedge	Purchase of USD	2023	9,815	8,479	—	692	84
Currency forwards	Foreign currency hedge	Purchase of USD	2024	5,712	5,221	—	65	61
Currency forwards	Foreign currency hedge	Purchase of USD	2025	1,810	1,655	—	—	11
Total				**17,337**	**15,355**	**—**	**757**	**156**

							Fair value (EUR thousand)	
2021	**Classification**	**Type**	**Expiry**	**Notional amount contracted (USD thousand)**	**Amount contracted (EUR thousand)**	**Ineffective portion recognised in profit or loss (EUR thousand)**	**Assets**	**Liabilities**
Currency forwards	Foreign currency hedge	Purchase of USD	2022	18,897	15,893	—	752	49
Currency forwards	Foreign currency hedge	Purchase of USD	2023	5,083	4,237	—	190	10
Total				**23,980**	**20,130**	**—**	**942**	**59**

At 31 December 2022, the estimated fair value of the Group's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 757 thousand and a financial liability of EUR 156 thousand (2021: asset of EUR 942 thousand and liability of EUR 59 thousand). The impact on profit or loss of changes in the fair value of foreign currency hedges whose underlying was effective at the closing date amounted to a negative EUR 406 thousand (2021: EUR 1,204 thousand), recognised under "Net gain/(loss) on changes in value of financial instruments at fair value". This impact offsets exchange differences on balances with suppliers in USD, which at that date were a positive EUR 49 thousand (2021: EUR 1,978 thousand negative).

For derivatives whose underlying was not effective at the closing date, the net impact recognised in equity amounted to EUR 57 thousand (2021: 26 thousand).

The measurement method consists of estimating the present value of the future cash flows that will arise under the terms and conditions arranged by the parties for the derivative instrument. The spot price is taken to be the reference exchange rate of the European Central Bank on 31 December 2022, the swap points (offer/bid), the interest rates prevailing at the measurement date and the credit risk.

The Group assesses whether the credit risk component has a significant impact on the performance of currency hedges.

The sensitivity analysis of the foreign currency derivative financial instruments demonstrates that changes of +/-10% in the EUR/USD exchange rate prevailing at year-end would give rise to changes in fair value within a range of EUR +/-1.5 million for hedges whose underlying is in force at year-end, and changes of EUR +/-0.1 million for hedges whose underlying is not yet in force and therefore affect equity. Appreciation in the USD/EUR exchange rate gives rise to increases in value, and depreciation to decreases.

The sensitivity analysis of the balances payable to suppliers in USD, shows that changes of +/-10% in the EUR/USD exchange rate prevailing at year-end would give rise to changes in the fair value recognised of around EUR +/-1.5 million, and would be sufficiently offset by the changes in the value of the derivatives entered into.

In 2021, changes of +/-10% in the exchange rate prevailing at year-end would have given rise to changes in fair value within a range of EUR +/-2.0 million for hedges whose underlying was in force at year-end and changes of EUR +/-0.1 million for hedges whose underlying was not yet in force and therefore affected equity.

Financial instruments measured at fair value must be classified into Levels 1 to 3, based on the degree to which their fair value is observable (inputs). Level 1 inputs are quoted prices in active markets. Level 2 inputs are from external data other than quoted prices. Level 3 inputs are values obtained from valuation techniques that include unobservable inputs in active markets. The Group's derivatives detailed in this item would be classified as Level 2, since they are observable inputs that refer to market data.

Interest rate hedges

Regarding the syndicated financing (see Note 14-a), in July 2021 the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025.

At 31 December 2022, the fair value of the derivative instrument under non-current and current assets was EUR 6,127 thousand and EUR 181 thousand, respectively. The fair value of the derivative under non-current assets at 31 December 2021 was EUR 920 thousand.

Hedge effectiveness was assessed using a qualitative assessment to verify the economic relationship between the hedged item and the hedging instrument, analysing the compatibility of notional amounts, interest settlement periods, maturity dates and the reference of the variable-interest cash flows. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. The market swap curve at the measurement date and other normal market techniques are used for the calculation. Changes in the fair value of this financial instrument designated as a hedge are recognised temporarily in equity as they meet the hedge effectiveness requirements, and reclassified to profit or loss as the changes in fair value of the hedged item affect profit or loss. This derivative would be included in Level 2.

Cross currency swaps

As indicated in Note 14-a, on 11 July 2018, the Group carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and debentures at a fixed rate in euros. These are cash flow hedges that hedge exposure to the currency and interest rate risk of the cash flows related to the hedged underlying.

At 31 December 2022 the fair value of the derivative related to the bond issue was EUR 10,629 thousand, of which EUR 2,384 thousand was recognised in derivative financial instruments in current assets and EUR 8,245 thousand under derivative financial instruments in non-current assets. At 31 December 2021, the fair value amounted to EUR 910 thousand, with EUR 1,804 thousand recognised as derivatives under current assets and EUR 894 thousand under non-current liabilities.

The Group measures the effectiveness of these cash flow hedges by analysing the extent to which changes in the fair value or the cash flows of the hedging instrument offset changes in the fair value or the cash flows of hedged items attributable to the hedged risk. The fair value measurement method is based on the present value of the estimated future contractual cash flows by the parties to the hedging instrument. This determination is made using the quoted prices of swap rates at the measurement date, interest rates prevailing on the measurement, credit risk and generally accepted techniques in the market. It determined that they are effective hedges, so the gain or loss on the hedging instrument is recognised temporarily in equity and taken to profit or loss in the periods in which the hedged transaction affects profit or loss. Both derivatives would be included in Level 2.

In the current year, no transfers were made between the fair value hierarchy levels corresponding to the Group's derivative financial instruments.

The Group assessed the hedge effectiveness of outstanding hedges at the end of the current period. It verified the continuing economic relationship between the hedged item and the hedging instrument and the absence of a significant COVID-19-related impact on credit risk that could affect the measurement of the hedging instrument.

15. Trade and other payables

Trade and other payables in the consolidated balance sheets as at 31 December 2022 and 2021:

EUR thousand	2022	2021
Payable to suppliers	296,508	349,762
Payable to associates and related parties (Note 22)	14,569	2,718
Total payables to suppliers	**311,077**	**352,480**
Other tax payable (Note 21.d)	18,004	22,267
Other non-trade payables	21,775	20,705
Advances from customers	2,607	1,744
Total other payables	**42,386**	**44,716**

"Payables to suppliers" included EUR 40,310 thousand (2021: EUR 46,102 thousand) of payables to suppliers through reverse factoring agreements with banks.

The Group has financial risk management policies in place to ensure that all payables are settled within the previously agreed-upon credit terms.

In the Group's opinion, the amount of trade and other payables in the consolidated balance sheet does not differ from their carrying amount.

The Group has payables to suppliers, relating mainly to external production rights denominated in foreign currency, mostly USD, which are recognised at each accounting close using the EUR/USD exchange rate prevailing at that date. Breakdown by maturity in 2022 and 2021:

2022 EUR thousand	2023	2024	2025	Total
Foreign currency payables to suppliers	8,664	5,687	190	**14,541**

2021 EUR thousand	2022	2023	2024	Total
Foreign currency payables to suppliers	18,522	5,234	—	**23,756**

Note 14-c Derivative financial instruments refers to the sensitivity analysis of the balances payable to suppliers in USD in relation to changes in the exchange rate at year-end.

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

The following table presents the disclosures required by Additional Provision Three of Law 18/2022, of 28 September, on the creation and growth of companies and Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Auditing Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	2022	2021
	Days	**Days**
Average supplier payment period	39	46
Ratio of transactions paid	40	49
Ratio of transactions outstanding	28	25
	EUR thousand	**EUR thousand**
Total payments made	678,053	689,095
Total payments outstanding	113,931	108,428

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

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

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

Set out below is the monetary volume and number of invoices paid before the statutory deadline.

	2022
Monetary volume paid before the statutory deadline (EUR thousand)	402,958
% of total payments to suppliers	59.43%
No. of invoices paid before the statutory deadline	23,911
% of total invoices paid	48.82%

16. Other guarantee commitments to third parties

At 31 December 2022, the Group had provided bank guarantees to third parties amounting to EUR 45,173 thousand (2021: EUR 44,962 thousand).

These guarantees relate mainly to obligations arising from ongoing litigation and the concession of television and radio licences.

The Parent’s directors consider that any liabilities not foreseen at 31 December 2022 that might arise from the guarantees provided would not be material.

17. Risk management policy

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

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

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

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

The Corporate Governance Report contains a broad summary of the risk control systems in place.

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

a) Credit risk

The Group generally places cash and cash equivalents with financial institutions with high credit ratings. The Group does not have significant credit risk since the average customer collection period is short and the advertising contract terms allow for bank guarantees to be required prior to the launch of advertising campaigns.

There is also no significant concentration of credit risk to third parties and no significant incidents arose in the year. The Group enters into derivatives with institutions of recognised solvency. The percentage of past-due receivables at 31 December 2022 was 8.28% (2021: 5.54%).

b) Liquidity risk

The Group's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business. All are at floating rates (see Note 14-b).

c) Market risk (interest rate and currency risk)

The Group's cash and borrowings are exposed to interest rate risk, which could have an adverse impact on its financial performance and cash flows. The Group's financing is arranged at interest rates tied to Euribor. Based on the level of borrowings at 31 December 2022, a 100 basis point increase or decrease in the average interest rate on the debt would result in a +/- EUR 0.2 million change in the interest on the borrowings at that date (2021: +/- EUR 0.1 million). To mitigate this risk, the Parent has entered into interest rate hedges (CAP) to reduce its exposure to increases in the benchmark rate (see Note 14-c).

Foreign currency risk is concentrated in the Parent and relates basically to payments in international markets to acquire broadcasting rights. To mitigate foreign currency risk, the Parent enters into hedging instruments, mainly currency forwards, to hedge its exposure to the EUR/USD forward exchange rate. Sensitivity to changes in exchange rates is described in Note 14-c.

d) Foreign currency risk

The Group uses cross currency swaps that swap capital and interest flows in dollars for other capital and interest flows in euros, fixing the exchange rate and half-yearly coupons of the debt from bonds and debentures at a fixed rate in euros (see Note 14-c).

e) Capital management risk

For management purpose, the Group considers equity attributable to the Parent as capital. The only external requirements to which this capital for management purposes is subject are those contained in current Spanish corporate law. There are no other legal restrictions.

Quantitative capital data for management purposes relating to 2022 and 2021 are presented in the consolidated balance sheet and amount to EUR 685,126 thousand and EUR 548,171 thousand, respectively, under "Equity attributable to equity holders of the parent".

No qualitative or quantitative changes took place in capital management in 2022 from the year before. The change in the amount of capital for management purposes in 2022 did not arise due to any external requirement. In addition, dividends were distributed to the shareholders listed in Note 12-f to the consolidated financial statements.

The Group determines the financial resources required with the dual objective of ensuring the Group companies' capacity to continue operating and maximising profitability by optimising Group debt and equity. The Group's financial structure taken as a whole consists of the equity attributable to the equity holders of the parent (comprising share capital, share premium, retained earnings and other items), borrowings, and cash and cash equivalents

The Group reviews this structure regularly and, taking into account the costs and risks associated with each type of funding (debt or equity), takes the appropriate decisions to achieve the aforementioned objectives.

The objective of the Group's capital management is to ensure that Group companies can continue to operate as a going concern, while maximising shareholder returns by optimising the debt and capital balance. The Group's general strategy has not changed.

18. Revenue and expenses

a) Revenue

Group revenue in 2022 and 2021 by business line:

EUR thousand	2022	2021
Advertising sales	761,756	778,365
Other sales	125,925	117,662
Trade and other discounts	(20,392)	(18,157)
Total	**867,289**	**877,870**

“Other sales” includes revenue primarily from the production and distribution of films and audiovisual content and from the digital activity.

In 2022, transactions equal to or greater than 10% of total operating income were conducted with three customers -media buyers grouping together advertising orders of various advertisers- with individual shares of 10%-12% and representing a combined 32% of total advertising sales.

In 2021, transactions equal to or greater than 10% of total operating income were conducted with three customers -media buyers grouping together advertising orders of various advertisers- with individual shares of 10%-13% and representing a combined 33% of total advertising sales.

Geographical breakdown of Group revenue in 2022 and 2021:

EUR thousand	2022	2021
Spain	839,626	829,505
International market	27,663	48,365
A) European Union	24,507	28,344
a) Euro area	24,503	28,314
b) Non-euro area	4	30
B) Other	3,156	20,021
Total	**867,289**	**877,870**

“Other operating income” in the consolidated statement of profit or loss for the year ended 31 December 2022 amounted to EUR 83,505 thousand (2021: EUR 85,388 thousand) and included sales made by the Group that do not form part of its core business. The most important was income from the sale of broadcasting rights.

b) Programme amortisation and other procurements

Programme amortisation and other procurements in 2022 and 2021:

EUR thousand	2022	2021
External production services	259,644	230,356
Broadcasting of in-house productions	240,860	256,932
Programme broadcasting rights	111,933	134,924
Live broadcasting rights	254	237
Performances and contributions of entertainers	24,024	25,182
Other amortisation	5,502	11,118
Other procurements	28,124	25,854
Addition to programme rights	(287,556)	(289,029)
Total	**382,785**	**395,574**

"Addition to programme rights" includes expenses incurred in programmes production. The Parent's policy is to capitalise and subsequently amortise this expenditure as described in Note 3.f.

c) Staff costs

Staff costs in 2022 and 2021:

EUR thousand	2022	2021
Wages and salaries	134,337	135,876
Social Security costs	28,229	28,971
Other employee benefits expense	2,919	3,699
Total	**165,485**	**168,546**

At 31 December 2022, the amount recognised under "Staff costs" in the consolidated statement of profit or loss related to the variable remuneration plan was EUR 5,667 thousand (2021: EUR 5,747 thousand) (see Note 25).

In 2022, the Group had an average of 2,420 employees (2021: 2,512), broken down by gender and employment category as follows:

	2022		2021	
Employment category	**Female**	**Male**	**Female**	**Male**
Senior management	2	13	1	10
Managers	81	151	90	163
Technicians	869	850	890	867
Administrative	117	21	118	24
Other	191	125	206	143
Total	**1,260**	**1,160**	**1,305**	**1,207**

At year-end 2022, the Group had a total of 2,502 employees (2021: 2,569), broken down by gender and employment category as follows:

	2022		2021	
Employment category	**Female**	**Male**	**Female**	**Male**
Senior management	2	13	1	10
Managers	82	152	91	163
Technicians	898	859	889	878
Administrative	120	20	124	30
Other	218	138	229	154
Total	**1,320**	**1,182**	**1,334**	**1,235**

Data for senior management are obtained based on the criteria for the preparation of the Annual Corporate Governance Report. Senior management comprises three directors (all men).

Average number of employees in 2022 and 2021 with a disability of more than 33% by employment category:

Employment category	2022	2021
Managers	3	3
Technicians	21	20
Administrative	10	7
Other	9	11
Total	**43**	**41**

d) Other operating expenses

Breakdown of other operating expenses in the consolidated statement of profit or loss:

EUR thousand	2022	2021
Operating leases and royalties	29,633	31,971
Subcontracted work	54,900	53,682
Copyrights	44,912	43,137
Communications	40,836	38,588
Advertising and publicity	7,687	6,363
Other overheads	51,763	52,891
Total	**229,731**	**226,632**

The most significant item under "Operating leases and royalties" in the accompanying consolidated statement of profit or loss is the television operators' contribution to the financing of Corporación RTVE.

e) Other information

Fees for financial audit and other professional services in 2022 and 2021 provided by the statutory auditor of the Parent and its subsidiaries, or by a firm in the same group or related to the auditor (in EUR thousand):

	Audit of financial statements	Other accounting assurance	Tax advisory services	Other services
2022	299	43	—	—
2021	277	48	—	—

Other accounting assurance services entail the limited review report of the condensed consolidated financial statements for the six months ended 30 June 2022, reports of agreed-upon procedures on compliance with covenants in financing transactions, and report on compliance with the investment in audiovisual production provided by KPMG Auditores, S.L. to Atresmedia Corporación de Medios de Comunicación during the years ended 31 December 2022 and 2021.

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

19. Other income/(expenses)

a) Net gain/(loss) on changes in value of financial instruments at fair value

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

Net gain/(loss) on changes in fair value in 2022 and 2021 by item:

EUR thousand	2022	2021
Hedging instruments (Note 14)	(406)	1,204
Other non-current financial assets	44	164
Total	**(362)**	**1,368**

b) Exchange differences

This item includes the exchange gains and losses arising on the Group's commercial and financial transactions, relating to the purchase of audiovisual productions and financing transactions in foreign currencies.

c) Net finance income/(expense)

This item in the consolidated statement of profit or loss for 2022 includes mainly the interest expense on bank borrowings and interest on bonds and debentures. Finance costs in the year ended 31 December 2022 amounted to EUR 9,771 thousand and finance income to EUR 3,434 thousand (2021: EUR 11,874 thousand and EUR 5,650 thousand, respectively).

d) Impairment and gains/(losses) on disposals of financial assets

This item in the consolidated statement of profit or loss includes impairment losses or reversals on financial assets recognised in the year, determined on the basis of an analysis of the recoverability of the investments, including investments in companies accounted for using the equity method, and the net gains or losses arising from the disposal of these assets.

The balance of "Impairment and gains/(losses) on disposals of financial assets" at 31 December 2022 related mainly to the recognition of impairment losses on investments in debt instruments amounting to EUR 308 thousand and gains on disposals of equity instruments of EUR 1,460 thousand (2021: EUR 142 thousand and EUR 3,997 thousand, respectively).

20. Operating and geographical segments

Basis of segmentation

The Atresmedia Group's segment reporting organises its operations into two large lines of business: audiovisual and radio. The objective of this model is to contribute to a better understanding and provide more details on the Group's business performance, especially in its digital activity, and the production and distribution of content in the audiovisual business.

Key segment information for 2022 and 2021:

EUR thousand	2022	2021
REVENUE		
Audiovisual	**884,217**	**901,156**
Television advertising	698,916	719,561
Digital advertising	75,295	67,082
Production and distribution of content	70,881	79,035
Other income	39,906	35,478
Inter-segment eliminations	(781)	—
Radio	**75,622**	**70,750**
Inter-segment eliminations	(9,045)	(8,648)
TOTAL REVENUE	**950,794**	**963,258**

	Audiovisual		Radio		Adjustments and inter-segment eliminations		Atresmedia Group consolidated	
EUR thousand	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue	884,217	901,156	75,622	70,750	(9,045)	(8,648)	950,794	963,258
Operating expenses	724,375	739,492	62,671	59,908	(9,045)	(8,648)	778,001	790,752
GROSS OPERATING PROFIT	**159,842**	**161,664**	**12,951**	**10,842**	**—**	**—**	**172,793**	**172,506**
Depreciation and amortisation, impairment and gains/(losses) on disposal of non-current assets	15,012	15,396	2,485	2,568	—	—	17,497	17,964
OPERATING PROFIT	**144,830**	**146,268**	**10,466**	**8,274**	**—**	**—**	**155,296**	**154,542**

EUR thousand	Audiovisual		Radio		Adjustments and inter-segment eliminations		Atresmedia Group consolidated	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Investments accounted for using the equity method	1,063	1,133	—	—	—	—	1,063	1,133
Fixed assets	148,628	148,191	12,222	12,862	—	—	160,850	161,053
Total allocable assets	1,328,224	1,233,253	196,037	188,647	(13,431)	(7,572)	1,510,830	1,414,328
Total allocable liabilities	786,170	829,081	44,380	43,850	(6,706)	(8,921)	823,844	864,010

21. Tax matters

a) Consolidated tax group

Pursuant to current legislation, the consolidated tax group includes Atresmedia Corporación de Medios de Comunicación, S.A., as the parent, and as subsidiaries the Spanish investees that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups (percentage ownership interest of more than 75% held throughout the year) (see Note 2-b).

Pursuant to Spanish Income Tax Law 43/1995, of 27 December, on 26 December 2000, Atresmedia Corporación de Medios de Comunicación, S.A. notified the Madrid taxation authority of its decision to file consolidated income tax returns. Application of the consolidated tax regime is considered indefinite provided that the requirements established in the current Article 58 of Income Tax Law 27/2014, of 27 November, are met and the Company does not opt to cease to apply the aforementioned regime. Filing consolidated tax returns gives rise to reciprocal intra-Group balances, due to the offset of the losses incurred by certain companies against the profit earned by other Group companies.

The 2022 consolidated tax group comprised the following companies:

Type	Company	Date of inclusion in the tax group
Parent	Atresmedia Corporación de Medios de Comunicación, S.A.	1/1/01
Subsidiary	Atresmedia Cine, S.L.U.	1/1/03
Subsidiary	Antena 3 Multimedia, S.L.U.	1/1/04
Subsidiary	Antena 3 Televisión Digital Terrestre de Canarias, S.A.U.	1/1/06
Subsidiary	Antena 3 Noticias, S.L.U.	1/1/12
Subsidiary	Atres Advertising, S.L.U.	1/1/04
Subsidiary	6&M Producciones y Contenidos Audiovisuales, S.L.U.	1/1/13
Subsidiary	Atresmedia Música, S.L.U.	1/1/15
Subsidiary	Atresmedia Studios, S.L.U.	1/1/14
Subsidiary	Atresmedia Capital, S.L.U.	1/1/15
Subsidiary	Música Aparte S.A.U.	1/1/01
Subsidiary	Smartclip Hispania, S.L.U.	1/1/18
Subsidiary	Uniprex Televisión, S.L.U.	1/1/04
Subsidiary	Inversión y Distribución Global de Contenidos, S.L.U.	1/1/05
Subsidiary	Atresmedia Tech S.L.U.	1/1/20
Subsidiary	Uniprex, S.A.U.	1/1/01
Subsidiary	Diariomotor Medios Digitales, S.L.	1/1/22
Subsidiary	Pazy Digital Venture, S.L.	17/6/22

Smartclip Latam, S.L. ceased to be a member of the consolidated tax group in 2022.

The Group's other subsidiaries file individual tax returns in accordance with applicable tax legislation in each country.

b) Reconciliation of accounting profit and tax expense

Reconciliation of accounting profit and income tax expense:

EUR thousand	2022	2021
Consolidated profit before tax	**150,394**	**153,424**
Permanent differences	(19,720)	(30,948)
Gain from a bargain purchase	(25,550)	(22,694)
Impairment of equity instruments	5,435	(6,836)
Penalties and other non-deductible expenses	579	95
Donations	630	834
Double taxation credits	(814)	(2,355)
Tax losses incurred prior to the formation of the tax group recognised in 2021	(69)	(51)
Adjusted profit/(loss)	**130,605**	**122,425**
Tax rate	25.00%	25.00%
Adjusted profit multiplied by tax rate	32,651	30,606
Tax credits	(243)	(1,500)
Current income tax expense	32,408	29,105
Deferred tax expense	5,393	6,579
Income tax adjustments	266	(742)
Total tax expense	**38,067**	**34,942**
Effective tax rate (expense/taxable profit)	**25.31%**	**22.78%**

The gains from a bargain purchase arose from the share of profit/(loss) of companies accounted for using the equity method (EUR -596 thousand), increased amortisation of the trademark under IFRSs (EUR 1,340 thousand) and accounting elimination differences (EUR -5,381 thousand). In addition, the amortisation of the licence and goodwill recognised for the various Group companies as a result of the entry into force on 1 January 2016 of Spanish Audit Law 22/2015, of 20 July, is not envisaged under IFRSs, which results in a gain on bargain purchases of EUR 21,068 thousand. Application of IFRS 9 and IFRS 16 gave rise to positive differences of EUR 87 thousand and EUR 68 thousand, respectively.

In 2022, the Group recognised EUR 243 thousand of tax credits for donations to not-for-profit entities.

The differences between the estimate made at year-end 2021 and the tax return effectively filed gave rise to income tax adjustments of EUR 266 thousand (positive).

The deferred tax expense relates to the tax effect of the deferred tax assets and liabilities under IFRSs (see Note 21-e).

c) Reconciliation of accounting profit and taxable income

Reconciliation of accounting profit and profit for income tax purposes for 2022 and 2021:

EUR thousand	2022	2021
Accounting profit after tax	**112,327**	**118,482**
Income tax	38,067	34,943
Permanent differences	(19,260)	(32,806)
Temporary differences	22,577	24,265
Offset of prior years' tax losses	(34,328)	(33,208)
Taxable income	**119,383**	**111,677**
Tax rate	25.00%	25.00%
Gross tax payable	29,846	27,919
Tax credits taken in the year	(11,939)	(16,077)
Tax prepayments in the year	(25,951)	(21,834)
Tax payable (refundable)	**(8,044)**	**(9,992)**

The temporary differences include increases of EUR 48,573 thousand and decreases of EUR 25,996 thousand (see Note 21-e).

Increases include deferred tax assets of EUR 39,423 thousand and deferred tax liabilities of EUR 9,150 thousand, while decreases include EUR 21,190 thousand of deferred tax assets and EUR 4,806 thousand of deferred tax liabilities.

Of the EUR 11,939 thousand of tax credits taken in the year, EUR 10,932 thousand were deductions for audiovisual production, EUR 724 thousand for international double taxation, EUR 243 thousand for donations to not-for-profit entities, and EUR 40 thousand for reversal of temporary measures (Transitional Provision Thirty-Seven of the Spanish Income Tax Law).

d) Tax receivables and payables

Tax receivables and payables at 31 December 2022 and 2021:

EUR thousand	2022	2021
NON-CURRENT ASSETS		
Deferred tax assets (Note 21.e)	28,494	31,235
Carry forward of unused tax losses	54,278	61,759
Unused tax credits and tax relief	80,276	90,858
	163,048	**183,852**
CURRENT ASSETS		
Prior year income tax refundable	10,540	12,265
2022 income tax refundable	8,044	9,992
Tax refundable for unconsolidated companies	—	547
Other tax receivables	72	83
VAT refundable	161	153
	18,817	**23,040**
Total tax receivables	**181,865**	**206,892**
OTHER NON-CURRENT LIABILITIES		
Deferred tax liabilities (Note 21-e)	**40,407**	**39,532**
CURRENT LIABILITIES		
Tax payable for unconsolidated companies	263	444
Tax withholdings payable	7,149	7,597
Social security payable	2,760	3,003
VAT payable	7,302	10,828
Other tax payables	752	839
	18,226	**22,711**
Total tax payables	**58,633**	**62,243**

Based on the timing of future profits estimated by the Parent's directors for the offset and use of these tax items, only EUR 15,998 thousand were considered to be recoverable in the tax return for the coming year, EUR 2,127 thousand of which relate to deferred taxes, EUR 7,157 thousand to unused tax credits and tax relief and EUR 6,714 thousand to the carry forward of tax losses.

e) Deferred tax assets and liabilities recognised

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

CHANGES IN DEFERRED TAX ASSETS	EUR thousand						
	2021	Increases	Decreases	Other	IFRS adjustments	Changes in the scope of consolidation	2022
Contingencies and charges	18,092	4,118	2,085	(2,454)	—	(674)	16,997
Payables	12,440	1,733	2,158	(107)	—	—	11,907
Hedging instruments	(1,693)	—	784	—	—	—	(2,477)
Tax effect of assets at fair value	214	—	—	—	2	—	217
Other items	2,182	4,005	1,054	495	(3,778)	—	1,850
Total	**31,235**	**9,856**	**6,081**	**(2,066)**	**(3,776)**	**(674)**	**28,494**

The detail for 2021 is as follows:

CHANGES IN DEFERRED TAX ASSETS	EUR thousand							
	2020	Increases	Decreases	Transfers	Other	IFRS adjustments	Additions	2021
Contingencies and charges	16,360	5,651	3,555	—	(521)	—	157	18,092
Payables	5,954	1,463	2,156	7,180	—	—	—	12,440
Hedging instruments	(1,846)	153	—	—	—	—	—	(1,693)
Tax effect of assets at fair value	270	—	—	—	—	(56)	—	214
Other items	9,404	3,773	204	(7,180)	111	(3,722)	—	2,182
Total	**30,141**	**11,040**	**5,915**	**—**	**(410)**	**(3,778)**	**157**	**32,235**

The changes in deferred tax assets recognised in "Other" include mainly the difference between the estimated tax for the previous year and the tax return actually filed with the taxation authorities. “Changes in the scope of consolidation” include the derecognition of the deferred tax assets generated by the Group's foreign subsidiaries in accordance with the various tax regulations following the sale of these companies in 2022.

The deferred tax assets table includes hedging instruments, which are not included in the temporary differences or deferred tax assets in the tables in Note 21.c, since for tax purposes they are recognised directly in equity.

“IFRS adjustments” includes the elimination of the tax effect of amortisation of goodwill of Uniprex, which is not allowed under IFRS, and the addition of a “Tax effect for fair value of assets” arising from the adjustment to profit or loss not applicable under Spanish GAAP.

At 31 December 2022, the Group had EUR 123,322 thousand of unused tax credits, arising mainly on investment in audiovisual and film productions. Of the total unused tax credits, the Group has recognised EUR 80,276 thousand.

Tax credits				
EUR thousand				
Deadline for utilisation	**Unused at 31/12/21**	**Deducted in the year**	**Other**	**Unused at 31/12/22**
2027	164	(80)	(2)	82
2028	12,141	(10,852)	342	1,631
2029	15,718	(40)	—	15,678
2030	15,108	—	(71)	15,037
2031	14,691	—	(185)	14,506
2032	13,474	—	(86)	13,388
2033	13,136	—	(294)	12,842
2034	18,894	—	151	19,045
2035	16,605	—	(234)	16,371
2036	9,771	—	669	10,440
2037	4,302	—	—	4,302
	134,004	**(10,972)**	**290**	**123,322**

Changes in deferred tax liabilities in 2022:

DEFERRED TAX LIABILITIES EUR thousand	Balances of non-resident companies	Increases	Decreases	IFRS adjustments	Additions	Changes in the scope of consolidation
Recognition of intangible assets at fair value	28,611	—	2,732	847	(65)	26,662
Government grants	10	2,661	458	—	—	2,213
Payables	2,963	—	567	—	—	2,383
Amortisation of merger goodwill	7,948	1,201	—	—	—	9,150
Total	**39,532**	**3,863**	**3,756**	**847**	**(65)**	**40,407**

Changes in deferred tax liabilities in 2021:

DEFERRED TAX LIABILITIES EUR thousand	Balances of non-resident companies	Increases	Decreases	IFRS adjustments	Additions	Balances of non-resident companies
Recognition of intangible assets at fair value	24,287	2,608	1,720	3,432	4	28,611
Government grants	45	—	35	—	—	10
Payables	3,539	—	576	—	—	2,963
Amortisation of merger goodwill	6,747	1,201	—	—	—	7,948
Total	**34,618**	**3,809**	**2,331**	**3,432**	**4**	**39,532**

The “Recognition of intangible assets at fair value” deferred tax liability relates to the temporary difference between the carrying amount and the tax base of the identified trademark and signal broadcasting licence (IAS 12), and the recognition of assets by applying IFRS 9.

The difference in interpretation between international accounting standards and local GAAP regarding the recognition of intangible assets gives rise to a greater deferred tax liability under IFRSs than under the Spanish General Accounting Plan (Plan General de Contabilidad), to which the income tax legislation is not applicable.

International accounting standards also do not recognise the amortisation of intangible assets with an indefinite useful life. The difference in standards is included in “IFRS adjustments”, for EUR 1,517 thousand, which entails the elimination of the tax effect of the accounting amortisation of the license (non-deductible). This column also includes the tax effect of applying IFRS 9, which amounted to a negative EUR 670 thousand.

Spain’s 2021 General State Budget Law (Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021) introduced financing agreements in Article 39.7 of Spain’s Income Tax Law whereby taxpayers participating in the funding of Spanish feature films, short films, fiction, animation or documentary audiovisual series productions, or in the production and broadcast of live shows of performing arts and music by other taxpayers, may utilise the tax credits provided for in sections 1 and 3 of Article 36 of the Income Tax Law in accordance with the terms and conditions stipulated therein. The amount is determined under the same terms and conditions as those that would have applied to the producer, provided that they have been generated by the producer when the producer contributes amounts intended to finance all or part of the production costs.

The Group entered into financing agreements with different investors for works produced in 2022.

Therefore, “Grants” under deferred tax liabilities includes the tax effect of the accounting recognition of the financing agreements.

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

- The carry forward of tax losses arose in the business combination with la Sexta, which had losses before being absorbed by the Atresmedia Group.

- Atresmedia Group has a history of recurring profits, even after absorbing the loss-making La Sexta, with a stable customer portfolio.
- The Group operates in a mature sector, which allows it to plan convincing tax strategies.

Chapter IV of Title VI of the Income Tax Law sets a limit for the offset of taxes of 15 years and for RD&I credits of 18 years. However, management assessed the recoverability of deferred tax assets, recognising those it expects to recover within seven years from 31 December 2022. It considered this to be the most appropriate period, given the uncertainties inherent in forecasts for longer periods.

Given the minimum tax with effect from 1/1/22 introduced in the Income Tax Law, which places a new cap on the recognition of tax credits, the Company decided it was better not to recognise new credits, even if the deferred tax assets recognised will be recovered in full within that period.

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

f) Tax recognised in equity

In addition to the income tax recognised in the consolidated statement of profit or loss, in 2022 and 2021 the Group recognised the following amounts in consolidated equity:

EUR thousand	2022	2021
Hedging instruments	(784)	153
Recognition of assets at fair value	1,778	(2,070)
Total	**994**	**(1,917)**

g) Other information

At 31 December 2022, the Group's unused tax losses from prior years are detailed below, with EUR 54,278 thousand recognised. All unused tax losses of the Parent carried forward (EUR 115,968 thousand) were transferred to the company from the absorbed company, Gestora de Inversiones Audiovisuales La Sexta in 2012, as a result of the universal succession of the former to the rights and obligations of the transferor arising from the application of the special tax regime for mergers, spin-offs, asset contributions and security exchanges provided for in Title VII, Chapter VIII of the Consolidated Spanish Income Tax Law approved by Legislative Royal Decree 4/2004, of 5 March.

Tax loss carryforwards

EUR thousand

Year generated	Unused at 31/12/21	Deducted in the year	Other	Additions	Unused at 31/12/22
2007	26,588	(8,565)	625	—	18,649
2008	31,918	—	—	—	31,918
2009	28,965	—	—	—	28,965
2010	8,379	—	—	—	8,379
2011	15,475	—	—	—	15,475
2012	12,909	—	—	—	12,909
2013	517	(17)	(5)	—	494
2014	37	—	—	—	37
2015	33	—	—	—	33
2016	9	—	—	—	9
2018	—	—	—	228	228
	124,830	**(8,582)**	**620**	**228**	**117,096**

Pursuant to Spanish tax legislation, there is no time limit on the offset of prior years' tax losses.

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

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

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

Accordingly, in 2022 and 2021 the Parent submitted written requests for rectification of self-assessments of income tax for the years 2016 to 2021, inclusive.

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

h) Other information on prior periods' corporate transactions

On 5 June 2009, the public deed was executed of the agreement for the merger by absorption of Radio Tormes, S.A. Unipersonal, Radio Alamedilla, S.A. Unipersonal, Compañía Tres Mil Ochocientos, S.L. Unipersonal, La Veu de LLeida, S.L. Unipersonal, Grupo Universal de Emisoras Radio Amanecer, S.A. Unipersonal, Ondadit, S.L. Unipersonal and Unión Ibérica de Radio, S.A. Unipersonal by the sole shareholder Uniprex, S.A. Unipersonal through the dissolution without liquidation of the absorbed companies and the en bloc transfer of their assets and liabilities to Uniprex, S.A. Unipersonal, the absorbing company, which acquired them by universal succession and assumed all the rights and obligations of the absorbed companies, as stipulated in Article 233 of the Corporate Enterprises Act. The date from which the transactions of the absorbed companies were considered to have been performed for accounting and tax purposes by the absorbing company was 1 January 2009.

The merger gave rise to the merger goodwill shown in Note 4, which differs from the merger goodwill for tax purposes (amounting to EUR 24,775 thousand) calculated and amortised as provided for in Article 89.3 of the Consolidated Spanish Income Tax Law which, net of the impairment losses recognised, amounted to EUR 12,321 thousand.

On 16 December 2011, the joint merger agreement entered into on 30 June 2011 was executed in a public deed, whereby Publicidad 3, S.A.U. absorbed Antena de Radiodifusión, S.A.U., Medipress Valencia, S.A.U., Canal Radio Baleares, S.L.U., Radio Media Aragón, S.L.U., Canal Radio Madrid, S.L.U., Canal Radio Valencia, S.L.U. and Uniprex, S.A.U., which simultaneously and in the same act absorbed Radio Noticias Noventa, S.A.U., Radio Sistemas Radiofónicos Cinco, S.L.U. and Rkor Radio, S.L.U. in a preliminary phase.

The resolution to change the resulting company's name to Uniprex, S.A.U. was contained in the aforementioned deed.

Consequently, the new company, Uniprex, S.A.U., acquired the assets and liabilities of the absorbed companies, which were dissolved without liquidation, in accordance with their balance sheets. Those assets and liabilities were transferred en bloc to the absorbing company.

The merger goodwill for tax purposes at 31 December 2022 was EUR 49,796 thousand, which can be amortised at a rate of 5% regardless of the rate at which the related amortisation is charged to profit or loss for accounting purposes. This amortisation is tax deductible. The merger goodwill for tax purposes does not coincide with the goodwill recognised for accounting purposes (see Note 4). Goodwill arising from the merger amounted to EUR 99,137 thousand and the accumulated impairment losses on goodwill that are tax deductible were EUR 49,341 thousand.

On 31 October 2012, the merger by absorption of Gestora de Inversiones Audiovisuales La Sexta ("La Sexta") into Antena 3 de Televisión was placed on file at the Madrid Mercantile Register.

As a result of the merger, Antena 3 de Televisión acquired all the assets and liabilities of La Sexta by universal succession and assumed all the rights and obligations of the absorbed company.

The merger became effective for accounting purposes on 5 October 2012.

The Company availed itself of the special tax regime for mergers, spin-offs, asset contributions and security exchanges provided in Title VII, Chapter VIII of the Consolidated Spanish Income Tax Law approved by Legislative Royal Decree 4/2004, of 5 March.

The La Sexta trademark and the La Sexta multiplex operating licence were identified in the purchase price allocation of the business combination to assets and liabilities. The trademark is amortised for accounting purposes over 20 years, while the licence was considered to have an indefinite useful life. Pursuant to Spanish Audit Law 22/2015, of 20 July, as of 2016 the license has been amortised at a rate of 10%, solely in the separate financial statements of Atresmedia Corporación prepared in accordance with the Spanish General Accounting Plan.

On 8 November 2013, the merger by absorption of Estaciones Radiofónicas de Aragón, S.A. Unipersonal, Ipar Onda, S.A. Unipersonal, Onda Cero, S.A. Unipersonal and Radio Media Galicia, S.L. Unipersonal by Uniprex, S.A. Unipersonal and dissolved without liquidation, was executed in a public deed, which also reflected the approval of the balance sheet for the year ended 31 December 2012 as the merger balance sheet.

Merger goodwill for tax purposes amounted to EUR 554 thousand (EUR 260 thousand of Ipar Onda, S.A. and EUR 294 thousand of Radio Media Galicia, S.L.) and is being amortised at an annual rate of 5%, regardless of the rate at which the related amortisation is charged to profit or loss for accounting purposes. This amortisation is tax deductible and amounted to EUR 349 thousand at 31 December 2022.

On 3 November 2014, the merger, whereby Publiseis Iniciativas Publicitarias was absorbed by Atres Advertising, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2013 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VIII of the Consolidated Spanish Income Tax Law.

On 24 November 2015, the merger whereby Antena 3 Eventos, S.L.U. was absorbed by Atres Advertising, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2014 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

Also, on 24 November 2015, the merger, whereby La Sexta Editorial Musical, S.L.U. was absorbed by Música Aparte, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2014 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

On 27 October 2017, the merger whereby Guadiana Producciones, S.A.U. was absorbed by Atres Advertising, S.L.U. and dissolved without liquidation, was executed in a public deed subsequent to the sale of the ownership interest by Atresmedia Corporación to its subsidiary. In addition, the balance sheet for the year ended 31 December 2016 was approved as the merger balance sheet. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

On 26 November 2018, the merger whereby Canal Media Radio, S.A.U. was absorbed by UNIPREX, S.A.U, and dissolved without liquidation, and the approval of the balance sheet at 31 December 2017 as the merger balance sheet was executed in a public deed. The company availed itself of the special merger regime provided for in Title VII, Chapter VII of the Spanish Income Tax Law 27/2014.

22. Related party transactions

Transactions between the Parent and its subsidiaries, which are related parties, were eliminated upon consolidation and no disclosures are provided in this note. Balances and transactions between the Group and its associates, joint ventures and other related parties are disclosed below:

	EUR thousand				
Balance at 31/12/22	**Trade receivables (Note 11)**	**Current trade payables (Note 15)**	**Other non-current receivables**	**Other current receivables**	**Other non-current payables**
Group companies and associates:					
Fundación Atresmedia	128	—	—	—	—
Hola Televisión América, S.L.	401	—	—	3,205	—
Hola TV US, LLC	1,511	241	—	—	—
Suma Content, S.L.	—	2,223	—	—	—
Total group companies and associates:	**2,040**	**2,464**	**—**	**3,205**	**—**
Joint ventures:					
Buendía Estudios, S.L.	32	6	751	—	—
Buendía Producción, S.L.	125	10,149	410	—	—
Buendía Estudios Canarias, S.L.	9	25		—	
Total joint ventures	**166**	**10,180**	**1,161**	**—**	**—**
Other related parties					
Planeta - De Agostini Group	839	1,352	—	—	—
RTL Group	2,400	573	—	1,000	—
Total other related parties	**3,239**	**1,925**	**—**	**1,000**	**—**
Total	**5,445**	**14,569**	**1,161**	**4,205**	**—**

Balance at 31/12/21	EUR thousand				
	Trade receivables (Note 11)	Current trade payables (Note 15)	Other non-current receivables	Other current receivables	Other non-current payables
Group companies and associates:					
Atres Hub Factory, S.L.	—	—	—	—	—
Aunia Publicidad Interactiva, S.L.	—	—	—	—	—
Fundación Atresmedia	27	—	—	—	—
Hola Televisión América, S.L.	110	—	—	4,064	—
Hola TV US, LLC	1,148	173	—	—	—
Total group companies and associates:	**1,285**	**173**	**—**	**4,064**	**—**
Joint ventures:					
Buendía Estudios, S.L.	963	283	—	724	—
Total joint ventures	**963**	**283**	**—**	**724**	**—**
Other related parties					
Planeta - De Agostini Group	666	1,469	—	—	—
RTL Group	894	793	—	1,000	—
Total other related parties	**1,560**	**2,262**	**—**	**1,000**	**—**
Total	**3,808**	**2,718**	**—**	**5,788**	**—**

Transactions at 31/12/22	EUR thousand					
	Income from rendering of services	Purchase of inventories	Leases	Receipt of services	Finance income	Finance costs
Group companies and associates:						
Fundación Atresmedia	183	—	—	—	—	—
Hola TV América, S.L.	—	—	—	—	291	—
Hola TV US, LLC	465	—	—	2,088	—	—
Suma Content, S.L.	—	—	—	6,627	—	—
Total group companies and associates:	**648**	**—**	**—**	**8,715**	**291**	**—**
Joint ventures:						
Buendía Estudios, S.L.	524	—	—	299	—	—
Buendía Producción, S.L.	—	—	—	20,190	—	—
Buendía Estudios Canarias, S.L.	—	—	—	5,216	—	—
Total joint ventures	**524**	**—**	**—**	**25,705**	**—**	**—**
Other related parties						
Planeta - De Agostini Group	4,195	195	—	2,878	—	—
RTL Group	6,226	100	—	7,942	—	—
Total other related parties	**10,421**	**295**	**—**	**10,820**	**—**	**—**
Total	**11,593**	**295**	**—**	**45,240**	**291**	**—**

In addition to these transactions, the Group sold and purchased advertising space to and from related companies in 2022 amounting to EUR 3,172 thousand and EUR 1,386 thousand, respectively, through advertising agencies.

	EUR thousand					
Transactions at 31/12/21	**Income from rendering of services**	**Purchase of inventories**	**Leases**	**Receipt of services**	**Finance income**	**Finance costs**
Group companies and associates:						
Atres Hub Factory, S.L.	—	—	—	—	—	—
Fundación Atresmedia	37	—	—	—	—	—
Hola TV América, S.L.	—	—	—	—	274	—
Hola TV US, LLC	301	—	—	1,609	—	—
UTE Uniprex TV y WinWin	—	—	—	—	—	—
Total group companies and associates:	**338**	**—**	**—**	**1,609**	**274**	**—**
Joint ventures:						
Buendía Estudios, S.L.	1,358	—	—	261	—	—
Total joint ventures	**1,358**	**—**	**—**	**261**	**—**	**—**
Other related parties						
Planeta - De Agostini Group	2,316	85	—	3,014	—	—
RTL Group	8,114	50	—	10,896	—	—
Total other related parties	**10,430**	**135**	**—**	**13,910**	**—**	**—**
Total	**12,126**	**135**	**—**	**15,780**	**274**	**—**

In addition to these transactions, the Group sold and purchased advertising space to and from related companies in 2021 amounting to EUR 2,966 thousand and EUR 1,272 thousand, respectively, through advertising agencies.

Transactions with related parties are carried out on an arm's length basis.

23. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares of the Parent outstanding during the year.

Diluted earnings per share is calculated by dividing net profit for the period attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding adjusted for the dilutive effects of potential ordinary shares, understood as shares whose conversion into outstanding shares could reduce earnings per share. The treasury shares held by the Company for the share-based payment plan (see Note 25) were considered to be outstanding shares for the purposes of diluted earnings per share.

Accordingly:

	2022	**2021**
Profit for the period attributable to the Parent (EUR thousand)	112,910	118,540
Weighted average number of ordinary shares outstanding (thousands of shares)	225,178	225,178
Basic earnings per share (EUR)	**0.501**	**0.526**

	2022	**2021**
Profit for the period attributable to the Parent (EUR thousand)	112,910	118,540
Weighted average number of shares outstanding for the purposes of diluted earnings per share (thousands of shares)	225,733	225,733
Diluted earnings per share (EUR)	**0.500**	**0.525**

24. Proposed distribution of profit

The proposed distribution of the profit for the year of Atresmedia Corporación de Medios de Comunicación, S.A. that the Parent's directors will submit for approval by the shareholders at the General Meeting is as follows (in EUR thousand):

	2022
Interim dividend paid in 2022 (EUR 0.18/share)	40,532
Maximum final dividend (EUR 0.22/share)	49,539
To voluntary reserves	3,579
Total	**93,650**

LIQUIDITY STATEMENT FOR THE PAYMENT OF THE 2022 INTERIM DIVIDEND

EUR thousand	
Liquidity at 31 October 2022	**363,814**
Projected cash until 31 October 2023	
Operating activities from November 2022 to October 2023	124,109
Financing activities from November 2022 to October 2023	(63,182)
Projected payment of 2022 interim dividend	(40,532)
Projected liquidity at 31 October 2023	**384,209**

The proposed distribution of the Parent's profit for 2021 approved by shareholders at the General Meeting held on 27 April 2022 is disclosed in the consolidated statement of changes in equity.

25. Remuneration and other benefits earned by the members of the Board of Directors of the Parent and senior management

The remuneration earned in 2022 by the current and former members of the Parent's Board of Directors (composed of four women and eight men at 31 December 2022 and 2021) in the form of salaries, attendance fees and insurance premiums amounted to EUR 4,540 thousand, EUR 737 thousand and EUR 45 thousand, respectively (2021: EUR 4,654 thousand, EUR 717 thousand and EUR 42 thousand, respectively).

Salaries and life insurance premiums paid to members of senior management who are not directors in 2022 amounted to EUR 4,978 thousand and EUR 86 thousand, respectively (2021: EUR 3,954 thousand and EUR 82 thousand, respectively).

The third-party liability insurance taken out for Atresmedia Group directors and managers in 2022 amounted to EUR 227 (2021: EUR 200 thousand).

At 31 December 2022 and 2021, the Parent had not granted any loans or advances to its Board members and senior executives, and it did not have any supplementary pension or retirement bonus obligations with them. As for two Executive Directors, the Annual Report on Director Remuneration sets out certain special conditions in the event their relationship with the Parent is terminated.

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

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

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

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

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

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

26. Information regarding situations of conflict of interest involving directors

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

In 2022, none of the directors reported to the Board of Directors any direct or indirect conflict of interest that they or their affiliates, as defined in Article 231 of the Corporate Enterprises Act, might have with respect to the Company, except Mónica Ribé, who disclosed two potential conflicts of interest in the provision of services to the Company by RIBE SALAT BROKER CORREDURIA DE SEGUROS Y REASEGUROS, S.L. A conflict of interest waiver was granted by the Board of Directors based on a favourable report by the Appointments and Remuneration Committee. The 2022 Annual Corporate Governance Report (Section C.1.3), which is part of the management report accompanying the financial statements, provides a detail description.

27. Events after the reporting period

Two events took place after year-end 2022 that must be considered, both of which involved Atresmedia investee FEVER LABS, Inc. First, in January 2023, that company completed a new round of funding after the one carried out in 2022, led by Goldman Sachs growth equity fund. Then, on 17 February 2023, Atresmedia entered into an agreement with other company shareholders to sell a minority stake in FEVER LABS, Inc. The sale was worth EUR 13.3 million. Atresmedia's stake after the two transactions was 9.01%, fully diluted; i.e. considering the share options and plans granted to FEVER LABS, Inc.'s management team. FEVER LABS, Inc is a global leader in entertainment experiences and digital content, with a strong footprint in Europe and the US. It has grown rapidly over the last past few years in terms of both sales and geographically.

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

Consolidated management report

for 2022

ATRESMEDIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
MANAGEMENT REPORT FOR 2022

Business performance and situation of the Group

Atresmedia Group, through its audiovisual and radio arms, produces and distributes audiovisual and radio content for a wide variety of audiences, in which it inserts the advertising formats it sells to advertisers for their advertising campaigns. Atres Advertising currently oversees this business activity, which is the Group's main source of revenue.

In addition to TV and radio advertising airtime sales, Atresmedia carries out several related activities: it sells various types of advertising on internet, which it inserts in proprietary web pages through Atres Advertising and third-party web pages through its Smartclip subsidiary. In addition, after the acquisition of influencer marketing agency Human to Human, Atresmedia also offers advertisers a new way of promoting their brands, i.e. through influencers on social media.

Atresmedia has its own VOD (video on demand) offering, through Atresplayer (AVOD) or third-party supports. Thanks to all these activities, Atresmedia is the leading seller of advertising in Spain, with a share of the total advertising market of over 15%.

The Group is also involved in other businesses that are not advertising-driven, such as the sale of content it produces to other television networks or the operation of VOD (Atresplayer Premium) or AOD (Sonora) platforms, individually or bundled as complete international pay platforms. This bid to diversify includes third-party content creation and production, for which it set up new companies Buendía Producción, S.L. and Buendía Estudios, S.L. These companies were set up jointly with Telefónica with the aim of becoming the largest creator of Spanish-language content, distributing their products across the globe. Lastly, Atresmedia complies with its statutory obligations to fund European audiovisual works (set out in the Spanish Audiovisual Act, *Ley General Audiovisual*) through its producer, Atresmedia Cine.

Group revenue in 2022 totalled EUR 950.8 million, down 1.3% from the year before. Revenue for the Audiovisual division, which comprises TV advertising, online advertising, content production and distribution and others, amounted to EUR 884.2 million, 1.9% lower than in 2021. The TV advertising market contracted by around 5% during the year according to Infoadex. However, Atresmedia's TV advertising revenue fared somewhat better, falling 2.9% to EUR 698.9 million thanks primarily to a larger audience and a higher advertising share. Revenue from advertising on internet rose by 12.2% during the year to EUR 75.3 million, but in the content production and distribution business it was lower, at EUR 70.9 million, due to the drop in content sales to third parties in 2022. The rest of the Audiovisual division's revenue totalled EUR 39.9 million (+12.5%).

The overall advertising market grew by 4.3% in the year. Instability worldwide, coupled with an uncertain macroeconomic landscape, prompted advertisers to take a cautious stance regarding advertising spend. According to Infoadex, TV advertising spend fell by 4.6% from 2021 to EUR 1,695 million. Whereas in the first nine months of the year the market had fallen by nearly 6%, the fourth quarter featured a return by some advertiser related to the automotive and food industries, reducing the level of decline. Digital advertising continued to grow, by 8.4% in 2022 to EUR 2,708 million. The radio market delivered another excellent performance, with revenue up 7.7% from 2021 at EUR 447 million, according to Infoadex.

The combined audience share of Atresmedia's six TV channels was 27.2%. This was the first time ever above its rival, Mediaset España, whose audience share was 26.2%, but with one more channel than Atresmedia. By channel, Antena 3 had a 13.9% share (+0.1 p.p. from 2021), la Sexta a 6.1% share (-0.3 p.p.) and the theme channels (Neox, Nova, Mega and Atreseries) a 7.5% share (+0.1 p.p.).

TV consumption was lower in 2022 than 2021, when there were still pandemic-related mobility restrictions. Average consumption was 190 minutes per person per day, 24 minutes less than the year before.

The radio business outperformed the audiovisual business. Robust local radio was the main growth driver of radio advertising spend. Atresmedia Radio reported a 6.9% increase in revenue for the year, to EUR 75.6 million. The radio advertising market performed extremely well, remaining strong compared to other media and upping its share of the total media market.

Atresmedia Radio had an average of around 2.8 million listeners in the latest EGM survey (rolling year ended with the third 'wave' of 2022). Onda Cero had some 2.0 million listeners, up from the same wave the year before, while Europa FM had 0.8 million listeners, down slightly.

Atresmedia's VOD platform, Atresplayer Premium, ended the year with 431,000 subscribers, largely unchanged in recent months.

Total operating expenses, including depreciation and amortisation, were 1.6% lower in 2022 than in 2021, at EUR 778.0 million. Programme amortisation and other procurement expenses fell by 3.2% and personnel expenses by 1.8%. Other operating expenses were slightly higher (+1.4%). Gross operating profit for the full year; i.e. profit from operations, plus depreciation and amortisation, and impairment and gains/(losses) on disposals of non-current assets, was EUR 172.8 million, compared to EUR 172.5 million in 2021

Net profit was EUR 112.9 million, compared to EUR 118.5 million in 2021.

The agenda for the 2022 General Meeting of Shareholders held in April 2022 included the distribution of a dividend out of 2021 profit. In June a gross amount of EUR 0.24 per share was distributed. Meanwhile, at its meeting held on 23 November, the Board of Directors approved the payment of an interim dividend out of profit for the year of a gross EUR 0.18 per share. Therefore, Atresmedia Corporación distributed a total dividend in 2022 of EUR 0.42 per share.

Atresmedia's share price fell by 4.3% during the year, to EUR 3.192 at year-end. Atresmedia delivered the best performance of any European television company in 2022; on average, the industry fell by 24.6%. Meanwhile, the Ibex 35 was down 5.6%.

During the year, the Group sold its Smartclip subsidiaries in Latin America. The finance income from the disposal amounted to over EUR 2 million after allocation of part of the goodwill arising in the acquisition in 2017.

Atresmedia Group's environmental impact is minimal, as set out in its Environmental Policy and its Corporate Social Responsibility Policy. Even so, it is committed to environmental protection and fighting climate change. On this front, Atresmedia is implementing several initiatives to minimise the environmental impact of its operations, while using its power as a media to raise awareness and teach people about climate change and its consequences.

To continue its anti-climate change thrust, Atresmedia Group carried out several actions in 2022, including:

- Drawing up its net zero strategy, aligned with the SBTi (Science Bases Targets) initiative, to achieve zero carbon emissions by 2050 and to help keep Earth's temperature from rising more than 1.5º C.

- Assessing climate risks. In 2022, Atresmedia held an in-house workshop to identify potential climate risks. This initial exercise was rounded off with an analysis of climate risks based on scientific parameters to help prepare for and prevent the consequences of climate change on its operations and financial performance.

The start of 2022, much like the last few months of 2021, featured a major crisis in the supply of necessary components for the industry and further energy price inflation. On top of this, the war in Ukraine broke out in February, causing an upheaval in the entire international geopolitical landscape. The macroeconomic implications came right away. Energy supply prices, especially gas, rose from pre-war levels of EUR 70/MWh to all-time highs of nearly EUR 350/MWh in August, before levelling off at under EUR 80/MWh by the end of 2022. Inflation spiked throughout Europe to its highest level in several decades. Euro area inflation reach its highest ever level of 10.6% in October. In Spain, inflation peaked at 10.8% in July, but began easing thereafter, leaving an average CPI for the year of 8.4%. This was still the highest inflation rate in Spain since reaching 8.8% in 1986.

To curb rising prices, the European Central Bank shifted its monetary policy, which until then had been expansionary, and began raising interest rates quickly and continuously. It hiked interest rates on several occasions in 2022, from 0% to 2.5%.

Meanwhile, regarding economic growth, initial signs for 2022 pointed to GDP growth for Spain of around 5.6% for the full year. The Spanish economy finally ended the year showing growth of 5.5%, in line with original forecasts, despite how events unfolded and despite the war in Ukraine, higher food and energy prices, and increases in interest rates.

Against the global backdrop, the world's main stock indices ended 2022 in the red. The MSCI Europe fell by 11.9%, the IBEX 35 shed 5.6%, Germany's DAX slumped 12.35% and the Paris CAC index slipped 9.49%, while the FTSE index in London ended 2022 up 0.91% from 2021.

Events after the reporting period

Two events took place after year-end 2022 that must be considered, both of which involved Atresmedia investee FEVER LABS, Inc. First, in January 2023, that company completed a new round of funding after the one carried out in 2022, led by Goldman Sachs growth equity fund. Then, on 17 February 2023, Atresmedia entered into an agreement with other company shareholders to sell a minority stake in FEVER LABS, Inc. The sale was worth EUR 13.3 million. Atresmedia's stake after the two transactions was 9.01%, fully diluted; i.e. considering the share options and plans granted to FEVER LABS, Inc.'s management team. FEVER LABS, Inc is a global leader in entertainment experiences and digital content, with a strong footprint in Europe and the US. It has grown rapidly over the last past few years in terms of both sales and geographically.

Outlook for the Group

Against such an uncertain geopolitical and macroeconomic backdrop at present, it is difficult to forecast the performance of markets that affect our advertising-related operations (TV, Radio and Digital) with any degree of finesse. The FUNCAS expert panel is forecasting GDP growth for Spain of 1.3%, although the Spanish Government is expecting growth of 2.1%. For its part, the International Monetary Fund is estimating economic growth for Spain of around 1.1%. Forecast inflation for 2023 is set to be lower than in 2022, yet still hover around 4%, while interest-rate hikes will drive down household savings rates and disposable income levels. As a result, private consumption should barely grow at all in 2023 (by 1.2% according to FUNCAS), boding poorly for advertisers to step up their advertising budgets much this year. Analysts' consensus estimates show the TV advertising market contracting by around 3% in 2023 from 2022.

Therefore, with scant scope for growth in advertising revenue, Atresmedia continues to adapt its cost structure to the challenging situation, leaving in place many of the cost-cutting decisions taken in recent years.

Moreover, for several years now, Atresmedia has made efforts to diversify its revenue mix to ease the impact of fluctuations in advertising with other more stable revenue streams. On this front, one area on which the Group is focusing is Atresplayer, the Video on Demand (VOD) platform relaunched in 2019. It ended 2022 with 431,000 subscribers. In addition to this VOD offering, Sociedad de Distribución Digital Sonora de Entretenimiento S.L., an Audio on Demand (AOD) platform was set up on 31 December 2021. It employs a subscription model and aims to be a benchmark in Spain for fiction audio content.

Atresmedia is also investing in start-ups, leveraging its available advertising space. In this way, companies that otherwise would not be able to advertise on TV are able to do so and therefore grow their sales and size (media for equity). For instance, the value of the equity holding in Fever Labs, a company in which the Group began using the media for equity model, increased. Fever now has operations in several countries in Europe and the United States, and in its latest funding round was valued at over EUR 1,600 million.

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

Research and development activities

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

Movements in treasury shares

At 31 December 2022, the shares of the Parent held by it represented 0.246% of the Parent's share capital and totalled 554,376 shares, with a value of EUR 6,168 thousand and an average acquisition price of EUR 11.13 per share

Average supplier payment period

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

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

The average supplier payment period in 2022 was 39 days.

Main business risks

The businesses of Group companies and, accordingly, the Group's operations and earnings, are exposed to risks related to the environment where they activities are carried out and, in any event, to external factors, especially the macroeconomic situation, which has a considerable impact on volume in the advertising market, as explained in the preceding section.

The risk management model in place in the Group has identified risks and classified them into the following categories: strategy risks, operational risks (advertising spaces and commercial policy, programme production, acquisition of broadcasting rights, purchasing and general procurement), occupational health and safety risks, IT risks, financial risks, integrity risks and information risks for decision-making.

Atresmedia has the appropriate channels in place to ensure that all key information affecting risk management is identified and updated for appropriate and timely reporting to the rest of the organisation so that any required measures are taken.

Use of financial instruments and main financial risks

At 31 December 2022, the Group had entered into hedging instruments on its foreign currency asset and liability positions amounting to USD 17,337 thousand, at a weighted average exchange rate of 1.1290 (EUR/USD). Hedging instruments at 31 December 2021 amounted to USD 23,980 thousand, at a weighted average exchange rate of 1.1913 (EUR/USD). At 31 December 2022, the estimated fair value of the Group's foreign currency derivatives, which are designated and effective as cash flow hedges, represented a financial asset of EUR 757 thousand and a financial liability of EUR 156 thousand (2021: asset of EUR 942 thousand and liability of EUR 59 thousand).

Regarding the syndicated financing signed in July 2021, that year the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025. At 31 December 2022, the fair value of the derivative instrument under non-current and current assets was EUR 6,127 thousand and EUR 181 thousand, respectively. The fair value of the derivative under non-current assets at 31 December 2021 was EUR 920 thousand.

On 11 July 2018, the Parent carried out an issue of bonds for USD 200,000 thousand, with maturity at five years (USD 75,000 thousand) and seven years (USD 125,000 thousand), with semi-annual payment of coupons at a fixed rate of interest. Cross currency swaps have been entered into to hedge the risk of fluctuations of these issuances, resulting in a fixed exchange rate and half-yearly payments of coupons on the bonds and debentures at a fixed rate in euros. These are cash flow hedges that hedge exposure to the currency and interest rate risk of the cash flows related to the hedged underlying. At 31 December 2022, the fair value of the derivative related to the bond issue was EUR 10,629 thousand, of which EUR 2,384 thousand was recognised in derivative financial instruments in current assets and EUR 8,245 thousand under derivative financial instruments in non-current assets.

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

The Group has the necessary risk management systems in place to ensure that market transactions are carried out in accordance with the established policies, rules and procedures, and that all are within the limits approved in each case.

The Group’s main financial risks are:

a. Foreign currency risk. Foreign currency risk is concentrated basically in payments in international markets to acquire broadcasting rights. To mitigate this risk, the Group enters into hedging instruments, mainly currency forwards.

b. Liquidity risk. The Group's liquidity policy is to arrange credit facilities and short-term investments for sufficient amounts to cover funding requirements based on the outlook for the business.

c. Credit risk. The Group does not have significant credit risk since the average customer collection period is short and the advertising contract terms allow for bank guarantees to be required prior to the launch of advertising campaigns. Cash placements are made and derivative instruments are arranged with institutions of recognised solvency.

d. Interest rate risk. The Group's borrowings are exposed to interest rate risk. Regarding the new syndicated financing, in July the Group entered into cash flow hedges (CAP) to minimise interest rate risk, limiting the payment of interest on the floating rate borrowing due to an increase in the benchmark 6-month Euribor rate. The hedged item are the financial flows from interest payments referenced to that index. The facility matures in December 2025. At 31 December 2022, the fair value of the derivative instrument under non-current and current assets was EUR 6,127 thousand and EUR 181 thousand, respectively.

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

Alternative performance measures

To comply with the European Securities Market Authority (ESMA) guidelines on Alternative Performance Measures ("APMs"), the Group presents additional information to improve comparability, reliability and comprehensibility of its financial information.

The Group presents its earnings in accordance with the applicable financial reporting framework (EU-IFRSs), but the directors consider that certain APMs add useful financial information that should be considered when assessing its performance. Directors and management may also use these APMs in their financial, operational and planning decision-making and to evaluate the Group's performance. The Group provides the APMs it considers appropriate and useful for decision-making by users.

Total revenue: the sum of revenue and other operating income.

EUR thousand	2022	2021
Revenue	867,289	877,870
Other operating income	83,505	85,388
Total revenue	**950,794**	**963,258**

Operating expenses: the sum of programme amortisation and other procurements, staff costs and other operating expenses.

EUR thousand	2022	2021
Programme amortisation and other procurements	382,785	395,574
Staff costs	165,485	168,546
Other operating expenses	229,731	226,632
Operating expenses	**778,001**	**790,752**

EBITDA (Earnings before interest, tax, depreciation and amortisation): operating profit or loss plus depreciation and amortisation, impairment and gains/(losses) on disposals of non-current assets.

EUR thousand	2022	2021
Operating profit	**155,296**	**154,542**
Depreciation and amortisation	17,789	18,076
Impairment and gains/(losses) on disposals of non-current assets	(292)	(112)
EBITDA	**172,793**	**172,506**

Net financial income/(loss): finance costs and income (financial result) plus net gains or losses in changes in the value of financial instruments at fair value and exchange gains or losses.

Working capital: current assets minus current liabilities. This a financial measure of the operational liquidity available to the Group.

EUR thousand	2022	2021
Current assets	825,229	854,819
Current liabilities	528,601	488,224
Working capital	**296,628**	**366,595**

Any ratios between the APMs can also be considered an alternative performance measure.

Non-financial statement

In accordance with the provisions of article 49 of the Spanish Code of Commerce, the consolidated management report includes the 2022 the non-financial statement, which is published on the website of the Spanish National Securities Market Commission (www.cnmv.es) and our corporate website (www.atresmediacorporacion.com).

Annual corporate governance report

In accordance with article 538 of the Corporate Enterprises Act, the consolidated management report includes the 2022 Annual Corporate Governance Report, which is published on the website of the Spanish National Securities Market Commissions (www.cnmv.es) and our corporate website (www.atresmediacorporacion.com).

Annual report on director remuneration

In accordance with article 538 of the Spanish Code of Commerce, the consolidated management reports includes the 2022 Annual Report on Director Remuneration, which is published on the website of the Spanish National Securities Market Commission (www.cnmv.es) and our corporate website (www.atresmediacorporacion.com).

The Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., at its meeting held on 22 February 2023, authorised for issue the consolidated financial statements and consolidated management report of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2022.

San Sebastián de los Reyes, 22 February 2023

José Creuheras Margenat Chairman	Silvio González Moreno Vice Chairman
Javier Bardají Hernando Chief Executive Officer	Mauricio Casals Aldama Director
Marco Drago Director	Patricia Estany Puig Director
Carlos Fernández Sanchiz Director	Elmar Heggen Director
Rosa María Lleal Tost Director	Mónica Ribé Salat Director
Beatriz Roger Torres Director	Nicolas de Tavernost Director

STATEMENT issued for the record that, in accordance with article 253.2 of the Corporate Enterprises Act, the consolidated financial statements and consolidated management report (the latter of which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2022 were authorised for issue on 22 February 2023 with the agreement of all directors, with the meeting minutes reflecting the unanimous vote in favour of all members of the Board of Directors for their authorisation for issue, and signed, as recorded in this document, by all the directors except for Mr Tavernest, whose representation and vote in favour of approval of the documents was exercised by Mr Heggen, by express proxy, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as recorded in this document.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL REPORT

The members of the Board of Directors of Atresmedia Corporación de Medios de Comunicación, S.A., hereby state that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2022, authorised for issue at the meeting held on 22 February 2023 and prepared in accordance with the applicable accounting principles to give a true and fair view of the equity, financial position and results of Atresmedia Corporación de Medios de Comunicación, S.A. and of the companies included in the consolidation taken as a whole, and that the consolidated management report presents fairly the business performance and the results and position of Atresmedia Corporación de Medios de Comunicación, S.A. and of the companies included in the consolidation taken as a whole, and a description of the main risks and uncertainties they face.

San Sebastián de los Reyes, 22 February 2023

José Creuheras Margenat
Chairman

Silvio González Moreno
Vice Chairman

Javier Bardají Hernando
Chief Executive Officer

Mauricio Casals Aldama
Director

Marco Drago
Director

Patricia Estany Puig
Director

Carlos Fernández Sanchiz
Director

Elmar Heggen
Director

Rosa María Lleal Tost
Director

Mónica Ribé Salat
Director

Beatriz Roger Torres
Director

Nicolas de Tavernost
Director

STATEMENT issued for the record that, at the meeting of the Board of Directors held on 22 February 2023, with the favourable vote of all directors, the consolidated financial statements and consolidated management report (the latter which includes the non-financial statement) of Atresmedia Corporación de Medios de Comunicación, S.A. and subsidiaries for the year ended 31 December 2022 were authorised for issue. The minutes of that meeting include the favourable and unanimous vote of all members of the Board of Directors for such authorisation for issue and their agreement with the statements of responsibility regarding their content, as signed by all of them in this document except Mr. Tavernost, whose representation and vote in favour of approval of the documents was exercised by Mr. Heggen, by express proxy, which was made in writing and for that meeting of the Board of Directors with the appropriate voting instructions in favour, as explained.