

JUNGLE21

OTHER RELEVANT INFORMATION

COMMUNICATION OF FINANCIAL INFORMATION FOR THE FISCAL YEAR 2021 **BY JUNGLE21**

Madrid, on April 29th, 2022

JUNGLE21, S.A. (hereinafter, “**J21**”, or the “**Company**”), pursuant to the provisions of article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), and article 61003/2 of Euronext Rule Book I, on ongoing obligations of companies listed on Euronext, hereby notifies to the market the following financial information for the fiscal year 2021:

I. Audit report and consolidated annual accounts of JUNGLE21, S.A. and subsidiaries companies for the year ended December 31, 2021 and consolidated performance report.

II. Audit report and individual annual accounts of JUNGLE21, S.A. for the fiscal year ended December 31, 2021.

The foregoing documentation is available to the market on the Company's website (www.jungle21.com/investors/).

Yours faithfully,

Mr. Agustín Vivancos
CEO
JUNGLE21, S.A.

JUNGLE21, S.A.

Consolidated Annual Accounts for the financial year 2021

Includes Audit Report on Consolidated Annual Accounts

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

(Translation of a report and consolidated annual accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails)

To the shareholders of Jungle21, S.A.

Opinion

We have audited the consolidated annual accounts of Jungle21, S.A. (the Parent company) and its subsidiaries, (the Group), which comprise the consolidated balance sheet at 31 December 2021, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated annual accounts for the year then ended.

In our opinion, the accompanying consolidated annual accounts present, in all material respects, a true and fair view of the consolidated equity and the consolidated financial position of the Group at 31 December 2021, and of the consolidated results of its operations and consolidated cash flows for the year then ended, in accordance with the applicable framework of financial reporting standards (which is identified in note 2a to the consolidated annual accounts) and, in particular, in compliance with the accounting principles and criteria contained in that framework.

Basis for opinion

We conducted our audit in accordance with the current Spanish standards for auditing accounts. 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 relating to independence, that are applicable to our audit of the consolidated annual accounts in Spain, as required by the regulations governing the auditing of accounts. In this regard, we have not provided any services different to the audit of accounts and no situations or circumstances have arisen that, based on the aforementioned regulations, might have affected the required independence in such a way that it could have been compromised.

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

Most relevant audit aspects

The most relevant audit aspects of the audit are those that, in our professional judgement, were considered as the most significant material misstatement risks in our audit of the consolidated annual accounts of the current period. These risks 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 risks.

Revenue realization

As mentioned in note 1, the Group derives its revenues mainly from advertising activities. In accordance with the applicable financial reporting framework and as indicated in note 3.p to the consolidated financial statements, the total transaction price of a contract is allocated among the various performance obligations on the basis of their relative stand-alone selling prices. The transaction price of a contract excludes any amounts collected on behalf of third parties. Revenue is recognized over time, when (or as) the Group satisfies the performance obligations by transferring the promised services to its customers. Given the significant nature of the correct timing of revenue recognition, we consider this aspect to be the most significant risk of material misstatement in relation to such revenue.

Our main audit procedures included at year-end 2021, among others, substantive testing of the revenue recognition process by obtaining external confirmations for a sample of customers pending collection by performing, where appropriate, alternative verification procedures using subsequent collection vouchers or supporting documentation evidencing the sale. Likewise, based on a sample of invoices close to both the end of the fiscal year and the beginning of the following year, we have verified the correct allocation of the revenue in the appropriate period. Finally, we have assessed whether the information disclosed in the consolidated financial statements complies with the requirements of the applicable financial reporting framework.

Impairment of trade receivables

As of December 31, 2021, as indicated in note 9.a of the accompanying consolidated financial statements, the Group has a net value of 3,117 thousand euros under the heading "Trade receivables for sales and services rendered". At the end of each year, the Parent Company's management analyzes the accounts receivable from customers for indications of possible problems of recoverability of the outstanding balances, recording the corresponding provision for impairment in those cases considered. In this sense, the delay on the part of the customers in paying the invoices issued means that there is a significant risk and susceptible to material misstatement in relation to the correct evaluation of the recoverability of the accounts receivable. For all of the above reasons, as well as for the relevance of the amount of the customers, we consider this issue to be one of the most relevant aspects of the audit.

Our audit procedures, in response to the aforementioned risk, have included, among others, obtaining the detail of invoices pending collection at year-end, analyzing their age, as well as obtaining external confirmations from the main customers and, where appropriate, performing alternative procedures to verify the unconfirmed balances and reconciling items. We have also verified the collections from the main customers occurring after the end of the fiscal year.

Subsequent valuation of goodwill in consolidation

As stated in note 5 to the accompanying consolidated financial statements, the Group has recognized under the heading "Goodwill on Consolidation" in the consolidated balance sheet an amount of 725 thousand euros corresponding to the positive differences arising between the book value of the investment and the value attributed to this investment of the fair value of the assets acquired and liabilities assumed of certain companies acquired by the Parent Company and included in the consolidation. The estimation of the recoverable value of such assets requires the exercise of judgment by the Parent Company's Directors, which has been based on a valuation performed by the Management of the Parent Company using valuation techniques whose calculation also requires the application of judgment. Due to the uncertainty inherent in the aforementioned estimates, we consider this issue to be one of the most relevant aspects of the audit.

Our audit procedures included, among others, an understanding of the process followed by the Group to obtain the information that served as the basis for the calculation of the recoverable value, the evaluation of the impairment indicators and the methodology and assumptions used in the estimation of the recoverable value, contrasting the information contained in the business plans with the historical experience known to the Group itself. We have also assessed the reasonableness of the valuation model and the main assumptions and data used in the estimation of the recoverable value. In addition, we have assessed whether the information disclosed in the consolidated financial statements is adequate in relation to the requirements of the applicable financial reporting framework.

Emphasis of matter

We draw attention to note 2.c of the accompanying notes to the consolidated financial statements, which describes the effects that the COVID-19 crisis situation could have on the Group's future operations. Our opinion has not been modified in relation to this matter.

Other information: Consolidated directors' report

The other information comprises only the consolidated management report for the 2021 financial year, the preparation of which is the responsibility of the Parent Company's directors and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, as required by the regulations governing the audit activity, is to evaluate and report on the consistency of the consolidated management report with the consolidated financial statements, based on our knowledge of the entity obtained from the audit of those financial statements, and to evaluate and report on whether the content and presentation of the management report are in accordance with the applicable regulations. 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 performed, as described in the preceding paragraph, the information contained in the consolidated management report is consistent with that in the consolidated financial statements for the year 2021 and its content and presentation are in accordance with the applicable standards.

Responsibility of the directors of the Parent company for the consolidated annual accounts

The directors of the Parent company are responsible for the preparation of the accompanying consolidated annual accounts, so that they show a true and fair view of the consolidated equity, the consolidated financial position and the consolidated results of the Group, in accordance with the framework of financial reporting standards applicable to the Group in Spain and for such internal control that they consider necessary to enable the preparation of consolidated annual accounts that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated annual accounts, the directors of the Parent company 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 of the Parent company either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 the current Spanish regulations for auditing accounts 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 current Spanish regulations for auditing accounts, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures to respond 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 the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Parent company.
- Conclude on the appropriateness of the directors of the Parent company's 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 to this 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 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 directors of the Parent company regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated to the directors of the Parent company, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, the risks considered most significant.

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

JUNGLE21 S.A. AND SUBSIDIARY COMPANIES

Consolidated Annual Accounts and Consolidated Performance Report for 2021

Including the Audit of the Consolidated Annual Accounts Report

31 December 2021

Consolidated Annual Accounts

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021
(Expressed in Euros)

ASSETS	Notes	2,021	2,020
NON-CURRENT ASSETS		2,311,667	2,983,727
Intangible fixed assets	4	1,209,679	1,477,913
Consolidated goodwill	5	725,436	816,116
Other intangible fixed assets	4	484,243	661,797
Property, plant and equipment	6	333,238	584,536
Land and buildings		3,550	5,934
Technical facilities and other tangible fixed assets		329,688	578,603
Investment property	7	-	189,819
Investment Land and Buildings		-	189,819
Long-term investments in group and associated companies	9	-	498,500
Other financial assets		-	498,500
Long-term financial investments	9	71,253	78,951
Deferred tax assets	12	697,497	154,008
CURRENT ASSETS		5,166,062	4,803,925
Inventories		22,969	35,178
Commercial debtors and other accounts receivable		3,164,865	1,626,911
Clients from sales and provision of services	9a	3,117,231	1,579,225
Other loans with public administrations	12	47,634	47,686
Short-term investments in group and associated companies	9	459	-
Short-term financial investments		369,974	2,015,151
Short-term accruals		73,120	45,488
Cash and cash equivalents	9a	1,534,676	1,081,196
TOTAL ASSETS		7,477,729	7,787,651

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021
(Expressed in Euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	2,021	2,020
SHAREHOLDERS' EQUITY			
OWN FUNDS	10	645,241	1,402,157
Capital	10a	165,862	165,862
Issued capital		165,862	165,862
Issue premium		-	940,324
Reserves		170,208	178,058
Legal and statutory	10c	33,173	33,173
Reserves in fully consolidated companies	10b	40,433	-
Other reserves	10b	96,602	144,886
(Shares and shareholdings of the parent company)	10d	-187,282	-187,282
Profit and loss for the year attributed to the parent company	10e	2,196,453	305,194
(Interim dividend)	10e	-1,700,000	-
NON-CURRENT LIABILITIES			
Long-term debts	9b	2,600,916	2,881,397
Debts with credit institutions		2,576,313	2,728,231
Creditors for financial leasing		24,603	28,166
Other financial liabilities		-	125,000
CURRENT LIABILITIES			
Short-term debts	9b	1,987,032	2,269,821
Debts with credit institutions		1,858,469	2,066,448
Creditors for financial leasing		3,563	3,373
Other financial liabilities		125,000	200,000
Commercial creditors and other accounts payable	9b	2,244,540	1,234,277
Suppliers		1,062,694	565,989
Other creditors		73,863	61,802
Personnel remunerations pending payment		352	87,948
Current tax liabilities		251,616	-
Other debts with public administrations	12	756,014	518,538
Advance payments from clients		100,000	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		7,477,729	7,787,651

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

	Notes	2,021	2,020
CONTINUING OPERATIONS			
Revenue	13a	10,362,421	6,495,075
Cost of sales		10,362,421	6,495,075
Changes in inventories of finished goods and work in progress		-13,942	9,664
Provisioning	13b	-2,634,112	-1,582,811
Works carried out by other companies		-2,634,112	-1,582,811
Other operating income		3,698	34,978
Ancillary income and others from current operations		3,698	32,992
Operating grants included in the profit and loss for the year		-	1,986
Personnel cost	13c	-4,478,261	-3,642,196
Wages, salaries and similar expenses		-3,529,436	-2,831,106
Social contributions		-948,825	-811,090
Other operating expenses	13d	-1,049,422	-799,757
External services		-944,316	-690,847
Taxes		-8,270	-21,185
Losses, impairment and variation of provisions due to commercial operations		-96,836	-86,601
Other current management expenses		-	-1,125
Depreciation of fixed assets	4, 5 y 6	-458,501	-513,359
Impairment and profit and loss due to transfers of fixed assets		2,210	-3,484
Profits and losses from transfers and others	6	2,210	-3,484
Other profits or losses		2,422	-
OPERATING PROFIT AND LOSS		1,736,513	-1,890
Financial income	9	437,567	274,943
From negotiable securities and other financial instruments		437,567	274,943
Financial expenses	9	-146,067	-108,104
Due to debts with third parties		-146,067	-108,104
Change in fair value of financial instruments	9	-80,053	170,605
Fair value with changes in profits and losses		-80,053	170,605
Exchange differences		-642	-
FINANCIAL PROFIT AND LOSS		210,805	337,445
PROFIT AND LOSS BEFORE TAXES		1,947,318	335,555
Tax on profits	12	249,136	-30,361
PROFIT AND LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		2,196,453	305,194
PROFIT AND LOSS FOR THE FINANCIAL YEAR		2,196,453	305,194

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

	Notes	2,021	2,020
Consolidated profit and loss for the financial year		2,196,453	305,194
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES		2,196,453	305,194

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

	Issued capital	Issue premium	Reserves	Shares and stakes in own equity	Profit and loss for the financial year	Interim dividend	TOTAL
ADJUSTED BALANCE AT START OF YEAR 2020	165,862	940,324	161,153	-187,282	16,906	-	1,096,963
Total recognised income and expenses					305,194		305,194
Other changes in shareholders' equity			16,906		-16,906		-
BALANCE AT END OF YEAR 2020	165,862	940,324	178,058	-187,282	305,194	-	1,402,157
ADJUSTED BALANCE AT START OF YEAR 2021	165,862	940,324	178,058	-187,282	305,194	0	1,402,157
Total recognised income and expenses					2,196,453		2,196,453
Transactions with shareholders or owners	0	-940,324	-262,844	-		-1,700,000	-2,903,168
Distribution of dividends		-940,324	-262,844			-1,700,000	-2,903,168
Other changes in shareholders' equity			254,994		-305,194		-50,200
BALANCE AT END OF YEAR 2021	165,862	-	170,208	-187,282	2,196,453	-1,700,000	645,241

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

	Notes	2,021	2,020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit and loss for the year before tax		1,947,318	335,555
From continuing operations		1,947,318	335,555
Adjustments to profit and loss		263,847	266,000
Depreciation of fixed assets		458,501	513,359
Measurement corrections for impairment		96,836	86,601
Profit and loss for disposals and transfers of fixed assets		-2,210	3,484
Financial income		-437,567	-274,943
Financial expenses		146,067	108,104
Exchange differences		-	-
Change in fair value of financial instruments		80,053	-170,605
Other income and expenses		-77,833	-
Changes in working capital		-863,743	82,553
Inventories		12,209	39,332
Debtors and other accounts receivable		-1,600,734	-193,641
Other current assets		-	-21,728
Creditors and other accounts payable		724,781	258,590
Other cash flows from operating activities		248,572	165,779
Interest payments		-146,067	-108,104
Collection of interest		437,567	274,943
Collection (payments) due to tax on profits		-42,928	-1,061
Cash flows from operating activities		1,595,993	849,886
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments due to investments		-94,637	-2,758,472
Group and associated companies, net of cash in consolidated companies		-	-642,935
Property, plant and equipment		-94,637	-117,053
Investment property		-	-189,819
Other financial assets		-	-1,808,665
Collections due to de-investments		2,418,560	22,657
Group and associated companies, net of cash in consolidated companies		498,041	-
Property, plant and equipment		157,878	22,657
Other financial assets		1,762,641	-
Cash flows from investment activities		2,323,924	-2,735,815
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments due to financial liabilities instruments		-563,270	2,243,377
Issue		1,706,551	3,647,730
Debts with credit institutions		1,706,551	3,647,730
Repayment and amortisation of		-2,269,821	-1,404,353
Debts with credit institutions		-2,069,821	-1,404,353
Other debts		-200,000	-
Payments for dividends and remuneration from other equity instruments		-2,903,168	-
Dividends		-2,903,168	-
Cash flows from financing activities		-3,466,438	2,243,377
EFFECT OF EXCHANGE RATE CHANGES			
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS		453,480	357,448
Cash and cash equivalents at the start of the year		1,081,196	723,748
Cash or cash equivalents at the end of the year		1,534,676	1,081,196

1. General Information

Parent company, subsidiary companies and associated companies

The company JUNGLE21, S.A. (formerly PS21 Design Strategy, S.A.U.), the parent company of the Group, was incorporated as a public limited company on 17 May 2000, having modified its corporate name to the current one on 1 October 2021, and the consequent amendment of Article 1 of its Articles of Association. Its registered office is at Calle Antonio Maura, 16, in Madrid.

The corporate purpose of the parent Company, in accordance with its articles of association, is the creation, performance and execution of advertising projects and tasks related to the contracting, mediation and dissemination of advertising messages in any of its possible forms and means, including the performance of unconventional advertising activities. The execution of events, creation of campaigns, preparation of market research and promotional activities, design and any other activity concerning the organisation of public relations. The execution of activities directly or indirectly related to marketing, merchandising and other related or similar business activities. The creation and production of audio-visual and graphic productions, the construction and design of websites and other similar computer platforms. The performance of activities and the provision of services in the field of telecommunications, information and communications; in particular, the development of activities related to the internet and any other networks, including access activities, production activities, distribution and/or display of own or third-party content, portal activities, e-commerce activities and any other activities that may arise in this area in the future. Intermediation activities in transactions with securities and other assets. The acquisition, possession, administration, assignment and disposal of any form of shares, shareholdings, obligations, promissory notes, bills of exchange and any other securities, as well as the provision of services in the management, coordination, maintenance and optimisation of the resources of the companies in which the company invests, all on its own account.

In 2019, the PS21 brand was created with the vision of creating a new business model that would apply creativity throughout the value chain. In addition, the aim of the Parent Company was to double the company every 3 years, which has been achieved through the acquisitions of the subsidiaries belonging to the Group.

After 3 years, the objective has been achieved and the company's new corporate name is due to the next step, which is the listing, carried out on 4 March 2022, in the Euronext Access market.

JUNGLE21 is an ecosystem of creative companies. Our value proposition is based on helping our customers grow economically and make a positive impact by applying creative solutions across their entire value chain.

JUNGLE21 functions as a company and parent brand that connects and drives the rest of the Group's brands: PS21 (will continue as a brand, even if it does not have a company with that name), True (brand of Randm Productions, S.L.), ES3 (brand of Estresarte Communication S.L.), Redbility and Holyvama Capital.

The companies, as a brand, operate independently under a house of brands model. The companies, as businesses, are 100% owned by Jungle21.

The principles of collaboration and independence among the various brands/companies of J21 are as follows:

- Total independence and freedom in the direction and management of the operation.
- A collaboration model that will never be enforced from the parent company.
- All to operate under the principles stipulated as a B-Corp company (once we achieve certification).
- With the aim of increasing the profits of the group.

On 25 February, the Euronext Board approved the incorporation of JUNGLE 21 shares for trading in Euronext Access. The company has received the official letter of approval and the effective date for incorporation (first trading date) was 4 March 2022.

Estresarte Comunicación, acquired in April 2019, carries out digital marketing activities to reinforce the Group's digital competencies.

Redbility, acquired in July 2019, is a digital design consultant, reinforcing the Group in the field of digital product design and consulting.

Randm Production, a company that changed its business in November 2019, is a creative communications agency that helps the Group fill the gap in the market and create a disruption in a mature and old sector.

The corporate purpose of Mauro Real Estate, incorporated on 30 December 2020, in accordance with its articles of association, is to carry out all kinds of real estate activities. This company ceased to be part of the Group on 29 July 2021, with the spin-off of the company to the parent company MISS Valentine, S.L. Therefore, it is not part of the Group's scope of consolidation for the year 2021.

The corporate purpose of Holyvama Capital, incorporated on 8 February 2021, in accordance with the articles of association, is to conduct intermediation activities in transactions with securities and other assets.

The then Sole Shareholder of the Company drew up the Abbreviated Annual Accounts for financial year 2020, on 31 March 2021, and they were approved on 12 June 2021, by the Sole Shareholder. The Company is the head of a group of subsidiaries and, in accordance with current legislation, is not obliged to draw up consolidated annual accounts, being exempt from this obligation, in accordance with current regulations, due to the small size of the group. In any case, the Directors have drawn up the consolidated annual accounts, in a meeting of their Board of Directors held on 31 March 2022.

Subsidiaries

The subsidiaries included in the scope of consolidation in the 2021 financial year are the following:

Company	Company holding the direct stake	Nominal percentage of capital owned	Gross amount of stake	Address	Activity
Randm Productions, S.L.	JUNGLE21, S.A.	100%	53,000€	C/ Antonio Maura, 16 28014 Madrid	Advertising, public relations and similar services
Estresarte Comunicación, S.L.	JUNGLE21, S.A.	100%	426,680€	C/ Antonio Maura, 16 28014 Madrid	Advertising, public relations and similar services
Redbility, S.L.	JUNGLE21, S.A.	100%	344,894€	C/ Conde de Peñalver, 38 28006 Madrid	Consulting, design, development and intermediation services for digital environments
Holyvama Capital S.L.	JUNGLE21, S.A.	100%	462,500€	C/ Antonio Maura, 16 28014 Madrid	Financial activities

The data for the 2021 financial year of these companies are as follows:

Company	Capital	Reserves	Shareholder contributions	Losses from previous financial years	Interim dividend	Profit and loss for the financial year
Randm Productions, S.L.	3,000	-	50,000	(285,328)	-	250,134
Estresarte Comunicación, S.L.	4,000	800	-	-	(120,000)	128,890
Redbility, S.L.	19,200	136,153	-	(44,394)	(500,000)	516,597
Holyvama Capital, S.L.	3,000	-	459,500	-	-	223,320

The data for the 2020 financial year related to the companies in the scope of consolidation was as follows:

Company	Capital	Reserves	Shareholder contributions	Losses from previous financial years	Profit and loss for the financial year
Randm Productions, S.L.	3,000	-	400,000	-205,100	-80,228
Estresarte Comunicación, S.L.	4,000	262,089	-	-	2,732
Redbility, S.L.	19,200	925,538	-	-212,522	168,129
Mauro Real Estate, S.L.	3,000	-	-	-	-

All of the aforementioned companies, as well as the parent company, close their annual accounts on 31 December 2021 and have been included in the consolidation applying the global integration method.

The premise that determines that these companies are subsidiaries is the majority holding of voting rights.

During financial year 2021, the company Randm Productions returned €350,000, part of the shareholder contribution made between 2019 and 2020.

In addition, the parent company has received dividends from Estresarte Comunicación and Redbility for €359,745 and €1,263,462 respectively. This has resulted in a reduction in the value of the Estresarte stake of €273,320 and €655,106 in Redbility.

For its part, Holyvama Capital had received a shareholder contribution of €2,959,500 at the beginning of the financial year and in December it returned €2,500,000 from that contribution.

On 29 October 2021, the General Meeting of the Parent Company approved the distribution of an interim dividend from the profit and loss for the financial year to the amount of €1,700,000.

The table of profits is as follows:

Profits from 01/01/2021	1,002,000
Expected profits up until 31/12/2021*	695,000
Losses from previous years	-
Net profits available	<u>1,697,000</u>
To be deducted:	
Legal reserves to be provided on net profits	-
Statutory reserves to be provided on net profits	-
Estimated Corporation Tax for the financial year**	400,750
Maximum possible amount to distribute	<u>2,097,750</u>
Amount distributed	<u>1,700,000</u>

*Profits from investee companies

**Includes recognition of deferred tax assets

The liquidity statement presented was as follows:

Liquidity in cash before dividend payment	145,647
Gross amount of interim dividend	(1,700,000)
Available in cash*	(1,554,353)
Forecasted collections over the next twelve months	7,171,754
Other forecasted funds to be earned	970,000
Forecasted payments over the next twelve months	<u>(5,715,013)</u>
Forecasted cash balance	<u>872,388</u>

2. Basis of presentation of the consolidated annual accounts

a) True and fair view

The consolidated annual accounts, comprised of the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flow

statement and consolidated annual report comprised of notes 1 to 17, have been prepared from the accounting records of the Company, JUNGLE21, S.A. and the subsidiaries of the Group (see breakdown in note 1), having applied the legal provisions in force in accounting matters, specifically Royal Decree 1159/2010 of 17 September, which approves the standards for formulating consolidated annual accounts and modifies the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November 2007, and its amendments approved by Royal Decree 1159/2010 of 17 September, by Royal Decree 602/2016 of 2 December, and by Royal Decree 1/2021 of 12 January, in order to show a true and fair view of the equity, financial position, results, changes in equity and cash flow of the Group arising during the corresponding financial year.

The figures included in the consolidated annual accounts are expressed in euros, unless otherwise stated.

b) Accounting principles

The consolidated annual accounts have been prepared in accordance with obligatory accounting principles. There is no principle of accounting, which would have a significant effect, that has not been applied.

c) Critical aspects of the measurement and estimation of uncertainty

In producing the attached consolidated annual accounts, use has been made of the estimates performed by the Directors of the Parent Company to value some of the assets, liabilities, revenues, expenses, and commitments included within them. These estimates, in essence, relate to:

- The useful life of tangible assets, intangible assets and investment property (note 4, note 6 and note 7).
- The recoverability of tangible assets, intangible assets and investment property (note 3h).
- The recoverability of deferred tax assets (note 12).
- The calculation of provisions, as well as the likelihood and amount of undetermined or contingent liabilities (note 3n).

Although these estimates were made based on the best information available at the date of formulating these consolidated annual accounts on the facts analysed, it is possible that events that may take place in the future may require them to be modified (higher or lower) in future financial years, which would be done prospectively recognising the effects of the change of estimates on the corresponding future profit and loss accounts.

The Group has prepared the consolidated annual accounts for financial year 2021 having taken into account the situation of financial year 2021 and the current situation derived from COVID-19, as well as its possible effects on the economy in general and on the Group in particular, with there being no risk to continuity in its activity. The measures that have taken place across the Group due to this pandemic have been to carry out an assessment of the events described and their impact on the Group and its operations, as well as to implement numerous control and management measures in order to minimise the risks derived from this situation and minimise the impact on both the employees of the Group and its operations and its finances. The Group has not suffered significant impacts on its operations or finances as a result of the COVID-19 pandemic.

d) Classification of assets and liabilities between current and non-current

Assets and liabilities are presented in the balance sheet as classified between current and non-current. For these purposes, assets and liabilities are classified as current when: they are linked to the Group's normal operating cycle and are expected to be sold, consumed, realised or settled during the course thereof; they are different from the above and their expiration, disposal or realisation is expected to occur within a maximum period of one year; and they are held for trading purposes or are treated as cash and other cash equivalents whose use is not restricted for a period of more than one year. Otherwise they are classified as non-current assets and liabilities.

e) Changes in the scope of consolidation

In financial year 2021, the company, Mauro Real Estate, S.L., with address at Calle Antonio Maura, 16, separated from the parent company, causing a decrease in its reserves of €893,000 and no longer forming part of the consolidation scope.

Additionally, the company, Holyvama Capital, S.L., with address at Calle Antonio Maura, 16, was incorporated. Its share capital is €3,000 and at the end of financial year 2021 it has a shareholder contribution of €459,500 in its equity. 100% of its capital is owned by JUNGLE21, S.A., so it becomes part of the scope of consolidation for 2021.

The consolidation has been done following the global integration method, which applies to obtaining the consolidated financial statements corresponding to the group companies. It includes the total amount of the items of the individual financial statements (assets, liabilities, expenses and income) which are added together and on which the appropriate adjustments and deletions are made in order to obtain the consolidated statements.

For this purpose, first of all, the homogenisation of the data is analysed, making the necessary adjustments to enable the comparison and aggregation of the items that comprise the financial statements. The financial statements of all the companies that comprise the scope of consolidation are added and, finally, the different intra-group equity, investment or operations and balances are eliminated.

f) Comparison of information

In accordance with commercial law, for each item in the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement, in addition to the figures for 2021, those for the previous year are presented for comparative purposes. The consolidated report also includes quantitative information for the previous year, except when an accounting standard specifically states that it is not necessary.

Royal Decree 1/2021, of 12 January, has amended NRV [Norma de Registro y Valoración (Recognition and Measurement Standard)] 9 on financial instruments and NRV 14 on revenue from sales and provision of services of the General Accounting Plan (Plan General de Contabilidad, PGC) approved by Royal Decree 1514/2007, of 16 November 2007. The Second and Third Transitory Provisions of said Royal Decree establish the transitory recognition and measurement standards for financial instruments, to be applied on the date of first application, and the Fifth Transitory Provision establishes the transitory standard for the recognition and measurement of revenues from sales and provision of services. Said

provisions, as an exception to the general criterion established by NRV 22 on changes in accounting criteria, errors and accounting estimates of the General Accounting Plan, allow for the comparative figures presented in these consolidated annual accounts not to be restated. That is why, for the purposes of the comparability of the figures, the impacts of applying these modifications for the first time must be taken into account, which have been detailed in note 2m.

g) Grouping of entries

Specific entries in the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes to net equity, and the consolidated cash flow statement are presented in a grouped manner in order to facilitate understanding, although, when relevant, the separate information has been included in the corresponding notes of the consolidated annual report.

h) Elements included in several entries

No element which has been recorded on two or more entries of the consolidated balance sheet has been identified during the drafting of the abbreviated annual accounts.

i) Changes in accounting criteria

Changes in accounting criteria in the consolidated annual accounts for financial year 2021 have not been made during the year.

j) Change in estimates

Adjustments to the consolidated annual accounts for financial year 2021 for changes in accounting criteria have not been made during the year.

k) Correction of errors

The consolidated annual accounts for the year 2021 do not include adjustments made as a result of errors detected in the year.

l) Relative importance

When determining the information to be broken down in this consolidated annual report on the different items of the financial statements or other matters, the Parent Company and consolidated companies, in accordance with the Conceptual Framework of the General Accounting Plan, have taken into account the relative importance in relation to the consolidated annual accounts for financial year 2021.

m) Transition

The approval of Royal Decree 1/2021, of 12 January, has modified the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November 2007, and with this, the accounting treatment of various components of the consolidated annual accounts. In compliance with the provisions of the First Transitory Provision of the aforementioned Royal Decree, we include the following information regarding transition:

Financial Instruments

The amendments introduced by Royal Decree 1/2021 of 12 January, enter into force for all financial years starting from 1 January 2021, including among them the new NRV 9 on financial instruments. The Second Transitory Provision of the aforementioned standard establishes the rules on the date of first application of the standard, essentially allowing two transition models:

- Full retrospective, which involves the restatement of the comparative figures in accordance with the provisions of the new NRV 22 “Changes in accounting criteria, errors and accounting estimates” of the General Accounting Plan, with some practical exemptions that simplify the adaptation of the comparative figures to the new NRV 9 of the General Accounting Plan.
- Simplified retrospective, which involves the introduction of an adjustment to adapt the starting balances of the financial year in which the aforementioned standard begins to be applied, without requiring the restatement of comparative figures, benefiting from a series of practical simplifications that help apply it on the date of adoption.

The Group has chosen to apply the simplified retrospective transition model.

Financial assets

Below is a reconciliation between the classification and measurement presented by financial assets as of 1 January 2021 recorded under the former NRV 9 on financial instruments of the General Accounting Plan, and the classification and measurement presented by the same financial assets recorded under the new standard on financial instruments:

JUNGLE21, S.A. and subsidiary companies
Consolidated Annual Report for the year ended
31 December 2021

	Non-current financial assets			Current financial assets				
	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	01/01/2021	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	01/01/2021
<u>Former categories under NRV 9 of PGC:</u>								
Assets at fair value with changes in profit and loss:	-	-	-	-	1,991,095	-1,991,095	-	-
Held for sale	-	-	-	-	1,991,095	-1,991,095	-	-
Others	-	-	-	-	-	-	-	-
Investments held until maturity	15,000	-15,000	-	-	24,056	-24,056	-	-
Loans and receivables	550,701	-550,701	-	-	1,579,225	-1,579,225	-	-
Assets available for sale:								
Valued at fair value	-	-	-	-	-	-	-	-
Valued at cost	-	-	-	-	-	-	-	-
Coverage Derivatives	11,750	-11,750	-	-	-	-	-	-
<u>New categories under NRV 9 of PGC:</u>								
Assets at fair value with changes in profit and loss:	-	-	-	-	-	-	-	-
Held for sale	-	-	-	-	-	1,991,095	-	1,991,095
Financial assets at amortised cost	-	550,701	-	550,701	-	1,579,225	-	1,579,225
Financial assets at cost	-	26,750	-	26,750	-	24,056	-	24,056
	577,451	-	-	577,451	3,594,376	-	-	3,594,376

The Group has classified within the category of financial assets at amortised cost, all those financial assets that accrue cash flows in the form of principal and interest and for which the latter, as of the transition date, was applying a business model intended to manage the collection of said cash flows. Within this category, the Group has classified all financial assets that were previously classified in the category of Loans and Receivables.

The Group has decided to revoke the designation of the assets included within the previous category of financial assets at fair value with changes in the profit and loss account, which comply with the principal and interest test, to classify them according to the business model that the Group is applying to each of them on the date of first application of this standard, following the option permitted by the First Transitory Provision of Royal Decree 1/2021 of 12 January, on the date of first application of the new NRV 9 on Financial Instruments.

Financial liabilities

Below is a reconciliation between the classification and measurement presented by financial liabilities as of 1 January 2021 recorded under the former NRV 9 on financial instruments of the General Accounting Plan, and the classification and measurement presented by the same financial liabilities recorded under the new standard on financial instruments:

	Non-current financial liabilities			Current financial liabilities				
	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	01/01/2021	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	01/01/2021
<u>Former categories under NRV 9 of PGC:</u>								
Debits and items payable	2,881,397	-2,881,397	-	-	2,985,560	-2,985,560	-	-
<u>New categories under NRV 9 of PGC:</u>								
Financial liabilities at amortised cost	-	2,881,397	-	2,881,397	-	2,985,560	-	2,985,560
	2,881,397	-	-	2,881,397	2,985,560	-	-	2,985,560

The Group has designated all financial liabilities, included in the previous debits and items payable category, as financial liabilities at amortised cost, following the option permitted by the First Transitory Provision of Royal Decree 1/2021 of 12 January, on the date of first application of the new NRV 9 on Financial Instruments.

Clients from sales and provision of services

The amendments introduced by Royal Decree 1/2021 of 12 January, enter into force for all financial years starting from 1 January 2021, including the new NRV 14 on “revenues from sales and provision of services”. The Second Transitory Provision of the aforementioned standard establishes the rules on the date of first application of the standard, allowing two essential transition models:

- Full retrospective, which involves the restatement of the comparative figures in accordance with the provisions of the new NRV 22 “Changes in accounting criteria, errors and accounting estimates” of the General Accounting Plan, with some practical exemptions that simplify the adaptation of the comparative figures to the new NRV 14 of the General Accounting Plan.
- Simplified retrospective, which involves the introduction of an adjustment to adapt the starting balances of the financial year in which the aforementioned standard begins to be applied, without requiring the restatement of comparative figures, benefiting from a series of practical simplifications that help apply it on the date of adoption.
- Practical solution: based on which, the criteria established by the new NRV 14 on “revenues from sales and provision of services” shall apply only to contracts with clients signed as of the date of first adoption.

The Group has chosen to apply the practical solution by applying the new criteria to all contracts signed as of 1 January 2021.

n) Application of the profit and loss of the Parent Company

The proposal for the application of the profit and loss of the Parent Company formulated by the General Meeting of said company is as follows:

<u>Balance for purposes of distribution</u>	
Profits and losses (results)	1,862,972
<u>Application</u>	
Interim dividend	1,700,000
To voluntary reserves	162,972
Total	1,862,972

3. Recognition and measurement standards

The main recognition and measurement standards used for the formulation of the consolidated annual accounts are as follows:

a) Measurement homogenisation

The assets and liabilities, income and expenses and other items in the group companies’ annual accounts are measured using uniform methods and in accordance with the measurement standards and principles.

If any of the assets or liabilities or any income or expense, or any other item of the annual accounts have been valued according to non-uniform criteria with respect to those applied

in the consolidation, such items are valued again and only for the purposes of the consolidation; in accordance with such criteria, the necessary adjustments will be made, unless the result of the new measurement offers an interest that has little relevance to the effects of achieving a true and fair view of the group.

b) Consolidated goodwill

In 2019, the Parent Company takes control of the acquired or merged companies, generating the consolidated goodwill, which corresponds to the positive differences arising between the cost of the acquisition or merger and the value attributed to said investment of the fair value of the assets acquired and liabilities assumed from the acquired companies.

Goodwill is allocated to each of the cash-generating units on which the benefits of the business combination are expected to accrue and, where appropriate, the corresponding value adjustment is recorded.

In the event that an impairment loss of a cash-generating unit to which all or part of a goodwill has been assigned must be recognised, the book value of the goodwill corresponding to that unit is first reduced. If the impairment loss is greater than this amount, the remaining assets of the cash-generating unit are reduced in second place, in proportion to their book value, up to the limit of the higher value between: its fair value less the cost of sales, its value in use and zero. The impairment loss is recorded against the profit or loss for the period.

When an impairment loss is subsequently reversed (a procedure that is not permitted in the specific case of goodwill), the book value of the asset or cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a way that the increased book value does not exceed the book value that would have been determined had no impairment loss been recognised in prior periods. Such reversal of an impairment loss is recognised as income in the consolidated profit and loss account.

A useful life of 10 years has been determined for goodwill, determined separately for each cash-generating unit recognised in the consolidated goodwill.

In 2021, the new company, Holyvama Capital, was integrated into the scope of consolidation without Consolidated Goodwill and, in addition, the company, Mauro Real Estate, was contributed to another related company without this affecting the consolidated goodwill.

c) Reserves in companies consolidated by global integration and by the equity method

This heading includes the results generated – not distributed – by the subsidiaries and associated companies of the group, for consolidation purposes, between the date of the first consolidation and the beginning of the year submitted.

d) Transactions and balances between companies included in the consolidation scope

The removals of reciprocal credits and debits and expenses, income and results from internal transactions have been made based on the provisions for this in Royal Decree 1159/2010, of 17 September.

e) Conversion differences

All companies within the scope of consolidation have the euro as their currency, so no conversion differences are recorded.

f) Intangible fixed assets

As a general rule, intangible fixed assets are recorded if they are identifiable and are initially recognised at their net acquisition cost or production cost, then subsequently reduced at the corresponding rate of accumulated depreciation and accounting for any impairment losses they might have suffered. In particular the following criteria apply:

f.1. Research and development expenses

Research expenses incurred in the year are recorded in the consolidated profit and loss account. However, the Group considers these expenses as intangible fixed assets if the following conditions are met:

- They are specifically individualised by projects and their cost is clearly established so that they can be distributed over time.
- There are well-founded reasons for the technical success and economic-commercial profitability of the project.

Development expenses are also recognised under assets when they meet the above conditions.

The research and development expenses shown under assets are amortised linearly over their useful life (5 years), with a maximum of five years.

f.2. Industrial property

This is initially valued at the acquisition price or production cost, including recording and formalisation costs. It is depreciated on a straight-line basis over its useful life.

f.3. Goodwill recognised in individual companies

Goodwill is recognised only when its value is evidenced by an acquisition for consideration in the context of a business combination.

Goodwill is allocated to each of the cash-generating units on which the benefits of the business combination are expected to accrue and, where appropriate, the corresponding value adjustment is recorded.

The cash-generating units on which the benefits of the business combination are expected to fall, and among which their value has been assigned, are subject, at least annually, to a value impairment test and, with any corresponding measurement correction being duly recorded.

After initial recognition, goodwill is measured at its acquisition price less any accumulated depreciation and any accumulated impairment losses recognised.

Goodwill is amortised on a straight-line basis over ten years. The useful life shall be determined separately for each cash-generating unit to which goodwill is allocated.

At the close of each financial year, an analysis is conducted to determine whether there are indications of any value impairment of the cash-generating units to which the goodwill has been assigned and, if there are any, their possible value impairment will be verified in accordance with that outlined in note 5. The measurement corrections for impairment recognised in the goodwill are not subject to reversal in subsequent years.

f.4. IT applications

This concept includes the amounts paid for access to the ownership of or the right to use computer programs.

The computer programs that meet the recognition criteria are recognised at their cost of acquisition or development. Depreciation is carried out linearly over a period of 5 years starting from the first use of each application.

The maintenance costs of the IT applications are expensed in the year in which such costs are incurred.

f.5. Other intangible fixed assets

The Group includes within this heading the research and development of the new business model developed during the years 2018 and 2019, in addition to the computer applications used in the Group, which are initially valued at their acquisition cost or production cost and subsequently reduced by the corresponding accumulated amortisation.

g) Property, plant and equipment

Items of Property, plant and equipment are stated at acquisition or production cost plus any revaluations required by law, minus any accumulated depreciation and any impairment losses.

Indirect taxes on property, plant and equipment are only included in the purchase price or production cost if they are not recoverable directly from the tax authorities.

The initial estimate of the present value of the obligations assumed as a result of dismantling or withdrawal and other obligations associated with that asset, such as the costs of restoring the site on which it is located, provided these obligations give rise to recording of provisions.

The costs of expansion, modernisation or improvements that represent an increase in productivity, capacity or efficiency, or a lengthening of the useful life of the assets, are accounted for as a higher cost of the assets. Upkeep and maintenance expenses are charged to the profit and loss account for the financial year in which they are incurred.

The work carried out by the Group on its own fixed assets is reflected on the basis of the cost price of raw materials and other consumables, the costs directly allocable to these assets and a reasonable proportion of indirect costs.

The Group depreciates its property, plant and equipment linearly over the estimated useful lives of the assets. The years of useful life applied are as follows:

Item	%	Years of useful life
Other facilities	20	5
Furniture	15	7
Information processing equipment	25	4
Transport items	15	7
Other tangible fixed assets	10	10

h) Impairment of the value of non-financial assets

An impairment loss occurs when the carrying amount of an item of tangible or intangible fixed assets exceeds its recoverable amount, understood as the greater of its fair value minus costs of sales and its value in use.

For these purposes, at least at year-end, the Company evaluates, through the so-called “impairment test” if there are indications that any tangible or intangible fixed assets, with an indefinite useful life, or, where appropriate, any cash-generating unit may be impaired, in which case its recoverable amount is estimated by making the corresponding measurement corrections.

Calculations of impairment of property, plant and equipment are made on an individual basis. However, when it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash-generating unit to which each item of property, plant and equipment belongs is determined.

In the event that an impairment loss of a cash-generating unit to which all or part of a goodwill has been assigned must be recognised, the book value of the goodwill corresponding to that unit is first reduced. If the impairment loss is greater than this amount, the remaining assets of the cash-generating unit are reduced in second place, in proportion to their book value, up to the limit of the higher value between: its fair value less the cost of sales, its value in use and zero. The impairment loss must be recorded against the profit or loss for the period.

When an impairment loss is subsequently reversed (a procedure that is not permitted in the specific case of goodwill), the book value of the asset or cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a way that the increased book value does not exceed the book value that would have been determined had no impairment loss been recognised in prior periods. Such reversal of an impairment loss is recognised as income in the consolidated profit and loss account.

i) Investment property

This section includes the values of land, buildings and other structures that are held either to be rented or to obtain a gain on their sale as a result of future increases in their respective market prices.

Investment property is valued at its acquisition price or production cost minus the corresponding accumulated depreciation and the impairment losses experienced.

In addition, financial expenses accrued during the construction period that are directly attributable to the acquisition or manufacture of the investment are included, provided that a period of more than one year is required for it to be in conditions of use.

Indirect taxes on investment property are only included in the acquisition price or production cost if they are not recoverable directly from the tax authorities.

The initial estimate of the present value of the obligations assumed as a result of dismantling or withdrawal and other obligations associated with that asset – such as the costs of restoring the site on which it is located – is included as the higher value of the investment property, provided that these obligations give rise to the recording of provisions.

The costs of expansion, modernisation or improvements that represent an increase in productivity, capacity or efficiency, or a lengthening of the useful life of the assets, are accounted for as a higher cost of the assets. Upkeep and maintenance expenses are charged to the profit and loss account for the financial year in which they are incurred.

The work carried out by the Group on its own fixed assets is reflected on the basis of the cost price of raw materials and other consumables, the costs directly allocable to these assets and a reasonable proportion of indirect costs.

The amortisation of the investment property elements will be carried out from the moment in which they are available for start-up, in a linear manner during their estimated useful life.

j) Leasing and other operations of a similar nature

The Group recognises as financial leases those transactions whereby the lessor transfers substantially all the risks and rewards of ownership of the asset covered by the contract to the lessee and the remainder is recognised as operating leases.

j.1. Financial leasing

In finance leases in which the Group acts as lessee, the Group recognises an asset in the balance sheet according to the nature of the leased asset and a liability for the same amount, which is the lower of the fair value of the leased asset and the present value at the commencement of the lease of the agreed minimum amounts, including the purchase option. It does not include contingent fees, the cost of services and taxes chargeable by the lessor. The finance charge is recorded in the profit and loss account for the year in which it accrues, using the effective interest rate method. Quotas of a contingent nature are recognised as an expense in the year in which they are incurred.

The assets recognised for this type of transaction are depreciated using the same criteria as those applied to all the tangible (or intangible) assets, depending on their nature.

j.2. Operational leasing

Expenses derived from operating lease agreements are recognised in the consolidated profit and loss account in the year in which they accrue.

Any collection or payment made under an operating lease is treated as an advance collection or payment, which is charged to profit and loss over the lease term as the benefits of the leased asset are transferred or received.

j.3. Deposits delivered and received

The difference between the fair value of the deposits provided and received and the amount disbursed or collected is considered to be an advance payment or collection for the lease or provision of the service, which is applied to the consolidated profit and loss account during the period of the lease or during the period in which the service is rendered.

In the case of short-term guarantees, cash flow discounting is not performed since its effect is not significant.

k) Financial instruments

At the time of initial recognition, the Group classifies financial instruments as a financial asset, a financial liability or an equity instrument, based on the economic fund of the transaction, and taking into account the definitions of financial asset, financial liability and equity instrument, of the financial reporting framework that applies to it.

The recognition of a financial instrument occurs at the time when the Group becomes a party bound by an obligation to it, either as an acquirer, as a holder or as an issuer thereof.

k.1. Financial assets

The Group classifies its financial assets according to the business model that applies to them and the characteristics of the cash flows from the instrument.

The business model is determined by the Management of the Group and reflects how each group of financial assets is jointly managed to achieve a specific business objective. The business model that the Group applies to each group of financial assets is the manner in which it manages them with the objective of obtaining cash flows.

The Group also considers the characteristics of the cash flows that accrue when categorising assets. Specifically, it distinguishes between those financial assets whose contractual conditions give rise, on specified dates, to cash flows that are collections of principal and interest on the amount of outstanding principal (hereinafter, assets that meet the OPPI (only payments of principal and interest) criterion), from other financial assets (hereinafter, assets that do not meet the OPPI criterion).

Specifically, the Group's financial assets fall into the following categories:

- *Financial assets at fair value with changes in the profit and loss account*

As a general criterion, the Group classifies its financial assets as financial assets at fair value with changes in the profit and loss account, unless they have to be classified in some other category of those indicated subsequently for them by the applicable regulatory financial reporting framework.

In particular, financial assets held for trading are classified within this category. The Group considers a financial asset to be held for trading when:

It has originated or been acquired for the purpose of being sold in the short term

- It forms part of a portfolio of financial instruments identified and jointly managed with evidence of recent actions for short-term gains at the time of initial recognition, or
- It is a derivative financial instrument, provided it is not a financial guarantee contract, nor has it been designated as a hedging instrument.

In any case, at the time of initial recognition, the Group classifies within this category any financial asset that it has designated as a financial asset at fair value with changes in the profit and loss account, because with this it eliminates or significantly reduces an inconsistency of measurement or accounting asymmetry that would arise if classified in any other of the categories.

They are initially recorded at their fair value, which, unless evidenced otherwise, will be the transaction price, which will be equivalent to the fair value of the consideration delivered. Transaction costs that are directly attributable to them are recognised as an expense in the consolidated profit and loss account.

After initial recognition, the Group records the assets included in this category at fair value, recording the changes in the consolidated profit and loss account.

- *Financial assets at amortised cost*

These correspond to financial assets to which the Group applies a business model that has the objective of receiving the cash flows derived from the execution of the contract, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only collections of principal and interest on the amount of outstanding principal, even if the asset is admitted to trading in an organised market. As such, they are assets that meet the OPPI criteria (financial assets whose contractual conditions give rise, on specified dates, to cash flows that are collections of principal and interest on the amount of outstanding principal).

The Group considers that the contractual cash flows of a financial asset are only collections of principal and interest on the amount of the outstanding principal, when they are the cash flows inherent to an ordinary or common loan, without prejudice to the transaction being agreed at a zero or below-market interest rate. The Group considers that the following do not meet this criterion, and therefore, do not fall into this category: financial assets convertible into equity instruments of the issuer; loans with reverse variable interest rates (i.e. a rate that has an inverse relationship with market interest rates); or those in which the issuer may defer the payment of interest if such payment would affect its solvency, without deferred interest accruing additional interest.

When the Group evaluates whether it is applying the contractual cash flow collection business model to a group of financial assets, or on the contrary, it is applying another business model, it takes into account the timing, frequency and value of sales that are occurring and have occurred in the past within this group of financial assets. Sales themselves do not determine the business model and therefore cannot be considered in isolation. Therefore, the existence of one-time sales, within the same financial asset group, does not determine a change of business model for the other financial assets included within that group. To evaluate whether such sales determine a change in the business model, the Group takes into account existing information on past sales and expected future sales for the same group of financial assets. The Group also takes into account the conditions that existed

at the time the past sales occurred and the current conditions, when evaluating the business model that it is applying to a group of financial assets.

In general, trade receivables and non-trade receivables are included in this category:

- Trade receivables: Those financial assets originating from the sale of goods and the provision of services from ordinary operations of the Group for deferred collection
- Non-trade receivables: Those financial assets that – provided they are not equity instruments or derivatives – have no commercial origin and whose collections are of a determined or determinable amount, derived from loan or credit transactions granted by the Group.

They are initially recorded at the fair value of the consideration paid plus directly attributable transaction costs.

Notwithstanding the foregoing, the trade receivables maturing in less than one year that do not have a contractual interest rate are initially valued at their nominal value provided that the effect of not adjusting the cash flows is not significant, in which case they will then be valued at that amount, unless they have been impaired.

After their initial recognition, they are valued at amortised cost. Accrued interest is accounted for in the consolidated profit and loss account.

At the end of the year, the Group makes the appropriate impairment measurement corrections whenever there is objective evidence that the value of a financial asset, or a group of financial assets with similar characteristics of collectively valued risks, has been impaired as a result of one or more events occurring after its initial recognition, resulting in a reduction or delay in the collection of estimated future cash flows, and that may be motivated by the debtor's insolvency.

Impairment adjustments are recorded based on the difference between their book value and the present year-end value of the future cash flows estimated to be generated (including those derived from the execution of real and/or personal guarantees), discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at a variable interest rate, the Group uses the effective interest rate that, in accordance with the contractual conditions of the instrument, is applicable at the closing date of the financial year. These corrections are recognised in the consolidated profit and loss account.

- *Financial assets at cost*

This category includes the following financial assets:

- Investments in equity instruments whose fair value cannot be determined with reference to an active market, or cannot be reliably estimated, and derivatives that have such investments underlying them.
- Hybrid financial assets whose fair value cannot be reliably estimated unless it meets the criteria to be classified as a financial asset at amortised cost.
- Contributions made to joint venture agreements and similar accounts.
- Participation loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon which is conditional on the borrower's fulfilment of a

milestone (e.g. obtaining profits), or because they are calculated with reference to the evolution of the activity of the borrower.

- Any financial asset, which could initially be classified as a financial asset at fair value with changes in the profit and loss account, when it is not possible to obtain a reliable estimate of its fair value.

They are initially recorded at the fair value of the consideration paid plus directly attributable transaction costs. Fees paid to legal advisors, or other professionals, involved in the acquisition of the asset are expenses recorded in the consolidated profit and loss account. Expenses generated internally in the acquisition of the asset are also not recorded as a higher value of the asset, and are recorded in the consolidated profit and loss account.

Equity instruments classified in this category are valued at their cost, minus any accumulated amount of impairment measurement corrections.

Contributions made as a result of a joint venture agreement and similar accounts are valued at the cost, increased or decreased by the profit or loss, respectively, corresponding to the Group as a non-managing participant, and minus any accumulated amount of measurement adjustments for impairment.

This same criterion applies to participation loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon which is conditional on the fulfilment of a milestone in the borrowing company, or because they are calculated exclusively by reference to the evolution of the activity of the aforementioned company. If, in addition to a contingent interest, they include an irrevocable fixed interest, the latter is accounted for as financial income based on its accrual. Transaction costs are allocated to the consolidated profit and loss account on a straight-line basis over the life of the participation loan.

At least at the end of the year, the Group makes the necessary measurement corrections, provided there is objective evidence that the book value of an investment is not recoverable.

The amount of the measurement correction is calculated as the difference between its book value and the recoverable amount, understood as the greater of its fair value minus costs of sales and the present value of future cash flows derived from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the dividend distribution made by the investee company and the sale or derecognition of the investment in the investee company, or either by estimating its share of cash flows expected to be generated by the investee company, from both its ordinary activities and its disposal or derecognition.

The recognition of measurement corrections due to impairment in value and, where applicable, their reversal, will be recorded as an expense or income, respectively, in the consolidated profit and loss account. The impairment reversal will be limited to the book value of the investment that would be recognised on the reversal date if the impairment of the value had not been recorded.

- *De-recognition of financial assets*

Financial assets are derecognised from the consolidated balance sheet, as established in the Conceptual Accounting Framework of the General Accounting Plan, approved by Royal Decree 1514/2007 of 16 November, taking into account the economic reality of the

transactions and not just the legal form of the contracts that regulate them. Specifically, the derecognition of a financial asset is recorded – in whole or in any part – when the contractual rights to the cash flows of the financial asset have expired or have been transferred, provided that in such transfer the risks and benefits of ownership have been substantially transferred. The Group understands that the risks and benefits inherent in the ownership of the financial asset have been substantially assigned when its exposure to variation in cash flows ceases to be significant in relation to the total variation in the present value of net future cash flows associated with the financial asset.

If the Group has not substantially transferred or retained the risks and benefits of the financial asset, it is derecognised when no control is retained. If the Group maintains control of the asset, it continues to recognise it for the amount at which it is presented by the variations in value of the transferred asset, that is to say, for its continued involvement, recognising the associated liability.

The difference between the consideration received net of the attributable transaction costs, considering any new asset obtained minus any assumed liability, and the book value of the financial asset transferred, plus any accumulated amount that has been recognised directly in the consolidated shareholders' equity, determines the gain or loss arising from derecognition of the financial asset and forms part of the profit or loss for the fiscal year in which it occurs.

The Group does not derecognise financial assets in transfers in which it substantially retains the risks and benefits inherent in their ownership, such as the discounting of bills, recourse factoring transactions, sales of financial assets with a repurchase agreement at a fixed price or at the selling price plus interest and the securitisations of financial assets in which the Group retains subordinated financing or other types of guarantees that substantially absorb all expected losses. In these cases, the Group recognises a financial liability for an amount equal to the consideration received.

k.2. Financial liabilities

A financial liability is recognised in the consolidated balance sheet when the Group becomes an obligated party to the contract or legal business in accordance with its provisions. In particular, financial instruments issued are classified, in whole or in part, as a financial liability, provided that, according to the economic reality thereof, they entail a contractual obligation, direct or indirect, for the Group Company to deliver cash or other financial assets or to exchange financial assets or liabilities with third parties under unfavourable conditions.

Additionally, any contract that may be settled with the Group's own equity instruments is classified as a financial liability, provided that:

- It is not a derivative and requires or may require a variable amount of its own equity instruments to be delivered.
- If it is a derivative with an unfavourable position for the Group, which may be settled in a manner other than the exchange of a fixed amount of cash or other financial asset for a fixed amount of the Group's equity instruments. For these purposes, those that are, in themselves, contracts for the future receipt or delivery of the Group's own equity instruments are not included among the equity instruments.

Additionally, the rights, options or warrants that allow a fixed number of equity instruments belonging to the Group to be obtained are recorded as equity instruments, provided that the Group offers such rights, options or warrants proportionately to all shareholders of the same class of equity instruments. However, if the instruments give the holder the right to settle them in cash or by delivering equity instruments based on their fair value or at a fixed price, they are classified as financial liabilities.

Contributions made as a result of a joint venture agreement and similar accounts are valued at the cost, increased or decreased by the profit or loss, respectively, corresponding to the Group as a non-managing participant, and minus any accumulated amount of measurement adjustments for impairment. In this case, when the entire cost of the joint venture or similar account has been impaired, the additional losses generated by it will be classified as a liability.

Participation loans that accrue contingent interest – either because a fixed or variable interest rate is agreed upon which is conditional on the fulfilment of a milestone in the borrowing company (for example, obtaining profits), or because they are calculated exclusively by reference to the evolution of the activity of the aforementioned company – are recorded in the same way. Financial expenses accrued by the participation loan are recognised in the consolidated profit and loss account in accordance with the accrual principle, and transaction costs will be allocated to the consolidated profit and loss account in accordance with a financial criterion or, if not applicable, on a straight-line basis over the life of the participation loan.

In those cases in which the Group does not transfer the risks and benefits inherent to a financial asset, it recognises a financial liability in an amount equivalent to the consideration received.

The categories of financial liabilities, among which the Group classifies them, are as follows:

- *Financial liabilities at amortised cost*

In general, the Group classifies the following financial liabilities within this category:

- Trade payables: are those financial liabilities that originate from the purchase of goods and services for ordinary operations with deferred payment, and
- Non-trade payables: are those financial liabilities that, not being derivative financial instruments, have no commercial origin, but that originate from loan or credit transactions received by the Group.

Participation loans that have ordinary or common loan characteristics are also classified within this category.

Financial liabilities at amortised cost are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs.

Notwithstanding the foregoing, trade payables maturing in under one year and which do not have a contractual interest rate – as well as the disbursements paid to third parties on shareholdings, which are expected to be paid in the short term – are initially valued at their nominal value, provided that the effect of not discounting the cash flows is not significant.

Subsequently, they are valued at their amortised cost, employing the effective interest rate. In line with that mentioned in the previous paragraph, those that are initially valued at their nominal value continue to be valued at said amount.

- *Financial liabilities at fair value with changes in the profit and loss account*

Within this category the Group classifies those financial liabilities that meet the following conditions:

- They are financial liabilities held for trading. A financial liability is considered to be held for trading when:
 - It is issued or assumed for the purpose of repurchasing it in the short term
 - It forms part of a portfolio of financial instruments identified and jointly managed with evidence of recent actions for short-term gains at the time of initial recognition, or
 - It is a derivative financial instrument, provided it is not a financial guarantee contract, nor has it been designated by the Group as a hedging instrument.
- Financial liabilities that the Group has irrevocably designated, on initial recognition, as financial liabilities at fair value with changes in the profit and loss account, owing to the fact that with this:
 - The accounting asymmetry with other instruments at fair value is eliminated or significantly reduced with changes in the consolidated profit and loss account; or
 - The Group manages and evaluates performance based on the fair value of a group of financial liabilities and financial assets and liabilities in accordance with a documented investment or risk management strategy.
- Hybrid financial liabilities that the Group irrevocably designates, due to the fact that:
 - The embedded derivative does not significantly modify the cash flows that would otherwise have been generated by the instrument; or
 - When considering the hybrid instrument for the first time, it is evident that separation of the embedded derivative or derivatives is not permitted (e.g., an implicit prepayment option in a loan that allows its holder to prepay the loan for approximately its amortised cost).

The Group values these financial liabilities initially at fair value. Transaction costs directly attributable to the instrument are recorded in the consolidated profit and loss account for the year in which they accrue.

After initial recognition, these financial liabilities are recorded at fair value, recording the valuation changes in the consolidated profit and loss account.

- *De-recognition of financial liabilities*

The Group derecognises a financial liability when the obligation has been extinguished. The Group also derecognises its own financial liabilities that it may acquire (even with the intention of selling them in the future).

When there is an exchange of debt instruments with a lender, provided that they have substantially different conditions, the original financial liability is derecognised and the new

financial liability that arises is recognised. Likewise, any substantial change in the current conditions of a financial liability is recorded.

The difference between the book value of the financial liability, or the part thereof that has been derecognised, and the consideration paid – including attributable transaction costs, and in which any transferred asset other than the cash or liability assumed is also recorded – is recognised in the consolidated profit and loss account for the year in which it takes place.

When there is an exchange of debt instruments with no substantially different conditions, the original financial liability is not derecognised from the consolidated balance sheet, with the amount of fees paid being recorded as an adjustment of their book value. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the one that equals the book value of the financial liability on the date of being changed with the cash flows to be paid according to the new conditions.

For these purposes, the conditions of the contracts are considered to be substantially different when the lender is the same as the one that granted the initial loan and the current value of the cash flows of the new financial liability – including the net commission fees – differs by at least 10% of the current value of the cash flows pending payment of the original financial liability, with both being updated at the effective interest rate of the original liability. In addition, in those cases in which said difference is less than 10%, the Group also considers that the conditions of the new financial instrument are substantially different when there are other substantial modifications thereto of a qualitative nature, such as: change from fixed interest rate to variable interest rate or vice versa, the restatement of the liability in a different currency, an ordinary loan that is converted to a participation loan, etc.

k.3. Own equity instruments of the Parent Company

An equity instrument represents a residual interest in the equity of the Parent Company, after deducting all its liabilities.

Capital instruments issued by the Parent Company are recorded in shareholders' equity for the amount received, net of issuance expenses.

Expenses arising from a transaction involving equity, which has been withdrawn or abandoned, will be recognised in the consolidated profit and loss account.

In the event of the disposal of an equity instrument, the difference between the consideration received and the book value of the instrument is recognised directly in the consolidated equity in a reserve account.

Expenses related to the acquisition, disposal or amortisation of equity instruments are recognised in a reserve account.

The shares acquired by the Group are recorded, for the value of the consideration delivered in exchange, directly as a lower value of Shareholders' Equity. The results derived from the purchase, sale, issuance or amortisation of equity instruments are recognised directly in Shareholders' Equity, without in any case any result being recorded in the consolidated profit and loss account.

k.4. Deposits delivered and received

The difference between the fair value of the deposits provided and received and the amount disbursed or collected is considered to be an advance payment or collection for the lease or provision of the service, which is applied to the consolidated profit and loss account during the period of the lease or during the period in which the service is rendered.

In the case of short-term guarantees or long-term guarantees of a small amount, cash flow discounting is not performed since its effect is not significant.

l) Transactions in foreign currencies

Monetary items

The conversion into the operating currency of items expressed in foreign currencies is performed by applying the current exchange rate at the moment of the corresponding transaction, valued at the financial year close in accordance with the current exchange rate at that moment.

In the particular case of financial assets of a monetary nature classified as available for sale, the determination of the exchange differences produced by the exchange rate variation between the transaction date and the year-end closing date is made as if such assets were valued at amortised cost in the foreign currency, such that the exchange differences will be those resulting from variations in said amortised cost as a result of variations in exchange rates, regardless of their fair value.

The exchange rate differences that occur as a consequence of the valuation at the financial year close of the debits and credits in foreign currencies are entered directly into the consolidated profit and loss account.

m) Tax on profits

The expense or income relating to tax on profits is calculated by adding the current tax expense or income plus the part corresponding to the deferred tax expense or income.

The current tax is the amount that results from applying the tax rate to the taxable profit. Tax deductions and other tax benefits in the amount of tax, excluding tax withholdings and prepayments, as well as tax loss carryforwards from previous periods applied effectively in the period, will result in a reduction of the current tax.

For its part, the deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets for deductible timing differences, for the right to offset tax losses in subsequent financial years and for deductions and other unused tax advantages pending application and deferred tax liabilities for taxable temporary differences.

The deferred tax assets and liabilities are valued at the tax rates expected at the time of their reversal.

Deferred tax liabilities are recognised for all taxable timing differences, except for those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect either the tax profit or the accounting profit and is not a business combination.

In accordance with the principle of prudence, the deferred tax assets are only recognised to the extent that obtaining future profits that would enable to apply them is considered likely. Notwithstanding the foregoing, the deferred tax assets corresponding to the deductible temporary differences arising from the initial recognition of assets and liabilities in a transaction that does not affect either the tax profit or the accounting profit and is not a business combination are not recognised.

Both the expenditure or income from current and deferred tax are entered in the profit and loss account. However, the current and deferred tax assets and liabilities that are related to a transaction or event recognised directly in a shareholders' equity item, are recognised with a charge or credit to said item.

The deferred taxes recorded are reviewed at each balance sheet date to verify that they are still in force and the appropriate corrections are made. Likewise, deferred tax assets recognised and those not previously recorded are evaluated, derecognising those recognised assets whose recovery is no longer probable, or recording any assets of this nature not previously recognised, to the extent that their recovery with future tax benefits becomes probable.

The Group does not consolidate fiscally.

n) Provisions and contingencies

The Board of Directors of the Parent Company in the formulation of the consolidated annual accounts, differentiates between:

- Provisions

Credit balances covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are undetermined as to their amount and/or timing.

- Contingent liabilities

Possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or non-occurrence of one or more future events independent of the Group's will.

The consolidated annual accounts include all the provisions with respect to which it is estimated that the probability that the obligation will have to be settled is greater than the opposite, and are recorded at the present value of the best possible estimate of the amount necessary to settle or transfer the obligation to a third party. Contingent liabilities are not recognised in the consolidated annual accounts, but rather are reported on in the consolidated report.

Provisions are measured at year-end at the present value of the best estimate of the amount required to settle or transfer the obligation to a third party, and adjustments arising from the restatement of those provisions are recorded as a financial expense as they accrue. In the case of provisions maturing in less than or equal to one year, and the financial effect is not significant, no discount rate is applied.

The compensation receivable from a third party on the settlement of the obligation does not decrease the amount of debt, but is recognised as an asset if there are no doubts that said reimbursement will be received.

o) Related party transactions

Transactions between related parties, irrespective of the degree of relationship, are accounted for in accordance with the general rules. Consequently, as a general rule, the transaction items are initially recognised at fair value. If the price agreed in a transaction differs from its fair value, the difference is recorded based on the economic reality of the transaction. Subsequent measurement is carried out in accordance with the provisions of the relevant standards.

p) Income and Expenses

Income is derived primarily from providing creative services.

To determine whether income should be recognised, the Group follows a five-step process:

1. Identification of the contract with a client
2. Identification of performance obligations
3. Determination of the transaction price
4. Allocation of transaction price to performance obligations
5. Recognition of income when performance obligations are met.

The Group often conducts transactions that affect a number of services, for example for BBVA, Aliexpress, Grupo Más Móvil, Inditex, KFC or Alvalle.

The total transaction price of a contract is distributed among the various performance obligations based on its relative independent sales prices. The transaction price of a contract excludes any amounts charged on behalf of third parties.

Ordinary income is recognised at a given time or over time, when (or as) the Group meets performance obligations by transferring promised services to its clients.

The Group recognises liabilities for contracts involving a consideration received in relation to unmet performance obligations and presents these amounts as other liabilities in the consolidated balance sheet (see Note 3 k2). Similarly, if the Group satisfies a compliance obligation before receiving the consideration, the Group recognises a contractual asset or a credit in its consolidated balance sheet, depending on whether something more than the passage of time is required before the consideration is due.

The Group is dedicated to the provision of creative services applied in its different lines of business: advertising, communications and digital services. The Group recognises income at a particular point in time, as services are provided.

The Group grants credit to clients for 30 or 60 days from the invoice date. The financial effect is not discounted from the overall price of the transaction, when the directors consider that it is not significant.

In order to provide the services, the Group incurs salary expenses and, in some cases, production costs. Income from these services is recognised by the Group over time, to the

extent it provides services to the client, and it is entitled to collect all work performed to date. The Group recognises income using the resource method, to measure the progress of the work performed and the satisfaction of the undertaken obligation. The Group adjusts the progress of the work as circumstances change and prospectively records the potential impact as an estimate change.

The income that the Group recognises over time is recognised as an asset under contract, to the extent that it is pending collection. If, on the contrary, the Group has collected payment in advance for work that it has not yet executed, it records a customer advance, under the heading “Commercial creditors and other accounts payable” in the consolidated balance sheet. There is no financial component within these types of contracts, to the extent that the Group receives advance collections to finance the cost of manufacturing the mould, which causes there to be no financial component in the price.

- *Expenses*

Expenses are recognised using accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises.

Expenses are measured at the fair value of the received consideration, deducting discounts and taxes.

q) Cash flow statement

The statement of cash flows has been prepared using the indirect method, and it uses the following expressions with the meaning indicated below:

- **Operating activities:** activities that constitute the ordinary income of the Group, as well as other activities that cannot be classified as investment or financing.
- **Investment activities:** activities of acquisition, or disposal by other means of long-term assets and other investments not included in cash and its equivalents.
- **Financing activities:** activities that produce changes in the size and composition of shareholders’ equity and liabilities that are not part of operating activities.

4. Intangible fixed assets

Intangible fixed assets are composed of other intangible fixed assets and consolidation goodwill

The balances and changes during the financial years, of the gross values, of accumulated depreciation and of measurement corrections with the exception of the consolidation goodwill, are as follows:

	Development	IT applications	Research	Total
<u>Gross values</u>				
Balance at 01/01/2020	802,441	32,769	79,864	915,073
Entries	-	-	-	-
Disposals, retirements and reductions	-	-2,865	-2,864	-5,728
Balance at 31/12/2020	802,441	29,904	77,000	909,345
Entries	-	-	-	-
Disposals, retirements and reductions	-	-	-	-
Balance at 31/12/2021	802,441	29,904	77,000	909,345
<u>Accumulated depreciation</u>				
Balance at 01/01/2020	-43,785	-22,538	-1,304	-67,626
Amount allocated for depreciation	-160,488	-6,541	-15,400	-182,429
Disposals, retirements and reductions	-	2,508	-	2,508
Balance at 31/12/2020	-204,273	-26,570	-16,704	-247,548
Amount allocated for depreciation	-160,488	-1,667	-15,400	-177,555
Disposals, retirements and reductions	-	-	-	-
Balance at 31/12/2021	-364,761	-28,237	-32,104	-425,102
Net Book Value at 31/12/2020	598,168	3,334	60,296	661,797
Net Book Value at 31/12/2021	437,680	1,667	44,896	484,243

As in financial year 2020, during 2021 the Group has not incurred costs.

During financial year 2019, the Group incurred costs directly associated with development for an amount of €317,118, related to the project of transforming the Group's production model through the acquisition of two companies and which is based on a new production model; these costs were incurred when the conditions indicated in the recognition and measurement standards outlined in Note 3f) were met.

The gross value of the elements in use, which have been fully depreciated, is as follows:

Account	Balance at 31/12/2020	Balance at 31/12/2021
IT applications	24,904	24,904
	24,904	24,904

5. Consolidated goodwill

In financial year 2021, there have been no entries, derecognitions or variations of current goodwill, which will be amortised over 10 years from its generation in this financial year.

The Group tests whether the goodwill has suffered any impairment of value on an annual basis. The recoverable amount of the cash-generating units (CGUs) is determined based on the value of use calculations that require the use of assumptions. The calculations use cash flow projections based on management-approved financial budgets covering a 5-year period.

Cash flows beyond 5 years are extrapolated using the estimated growth rates noted below. These growth rates are consistent with the forecasts included in specific reports for the industry in which each CGU operates.

The Group management has determined the values assigned to each of the key assumptions mentioned as follows:

Assumption	Approach used to determine values
Sales volume	Average annual growth rate for the expected 5-year period; based on past results and management expectations of market developments.
Sales price	Average annual growth rate for the expected 5-year period; based on current industry trends and includes long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past results and management expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management budgets these costs based on the current business structure, adjusting for inflation increases, but not reflecting future restructurings or cost-saving measures. The amounts itemised above are the average operating costs for the expected 5-year period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on management's historical experience and expenditure on planned improvements. No incremental revenue or cost savings are assumed in the value-of-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budgeted period. Rates are consistent with forecasts included in industry reports.
Pre-tax discount type	Reflects specific risks related to the respective segments and countries in which they operate.

The balances of the consolidation goodwill account are as follows:

	2020					2021				
	Randm Productions , S.L.	Estresarte Comunicación, S.L.	Redbilty, S.L.	Mauro Real Estate, S. L.	TOTAL	Randm Productions, S.L.	Estresarte Comunicación , S.L.	Redbilty, S.L.	Holyvama Capital, S.L.	TOTAL
Initial gross balance	205,100	433,911	267,784	-	906,795	205,100	433,911	267,784	-	906,795
Accumulated amortisation, initial balance	-	-	-	-	-	-20,510	-43,391	-26,778	-	-90,680
Entries	-20,510	-43,391	-26,778	-	-90,680	-20,510	-43,391	-26,778	-	-90,680
	-20,510	-43,391	-26,778	-	-90,680	-41,020	-86,782	-53,557	-	-181,359
Final net balance	184,590	390,520	241,006	-	816,116	164,080	347,129	214,227	-	725,436

6. Property, plant and equipment

The balances and changes during financial years 2020 and 2021 of the gross values, of accumulated depreciation and of measurement corrections are as follows:

	Other facilities	Furniture	Information processing equipment	Transport items	Other fixed assets	Total
<u>Gross values</u>						
Balance at 01/01/2020	665,854	432,398	388,521	387,456	18,397	1,892,626
Entries	8,398	5,379	63,737	39,539		117,053
Disposals, retirements and reductions	-13,915	-10,434	-54,917	-41,519	-6,421	-127,206
Balance at 31/12/2020	660,337	427,343	397,341	385,476	11,975	1,882,473
Entries	7,288	573	85,818	-	958	94,637
Disposals, retirements and reductions	-	-193,646	-3,740	-178,833	-	-376,219
Balance at 31/12/2021	667,625	234,270	479,420	206,643	12,933	1,600,890
<u>Accumulated depreciation</u>						
Balance at 01/01/2020	-505,306	-245,359	-300,760	-98,209	-13,092	-1,162,726
Amount allocated for depreciation	-80,838	-52,551	-52,766	-54,096		-240,251
Disposals, retirements and reductions	13,855	12,726	58,099	17,103	3,257	105,040
Balance at 31/12/2020	-572,290	-285,184	-295,427	-135,202	-9,835	-1,297,936
Amount allocated for depreciation	-58,559	-30,554	-55,887	-44,299	-968	-190,267
Disposals, retirements and reductions	-	118,925	3,409	98,218	-	220,551
Balance at 31/12/2021	-630,849	-196,812	-347,905	-81,283	-10,803	-1,267,652
Net Book Value at 31/12/2020	88,047	142,160	101,914	250,274	2,141	584,536
Net Book Value at 31/12/2021	36,776	37,458	131,514	125,360	2,130	333,238

The additions for financial year 2021 and 2020 have been generated mainly by the acquisition of computer equipment. This is due to the increase in the number of workers during the year. With the state of emergency continuing in Spain, the Group gives its workers complete flexibility when deciding whether to work from home or in the office. This makes portable equipment necessary for each of the Group's employees.

During financial year 2021, there have been write-offs with a net book value of €159,036 (€22,921 in 2020) in the Group, resulting in profits from the disposal of fixed assets for €2,210 (losses of €3,484 in 2020).

The gross value of the elements in use, which have been fully depreciated for 2021 and 2020, is as follows:

Account	Balance at 31/12/2021	Balance at 31/12/2020
Technical facilities	550,495	263,967
Furniture	95,767	82,417
Computer equipment	239,343	183,245
Other tangible fixed assets	8,235	7,135
	893,840	536,764

The Group's policy is to have insurance policies in place to cover all possible risks to which the various items of its fixed assets are exposed. At the close of the 2021 period there were no deficits in cover related with these risks.

7. Investment property

The balances and changes during financial year 2021 and 2020 of the gross values, of accumulated depreciation and of measurement corrections are as follows:

	Land
<u>Gross values</u>	
Balance at 01/01/2020	-
Entries	189,819
Disposals, retirements and reductions	-
Balance at 31/12/2020	189,819
Entries	-
Disposals, retirements and reductions	-189,819
Balance at 31/12/2021	-
Net Book Value at 31/12/2020	189,819
Net Book Value at 31/12/2021	-

During financial year 2020, there were additions for a total value of €189,819 corresponding to land located in the municipal area of Cebreros, in the “Calas de Guisando” urban development.

The purchase of this land is due to the Group’s intention to expand and diversify the business towards investment property. Hence, the company Mauro Real Estate, S.L. was created in December 2019, a company dedicated to the performance of all kinds of real estate activities.

This land was contributed in a capital increase to this company that has subsequently left the Group.

8. Leasing and other operations of a similar nature

a) Financial leasing

The Group assets that are subject to a financial lease are as follows:

	Balance at 31/12/2021	Balance at 31/12/2020
Property, plant and equipment	39,539	39,539

This corresponds to an electric vehicle purchased in 2020.

During financial year 2021, the Group has the following minimum leasing instalment payments contracted with lessors, in accordance with the current contracts:

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	Pending instalments	
	Balance at 31/12/2021	Balance at 31/12/2020
	Minimum payments agreed	Minimum payments agreed
Under one year	3,563	3,373
Between one and five years	24,603	28,166
	28,166	31,539

During financial year 2020, the Group cancelled financial lease agreements composed of three vehicles, two of them acquired in 2017. One of them matured in May 2020 and another in October 2021. The last vehicle was purchased during 2019 and it [the lease] matured in January 2023. In turn, it acquired a financial lease for a value of €31,539. This is an electric vehicle with which to attend meetings with suppliers, clients or potential clients, with less impact on contamination, given the company's responsibility to the environment.

The amount of the financial lease fees recognised respectively as amortisation of the debt in the financial year are as follows:

	2021	2020
Payments made during the financial year	3,373	111,432

During financial year 2021, it did not acquire or cancel any financial leases.

b) Operating leasing

The minimum future fees for the operating leases of the offices in which the Group carries out its activities, in accordance with the current contracts in force, are as follows:

	Pending instalments	
	Financial year 2021	Financial year 2020
Up to one year	234,658	188,114
Between one and five years	651,623	930,890
	886,281	1,119,004

The amount of the lease and operating sublease instalment payments recognised respectively as expenses in the year are as follows:

	2021	2020
Payments made during the financial year	187,710	225,252

As a lessee, the most significant operating lease contracts are the following:

- Lease of the office located at Calle Antonio Maura, 16, Madrid. The lease agreement began on 1 December 2005 and is extended by agreement on 12 May 2016, agreeing to a duration of 10 years from 1 June 2016 to 31 May 2026, considering the duration of the long-term agreement. Likewise, the amounts for rent paid during the 2021 and 2020 financial years amounted to €105,190.56 and €112,526, respectively. There has been a

reduction in the rents paid due to the renegotiation of the office lease agreement from the month of March 2020 until the close of financial year 2021, due to the crisis caused by COVID-19. The Group has recorded in both financial years the discounts obtained from the lessor as contingent instalments, based on the consultation published on 19 February 2021 by the Accounting and Auditing of Accounts Institute.

- Office located at Calle Conde de Peñalver, 38. The lease agreement began on 1 January 2011 for a duration of 5 years, which have elapsed, and is currently renewed annually.

9. Financial instruments

a) Financial assets

Long-term and short-term financial investments

The financial investments are classified based on the following categories:

	Long-term financial investments							
	Equity instruments		Other financial assets		Derivatives		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<u>Categories:</u>								
Financial assets at amortised cost	-	-	56,253	550,701	-	-	56,253	550,701
Financial assets at cost	15,000	15,000	-	-	-	11,750	15,000	26,750
	15,000	15,000	56,253	550,701	-	11,750	71,253	577,451
	Short-term financial investments							
	Equity instruments		Other financial assets		Derivatives		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	<u>Categories:</u>							
Assets at fair value with changes in profit and loss:								
Trading portfolio	-	1,991,095	347,724	-	-	-	347,724	1,991,095
Financial assets at amortised cost	-	-	3,117,231	1,579,225	-	-	3,117,231	1,579,225
Financial assets at cost	10,500	24,056	-	-	11,750	-	22,250	24,056
	10,500	2,015,151	3,464,954	1,579,225	11,750	-	3,487,204	3,594,376

The long-term financial instruments include the bonds for the rents held by the Group are recorded, with the most significant being the bond of the office at Antonio Maura, 16, for the amount of €28,353 and the bond of the office at Conde de Peñalver for the amount of €23,667.

In short-term financial instruments, the Group has recorded at the end of the financial year an amount of €347,724 (€1,991,095 in 2020) corresponding to the fair value of a securities account contracted with Andbank and a fixed-term deposit for the amount of €10,000 (€24,056 in 2020). The commercial debtors balance is reflected at amortised cost.

During financial year 2020, this investment generated a positive net result, as a result of the sale, for an amount of €274,943, recorded in the financial result of the consolidated profit and loss account for financial year 2020. In 2021, the result was €437,567, also for disposal and reflected in the financial result of the consolidated profit and loss account. And a change in the fair value of the shares owned by the Group at the end of financial year 2021 of €80,053 lower value (€170,605 higher value in 2020).

The Group has recognised a credit impairment to the amount of €96,836 in financial year 2021 (€86,601 in 2020), corresponding to balances with clients, so the balance at closing was €181,017 at the end of financial year 2021 and €86,601 at the end of financial year 2020.

Cash and cash equivalents

The balances of the cash and bank accounts at the end of the year are as follows:

	Euros	
	2021	2020
Cash	1,534,676	1,081,196
Other cash equivalents	-	-
	1,534,676	1,081,196

b) Financial liabilities

The book value of each of the categories of financial instruments established in the recognition and measurement standard for “Financial Instruments” is as follows:

	Long-term financial liabilities							
	Debts with credit institutions		Other financial liabilities		Creditors for financial leasing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial liabilities at amortised cost	2,576,313	2,728,231	-	125,000	24,603	28,166	2,600,916	2,881,397
Total	2,576,313	2,728,231	-	125,000	24,603	28,166	2,600,916	2,881,397

	Short-term financial liabilities							
	Debts with credit institutions		Other financial liabilities		Creditors for financial leasing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial liabilities at amortised cost	1,858,469	2,066,448	1,361,910	915,739	3,563	3,373	3,223,942	2,985,560
Total	1,858,469	2,066,448	1,361,910	915,739	3,563	3,373	3,223,942	2,985,560

The “financial leases” category indicated for financial years 2021 and 2020 corresponds to the leasing of the electric vehicle that the Group acquired (see note 8).

The total balance of “Debts with credit institutions”, at the close of the 2021 and 2020 financial years, corresponds to the ICO (Instituto de Crédito Oficial [Official Credit Institute]) credits and other loans received, to debts due to credit drawn from bank cards, as well as to lines of credit, and is as follows:

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Description	Long term	2020		2021	
		Long term	Short term	Long term	Short term
BANKINTER	Loan	-	271,074	-	-
	Loan	-	13,333	-	-
	Loan	-	42,676	-	-
	Loan	58,169	19,579	38,118	20,050
SANTANDER	Line of credit	-	651,749	-	437,948
	Loan	-	43,097	-	-
	Loan	28,515	33,462	-	28,515
	Loan	84,210	54,583	28,386	55,824
	Loan	419,255	80,745	391,311	108,689
	Loan	-	-	-	39,214
	Loan	-	26,573	-	-
	Loan	57,778	43,333	14,444	43,333
	Loan	316,563	61,437	295,463	82,537
	Loan	-	-	-	13,027
	Loan	-	-	-	16,685
	Loan	44,306	48,333	-	44,306
	Loan	397,798	77,202	371,283	103,717
	Loan	67,444	7,556	64,830	69,642
Loan	-	-	-	13,983	
Deutsche	Loan	-	10,356	-	-
	Loan	-	-	-	-
	Loan	-	21,414	-	-
BBVA	Line of credit	-	-	-	452
	Loan	-	-	247,571	130,892
	Loan	62,324	66,764	-	62,324
	Loan	214,866	35,134	202,642	47,358
	Loan	-	-	89,032	10,170
	Loan	-	25,735	-	-
SABADELL	Loan	153,797	54,373	98,603	55,194
	Line of credit	-	157,423	-	173,526
	Loan	102,214	34,152	67,076	35,138
	Loan	8,044	3,523	4,402	3,641
	Loan	175,972	24,028	175,972	24,028
	Loan	167,903	32,097	167,903	32,097
	Loan	13,945	7,635	6,065	7,880
	Loan	-	-	45,424	14,576
CAIXABANK	Loan	78,750	11,250	72,973	17,027
	Loan	88,954	36,872	51,338	37,616
	Loan	118,786	39,352	64,734	15,266
	Loan	68,640	11,360	78,741	40,046
	Line of credit	-	-	-	34,885
SEVERAL	Cards	-	20,247	-	38,886
TOTALS		2,728,231	2,066,448	2,576,313	1,858,469

These debts have an interest rate which we detail below:

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	2021	2020
<u>Loans:</u>		
Banco Santander	2.75% - 1.88%	2.75% - 1.88%
Deutsche Bank	1.75% - 1.56%	1.75% - 1.56%
Bankinter	1.75%	1.75%
BBVA	1.90% - 2.00%	
Caixabank	1.80% - 2.00%	
Sabadell	1.50% - 3.30%	
 <u>Line of credit:</u>		
Banco Santander	2.10%	2.10%
Bankinter	2.00%	2.00%
BBVA	2.15%	
Caixabank	2.00%	
Sabadell	2.35%	

The “other financial liabilities” balance includes the liabilities payable to the former owners of the companies acquired in 2019 due to compliance with the contingent price stipulated in the purchase and sale contracts.

Classification by maturity

The breakdown by maturity of the various long-term financial liabilities, with determined or determinable maturity at the end of financial year 2021, is as follows:

	2023	2024	2025	2026	Total
<u>Debts:</u>					
Debts with credit institutions	1,183,658	1,004,607	344,691	43,356	2,576,313
Other financial liabilities	3,764	3,976	16,863		24,603
	1,187,422	1,008,584	361,554	43,356	2,600,916

The data at the end of the 2020 financial year is as follows:

	2022	2023	2024	2025	Total
<u>Debts:</u>					
Debts with credit institutions	987,266	807,593	715,684	217,687	2,728,230
Other financial liabilities	128,563	3,764	3,976	16,863	153,166
	1,115,829	811,357	719,660	234,550	2,881,396

Guarantees committed with third parties

At the end of the 2021 financial year, the overall amount of the guarantees provided to third parties amounts to €30,000 (same amount in 2020). They are presented to ensure the proper fulfilment of the Group’s activity.

- Commercial creditors and other accounts payable

The itemisation of the balance for “Commercial creditors and other accounts payable” is as follows:

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Item	2021	2020
Suppliers	1,062,694	565,989
Other creditors	73,863	61,802
Personnel remunerations pending payment	352	87,948
Current tax liabilities	251,616	-
Other debts with public administrations	756,014	518,538
Advance payments from clients	100,000	-
Total	2,244,540	1,234,277

The average payment period to Group suppliers to 31 December 2021 is as follows:

	2021	2020
	Days	Days
Average period of payment to suppliers	59	65
Transactions Paid Ratio	66	69
Transactions Pending Payment Ratio	44	45
	Amount	Amount
	(euros)	(euros)
Total payments made	2,245,216	1,549,262
Total outstanding payments	997,678	384,783

10. Own funds

a) Share capital

On 28 June 2019, the Parent Company agreed to a capital increase by issuing 256,610 shares, each with a €0.09 par value, with an issue premium of €1.96 per share, all of them of the same class and fully subscribed and paid, granting the same rights to their holders. This has been recorded in the commercial registry dated 10 February 2020.

At the end of financial year 2020, the share capital of the Parent Company amounts to €165,862, consisting of 1,842,909 shares with a nominal value of €0.09, fully subscribed and paid.

On 5 November 2021, an agreement was made to modify the par value of the shares by setting it at €0.01 per share by splitting them in the corresponding proportions. With this, the shares are renumbered 1 to 16,586,127.

During 2021, minority shares of the company were bought and sold. The company that has a shareholding equal to or greater than 10% is as follows:

Miss Valentine, S.L.	Share percentage
	98.61%
	98.61%

b) Reserves and profit and loss from previous years

The breakdown is as follows:

	2021	2020
Legal reserve of the Parent Company	33,173	33,173
Voluntary reserves of the Parent Company	96,602	144,886
First consolidation differences	-	-
Reserves in consolidated companies	40,433	-
Total	170,208	178,058

The contribution from each company included in the scope of consolidation to the reserves in consolidated companies, expressed in euros, is as follows:

	2021	2020
Company	Profit and loss for the financial year	Profit and loss for the financial year
Randm Productions, S.L.	-80,228	-
Estresarte Comunicación, S.L.	-21,544	-
Redbility, S.L.	142,205	-
Holyvama Capital, S.L.	-	-
Reserves in consolidated companies	40,433	-

c) Legal reserve

In accordance with the Revised Text of the Capital Companies Act, an amount equal to 10% of the profits from the period should be allocated to the legal reserve until it reaches at least 20% of the total share capital. The legal reserve can be used to increase capital in the portion of its balance that exceeds 10% of the increased capital. With the exception of the purpose noted above, and while it does not exceed 20% of the share capital, this reserve can only be used to compensate losses and provided that there are no other reserves available for this purpose.

At the close of the financial year this reserve is currently fully established.

d) Own shares of the Parent Company

During financial year 2018, the General Shareholders' Meeting of JUNGLE21, S.A. held on 7 September 2018 approved the acquisition of the Company's own shares.

The shares held by the Parent Company on 31 December 2020 are as follows:

Treasury stock	Number	Average acquisition price	Total acquisition cost
At the end of financial year 2021	822,213	0.23	187,282

On the date these consolidated annual accounts are formulated, the Board of Directors of the Parent Company has not made a decision on the final intended destination for the aforementioned own shares.

e) Breakdown of consolidated profit and losses

The contribution from each company included within the scope of consolidation to the consolidated profit and loss amounts for the period, expressed in euros, was as follows:

Company	2021 Profit and loss for the financial year	2020 Profit and loss for the financial year
JUNGLE21, S.A.	1,862,972	305,240
Randm Productions, S.L.	250,134	-80,228
Estresarte Comunicación, S.L.	128,890	2,732
Redbility, S.L.	516,597	168,129
Holyvama Capital, S.L.	223,320	-
Consolidation adjustments	-785,460	-90,679
Consolidated profit and loss for the financial year	2,196,453	305,194

On 5 November 2021, the Parent Company decided to make a distribution of the issue premium, reserves and interim dividend for financial year 2021. In total €2,010,168, which are divided into €47,324 of issue premium, €262,844 of reserves from previous years and €1,700,000 of interim dividend for financial year 2021.

11. Information on the nature and level of risk derived from financial instruments

The management of the Group's financial risks is the responsibility of the Financial Department, which has established the necessary mechanisms to control exposure to variations in interest and exchange rates, as well as credit and liquidity risks. The main financial risks affecting the Group are indicated below:

a) Credit risk:

In general, the Group maintains its cash and equivalent liquid assets in financial institutions with a high credit rating.

Likewise, it should be noted that there is no significant concentration of credit risk with third parties.

b) Liquidity risk:

Liquidity risk arises from the possibility that the Group cannot dispose of liquid funds, or access them, in a sufficient amount and at the appropriate cost, to meet its payment obligations at all times. The purpose of the Group is to maintain the necessary cash and cash equivalents.

At 31 December 2021, the Group's working capital was positive at €934,490 (€1,299,827 in 2020), indicating that payment obligations are adequately covered.

c) Market risk (includes interest rate, exchange rate and other price risks):

With regard to the exchange rate risk, this is considered very small due to foreign currency transactions not entailing a significant amount within the Group's turnover.

12. Tax status

The breakdown of the accounts related to Public Administrations during financial year 2021 and 2020 is as follows:

Account	2021			
	Debtor balances		Creditor balances	
	Non-current	Current	Non-current	Current
Value added tax	-	13,769	-	452,934
Personal Income Tax	-	-	-	198,427
Deferred tax assets	697,497	-	-	-
Current tax assets	-	33,866	-	-
Deferred taxes liabilities	-	-	-	-
Current tax liabilities	-	-	-	251,616
Social Security bodies	-	-	-	104,652
	697,497	47,634	-	1,007,630

Account	2020			
	Debtor balances		Creditor balances	
	Non-current	Current	Non-current	Current
Value added tax	-	13,631	-	295,796
Personal Income Tax	-	-	-	118,723
Deferred tax assets	154,008	-	-	-
Current tax assets	-	34,056	-	-
Deferred taxes liabilities	-	-	-	-
Current tax liabilities	-	-	-	-
Social Security bodies	-	-	-	104,018
	154,008	47,686	-	518,538

The reconciliation between the consolidated accounting profit and loss and the sum of taxable bases of the consolidation scope for the 2021 and 2020 financial years is as follows:

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	2021		2021		2021		Total
	Profit and Loss Account		Income and expenses allocated directly to equity		Reserves		
	Increases	Decreases	Increases	Decreases	Increases	Decreases	
Balance of income and expenses	2,196,453	-	-	-	-	-	2,196,453
Corporation Tax	-249,136	-	-	-	-	-	-249,136
Permanent differences	-	-	-	-	-	-	-
Of individual companies	323	-	-	-	-	-	323
Of consolidation adjustments	90,680	-	-	-	-	-	90,680
Tax base (tax result)	2,038,320	-	-	-	-	-	2,038,320

	2020		2020		2020		Total
	Profit and Loss Account		Income and expenses allocated directly to equity		Reserves		
	Increases	Decreases	Increases	Decreases	Increases	Decreases	
Balance of income and expenses	305,194	-	-	-	-	-	305,194
Corporation Tax	30,361	-	-	-	-	-	30,361
Permanent differences	-	-	-	-	-	-	-
Of individual companies	450	-	-	-	-	-	450
Of consolidation adjustments	90,680	-	-	-	-	-	90,680
Offset of tax loss carryforwards from previous periods	-	-305,240	-	-	-	-	-305,240
Tax base (tax result)	426,685	-305,240	-	-	-	-	121,444

The breakdown of the expense/income due to Corporation Tax is as follows:

	2021					
	Current tax	Change in deferred tax				Total
		Of assets		Of liabilities		
		Temporary differences	Credits for negative tax bases	Other credits	Temporary differences	
Recognised in the profit and loss account						
Continuing operations	-529,870	-	782,195	-3,189	-	
Total expense/ income due to taxation					249,136	

	2020					
	Current tax	Change in deferred tax				Total
		Of assets		Of liabilities		
		Temporary differences	Credits for negative tax bases	Other credits	Temporary differences	
Recognised in the profit and loss account						
Continuing operations	-133,414	-	103,053	-	-	
Total expense/ income due to taxation					-30,361	

Deferred tax assets recorded at the end of 2021 and 2020 correspond to tax loss carryforwards, based on the Company's estimate of their recoverability.

At the close of financial years 2021 and 2020, the tax loss carryforwards pending offsetting are as follows:

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	31/12/2021	31/12/2020
	Amount	Amount
Tax loss carryforwards:		
Year 2002	471,498	1,096,362
Year 2003	729,961	729,961
Year 2004	569,430	569,430
Year 2005	733,026	733,026
Year 2011	183,942	183,942
Year 2015	-	51,652
Year 2016	-	32,273
Year 2018	-	180,644
Year 2019	-	60,550
Year 2020	44,284	106,971
Total deferred tax assets	2,732,142	3,744,810

In accordance with applicable tax regulations, the maturity of tax credits for incurred tax losses and deductions is indefinite.

Financial years pending verification and inspection actions

On 31 December 2021, the Group has no ongoing inspections. However, in accordance with that established in current legislation, taxes cannot be considered as definitively paid until the submitted statements have been inspected by the tax authorities or the four year period of limitations has expired. At 31 December 2021, the Group has made the Corporation Tax of 2017 and 2018 and subsequent financial years available for inspection as well as other taxes that are applicable to it. The Board of Directors of the Parent Company considers that the payment of the referred to taxes has been carried out appropriately, and therefore, even in the event that discrepancies were to arise in the interpretation of the current regulations in relation to the tax considerations applied to the operations, the resulting liabilities, should they arise, would not affect the attached consolidated annual accounts in a significant manner.

13. Income and Expenses

a) Net turnover

The distribution of the net turnover by categories of activity and geographical markets is as follows:

	2021									
	Advertising			Communications			Digital Services			Total
	Spain	Rest of EU	Rest of World	Spain	Rest of EU	Rest of World	Spain	Rest of EU	Rest of World	
Income from client contracts										
Income from contracts with clients	4,888,045	81,139	1,288,092	1,797,799	-	-	2,196,586	110,760	-	10,362,421
	4,888,045	81,139	1,288,092	1,797,799	-	-	2,196,586	110,760	-	10,362,421
Income recognition timeframe										
Over time	4,888,045	81,139	1,288,092	1,797,799	-	-	2,196,586	110,760	-	10,362,421
	4,888,045	81,139	1,288,092	1,797,799	-	-	2,196,586	110,760	-	10,362,421

The Group's activity is mainly carried out in the Spanish market. During 2021, certain projects have been developed such as Aliexpress, BBVA Switzerland or Alvalle France,

which is an indication of plans to grow in the European market. However, at present more than 85% of the Group's activity is carried out in Spain.

b) Provisioning

Breakdown	31/12/2021 Amount	31/12/2020 Amount
Works carried out by other companies	2,634,112	1,582,811
	<u>2,634,112</u>	<u>1,582,811</u>

Geographical markets	31/12/2021 Amount	31/12/2020 Amount
Spain	2,634,112	1,582,811
	<u>2,634,112</u>	<u>1,582,811</u>

c) Personnel expenses

Personnel expenses	31/12/2021 Amount	31/12/2020 Amount
Wages and salaries	3,475,888	2,648,620
Redundancy payments	53,548	182,487
Social security paid for by the company	914,683	682,962
Other social contributions	34,142	128,128
	<u>4,478,261</u>	<u>3,642,196</u>

d) Other operating expenses

Account	31/12/2021 Amount	31/12/2020 Amount
Leases and fees	187,710	225,252
Repairs and maintenance	36,572	34,600
Independent professional services	225,171	103,106
Insurance premiums	17,838	17,221
Banking and similar services	1,698	1,026
Advertising and public relations	292,686	184,649
Supplies	23,183	28,216
Other services	159,457	96,776
Other taxes	8,270	21,185
Losses, impairment and variation of provisions due to commercial operations	96,836	86,601
Other current management expenses		1,125
	<u>1,049,422</u>	<u>799,757</u>

14. Information on environmental issues

The Group's strategy is to anticipate trends and to constantly protect and reinforce its corporate image. With this in mind, becoming an industry leader is a priority, especially on topics that concern the well-being of society as a whole, such as environmental and social governance.

To achieve this hope, the Group has started the process for attaining B-Corp certification. Certified B Corporations are a new type of business that balances purpose and profits. They are required to consider the impact of their decisions on their workers, customers, suppliers, the community and the environment. This rating will certify that J21 is a member of a global community of leaders that drives a worldwide movement of people who use business as a force for good.

Certified B Corporations receive this status from the non-profit institution called: B Lab. To achieve this status, companies must have a high standard of social and environmental performance as measured by the B Impact Assessment, they must verify their scores through transparency requirements and legally commit to taking all stakeholders into account, not just their shareholders.

In summary, this will certify that JUNGLE21 is a for-profit corporation with a modified standard of fiduciary duty, subject to higher standards of purpose, responsibility and transparency, and that it has internalised its duty to consider the best interests of employees, communities, customers and suppliers, as well as shareholders.

The process for achieving B-Corp certification is quite lengthy, typically lasting between 8 and 12 months. The Group expects to achieve this important milestone during financial year 2022.

15. Operations with related parties

During the year, transactions have been carried out with the following related parties:

<u>Company</u>	<u>Type of relationship</u>
Miss Valentine, S.L.	Parent Company
Agustín Vivancos	CEO

The pricing policy followed for all transactions carried out during the period is based on the fair market value, in accordance with article 16 of the Corporation Tax Act.

As of 31 December 2020, there were loans granted to Miss Valentine, S.L. for the amount of €414,000 and to Agustín Vivancos Matamoros for the amount of €84,500. Of that amount, €64,000 was to mature in 2022 and €434,500 was to mature in 2023. However, these loans have been paid off during 2021.

On 5 April, a shareholder contribution – which does not constitute a capital increase – was made to the subsidiary Mauro Real Estate for the amount of €700,000. On 18 May, a non-monetary capital increase of €189,819 was made, consisting of a contribution of land composed of three properties for their book value.

On 15 June, the partial spin-off of the company Jungle21 took place by segregating a part of its equity that is specified in 100% of the shareholdings representative of the share capital of the subsidiary company Mauro Real Estate, S.L. and transferring said equity in block to the beneficiary company Miss Valentine, S.L., which acquired by succession, in a private capacity, all rights and obligations that are part of the segregated equity and under the terms provided for in the spin-off project.

In 2020, the Parent Company had a Sole Administrator: Agustín Vivancos Matamoros, Chairman and CEO.

On 8 November 2021, an agreement was reached to appoint a Board of Directors consisting of a chairman, four directors and a non-director secretary.

During financial year 2021, salaries were paid for the work performance of the Board of Directors, which coincides with senior management, for the amount of €126,950 (€149,937 as salary paid to the Sole Administrator in 2020).

There have been no advances or credits granted to the Board of Directors or senior management personnel of the Company.

The Group has taken out a civil liability insurance policy covering the CEO and all members of the Board of Directors for the amount of €9,193 (€8,160 in 2020).

The Group has no pension obligations with the CEO.

The CEO and the rest of the members of the Board and the persons related to them referred to in Article 231 have not reported any conflict of interest, direct or indirect, that they might have with the interests of the Group.

16. Other information

The average number of people employed during financial years 2021 and 2020, and the number of people employed at the end of both financial years, distributed by professional categories, is as follows:

JUNGLE21, S.A. and subsidiary companies
Consolidated Annual Report for the year ended
31 December 2021

Account	2021 Average		2020 Average	
	Men	Women	Men	Women
Senior Management	6	4	1	4
Departmental Directors	3	3	9	6
Creativity	12	12	14	8
Digital/Social	2	3	-	-
New business	1	1	-	2
Education/training studies	3	1	2	1
Accounts	6	24	4	15
Finance/Administration	1	3	1	2
UX Consultant	6	11	3	4
Visual Designer	2	2	2	5
Development	2	1	2	1
	44	65	38	48

Account	31/12/21		31/12/20	
	Men	Women	Men	Women
Senior Management	6	4	1	4
Departmental Directors	3	3	9	6
Creativity	13	13	16	9
Digital/Social	4	4	-	-
New business	1	1	-	2
Education/training studies	4	1	2	1
Accounts	6	24	4	18
Finance/Administration	1	3	1	2
UX Consultant	8	16	3	4
Visual Designer	2	2	2	5
Development	2	1	2	1
	50	72	40	52

Professional fees for account auditors

The fees to be paid to Grant Thornton S.L.P. for their audit services of the consolidated annual accounts will amount to €18,300 (€11,500 in 2020). This includes €4,800 for the review of the gatekeeping in the listing in France.

The additional fees that have been earned by Grant Thornton S.L.P. or other companies in its network are as follows:

- Fees for the auditing of the abbreviated annual accounts of the Parent Company for the amount of €10,000 (€8,160 in 2020).
- Fees for other services (Report of Agreed Procedures on certain financial information) for the amount of €3,000.

17. Events subsequent to closing

From the closing date of the financial year to which these consolidated annual accounts refer to, and until the date of their formulation, there have been no events or circumstances that could have had an impact on them that should have been incorporated and were not, except for those outlined below.

On 15 February 2022, the Parent Company formed a new company whose principal activity corresponds to other business management consulting activities. The Parent Company has subscribed 100% of the share capital of the company for an amount of €3,000.

On 25 February, the Euronext Board approved the incorporation of JUNGLE 21 shares for trading in Euronext Access. The company has already received the official letter of approval and the effective date for incorporation (first trading date) was 4 March 2022.

On 16 March 2022, the Parent Company acquired the company PINK Lab, S.L., whose main activity is the provision of advertising services. This acquisition is important to open doors for us in the European market, as it has a portion of its activity in the Italian market.

Consolidated Performance Report

1. Evolution of the business and position of the Group

Financial year 2021 closed with total revenue of €10.3 million, of which €7.7 million corresponds to gross profit.

Gross profit is all income that comes from the Group's activity and is the measure used by the company as a reference for its performance. It is calculated by deducting the costs of sales due to third-party expenses from the total income.

The pre-tax profit was €1.9 million and the after-tax profit was €2.2 million. The reason that the after-tax profit is greater than the pre-tax profit is due to the fact that in 2021 a decision was made to activate the tax loss carryforwards that the Group had not yet recorded. The amount activated was €0.8 million.

Broadly speaking, 2021 finished better than expected. The lines of business we acquired or created are consolidating, especially True performing communications activities and Redbilly performing digital design activities.

The approach of focusing on current clients and enabling them to grow in 2021 has worked. We gained 20 new clients, including: Beefeater Light, La guinda, W Barcelona, HBO, Six, Aliexpress (Alibaba), Storytel, Alvalle (Pepsico), Mahou San Miguel and Just Eat. In addition, we also closed 2021 as the second best agency in the Effectiveness Awards, possibly the most relevant awards from our clients' point of view. The goal for the next few years is to continue to be a Top 3 in these awards, since it is the most relevant to brands, it can enable us to continue with our current clients and bring in more new business.

In addition, during 2021, work has been carried out in advancing the process of joining the Euronext Access market. In March 2022, our application was approved and the incorporation into the market took effect on 4 March. This is an important milestone as a company that will enable us to accelerate our organic growth plans and be able to build loyalty for our key employees.

From an ESG strategy standpoint, we are on the path to becoming a B-Corp company. To achieve this aspiration, the Group began the process in 2021 for attaining B-Corp certification. Certified B Corporations are a new type of business that balances purpose and profits. They are required to consider the impact of their decisions on their workers, customers, suppliers, the community and the environment. This rating will certify that J21 is a member of a global community of leaders that drives a worldwide movement of people who use business as a force for good.

In summary, 2021 has been a good year with good performance figures and with the consolidation of the subsidiaries. With this foundation we need to accelerate growth and continue to invest in new lines of business.

2. Results and evolution of the Group

We started 2021 with the Covid-19 vaccination programme already underway. This was a big step in the fight against the pandemic and for the recovery of social and economic life. By July, half of the Spanish population was already fully vaccinated. All of this has

helped to ensure that the various waves which have taken place have not halted the economic recovery.

Despite the COVID-19 outbreak and the economic consequences it entailed in Spain, the Group started off with good results in 2020 that served as the basis for the growth achieved in 2021.

The key to this growth has been to focus on the growth of current clients, as business has increased in many of them. We have also continued gaining new business at a good rate and that has allowed us to grow at the desired rate, achieving gross profit growth of +56% compared to that achieved in 2020, and reaching sales of more than €10 million.

Operating staff expenses (eliminating expenses of the board of directors, compensations) have increased by +30%. This is 26 points less than gross profit has grown. Operating overheads (eliminating extraordinary expenses) increased 15%, due to the return to normality in 2021. Though these expenses will tend to fully normalise in 2022 when all Covid-related agreements disappear, for example, the discounts on the rental of the offices.

Considering the Group, operating EBITDA (EBIDTA without taking into account the amount of compensations, M&A, extraordinary and non-permanent variable remuneration), has grown to €2,561,191 (\$920,577 in 2020) and net profit has increased to \$2,196,453 compared to €305,194 in 2020.

EBITDA margins are 33% and net profit is 28%. The net profit is higher this year due to the activation of the “beans” (previous tax credits).

The ambition is to continue to grow at the pace we have set and in 2022 continue to incorporate new lines of business, as well as to see our current clients grow.

The following tables show the summary operating account and the calculation of the operating EBITDA for years 2020 and 2021:

JUNGLE21, S.A. and subsidiary companies
Consolidated Performance Report
31 December 2021

	2020	2021
Revenues	6,539,717	10,352,177
Cost of sales	1,582,811	2,634,112
Gross Profit or Gross Margin	4,956,906	7,718,064
<i>% of sales</i>	<i>76%</i>	<i>75%</i>
Personnel cost	3,341,185	4,356,259
Net margin	1,615,721	3,361,806
Overheads	695,144	800,614
Overall total (personnel + general)	4,036,329	5,156,873
Operating EBIDTA	920,577	2,561,191
<i>% / Gross Margin</i>	<i>19%</i>	<i>33%</i>
Financial profit and loss	337,445	210,805
Extraordinary profit/loss	(409,108)	(366,177)
PBTA	848,914	2,405,819
Amortisations	513,359	458,501
Tax	30,361	(249,136)
Net Profit	305,194	2,196,453

OPERATING PROFIT AND LOSS	(1,890 €)	1,736,513 €
Amortisation on assets	513,359 €	458,501 €
Redundancy payments	179,639 €	53,548 €
Commercial impairment	86,601 €	96,836 €
Taxes	21,185 €	8,270 €
Depreciation of property, plant and equipment	3,484 €	(2,210 €)
Regularisations and others	118,200 €	42,932 €
Advisory expenses	0 €	23,100 €
Consulting / M&A	0 €	143,702 €
Operating EBITDA	920,577 €	2,561,191 €

3. Use of financial instruments

The Group is in a good financial position in which our positive working capital allows us to have some peace of mind since it ensures that we can pay for short-term financing needs.

At the end of the 2021 financial year, the company has a very good liquidity position, with a level of indebtedness lower than the year 2020 and with funds available to continue growing the business. In this regard, the availability of funds derives from joining the Euronext Access market is worth noting. In addition, as is common during times of growth, confidence is important for financial institutions to provide support to the Group through financing, both long-term and short-term. In 2021, the Group has expanded its bank lines of credit and we are in the process of reviewing new long-term loans that can help us maintain the desired growth levels.

Therefore, we have no liquidity risk or any kind of cash flow risk, but we have the right solvency to be able to meet our estimates.

Impact on income generation and profitability: During 2021, the company has met its income and profitability targets determined in its Annual Budget, based especially on an

aggressive Business Plan with regard to income and efficiency in operational expenditure. While there is some uncertainty in how the continuity of the crisis may affect the coming year 2022, we understand that the business and commercial prospects are promising and no significant potential impacts are identified on the date the consolidated annual accounts are drawn up.

4. Research and development activities

During financial year 2019, the Group incurred costs directly associated with development for an amount of €317,118, related to the project of transforming the Group's production model through the acquisition of two companies and which is based on a new production model.

There are no research and development activities other than those explained in note 4 of the consolidated annual report and activated in accordance with the conditions indicated in the recognition and measurement standards outlined in Note 3f of the consolidated annual report itself.

5. Treasury Stock

As mentioned in the consolidated annual report, during the 2018 financial year, the General Shareholders' Meeting of JUNGLE21, S.A. (at that time called Dommo Creative Center, S.A.), held on 7 September 2018 approved the acquisition of the Company's own shares.

After the split applied in 2021, the number of shares held by the Parent Company as of 31 December 2021 are 822,213 shares (91,357 shares before the split at an acquisition price of €2.05), so they are valued at €187,282 in the Group's consolidated balance sheet.

On the date these consolidated annual accounts are formulated, the Board of Directors of the Parent Company has not made a decision on the final intended destination for the aforementioned own shares.

6. Average payment period

The average payment period to Group suppliers to 31 December 2021 is as follows:

JUNGLE21, S.A. and subsidiary companies
Consolidated Performance Report
31 December 2021

	2021	2020
	Days	Days
Average period of payment to suppliers	59	65
Transactions Paid Ratio	66	69
Transactions Pending Payment Ratio	44	45
	Amount	Amount
	(euros)	(euros)
Total payments made	2,245,216	1,549,262
Total outstanding payments	997,678	384,783

7. Subsequent events

From the closing date of the financial year to which these consolidated annual accounts refer to, and until the date of their formulation, there have been no events or circumstances that could have had an impact on them that should have been incorporated and were not, except for those outlined below.

On 15 February 2022, the Parent Company formed a new company whose principal activity corresponds to other business management consulting activities. The Parent Company has subscribed 100% of the share capital of the company for an amount of €3,000.

On 25 February, the Euronext Board approved the incorporation of JUNGLE 21 shares for trading in Euronext Access. The company has already received the official letter of approval and the effective date for incorporation (first trading date) was 4 March 2022.

On 16 March 2022, the Parent Company acquired the company PINK Lab, S.L., whose main activity is the provision of advertising services. This acquisition is important to open doors for us in the European market, as it has a portion of its activity in the Italian market.

8. Foreseeable evolution of the Group

The company has prepared the Strategic Plan for the next 1,000 days as a framework in which the company's actions are organised for 2022-2025.

The Group's objective is to double the company's gross profit every three years, with an average annual growth of between 20-26%. For the next 1,000 days, the company plans to accelerate growth through acquisitions of external firms that complete the services currently offered by the Group, with the integration of at least two companies per year over the next three years. The acquisitions also aim to strengthen the company's position in key markets. Therefore, the company expects to continue the positive growth in income, results and profitability it has attained in recent years.

As of 31 December 2021, the team consists of more than 120 employees with creative profiles, strategists, producers, designers and consultants (at the closing of this report, the Group now has more than 140 employees).

JUNGLE21, S.A. and subsidiary companies
Consolidated Performance Report
31 December 2021

The Group's interest in accelerated growth stems from the need to bet on large accounts that require suppliers with minimal revenue levels, inaccessible to most independent companies. Size is therefore vital in this industry for achieving stability and security, retaining talent and attracting the best professionals.

JUNGLE21, S.A.U.

Annual Accounts for the financial year 2021

Includes Annual Accounts Audit Report

INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED ANNUAL ACCOUNTS

(Translation of a report and abridged annual accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails)

To the shareholders of Jungle21, S.A.

Opinion

We have audited the abridged annual accounts of Jungle21, S.A. (the Company) which comprise the abridged balance sheet at 31 December 2021, the abridged income statement and the notes to the abridged annual accounts for the year then ended.

In our opinion, the accompanying abridged annual accounts present, in all material respects, a true and fair view of the equity and the financial position of the Company at 31 December 2021, and of the results of its operations for the year then ended, in accordance with the applicable framework of financial reporting standards (which is identified in note 2 to the abridged annual accounts) and, in particular, in compliance with the accounting principles and criteria contained in that framework.

Basis for opinion

We conducted our audit in accordance with the current Spanish standards for auditing accounts. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the abridged annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are applicable to our audit of the abridged annual accounts in Spain, as required by the regulations governing the auditing of accounts. In this regard, we have not provided any services different to the audit of accounts and no situations or circumstances have arisen that, based on the aforementioned regulations, might have affected the required independence in such a way that it could have been compromised.

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

Most relevant audit aspects

The most relevant audit aspects of the audit are those that, in our professional judgement, were considered as the most significant material misstatement risks in our audit of the abridged annual accounts of the current period. These risks were addressed in the context of our audit of the abridged annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Revenue recognition

As mentioned in note 1, the Company obtains its revenues mainly from advertising activities. In accordance with the applicable financial reporting framework and as indicated in note 4.k of the notes to the abridged annual accounts, the total transaction price of a contract is allocated among the various

performance obligations on the basis of their relative stand-alone selling prices. The transaction price of a contract excludes any amounts collected on behalf of third parties. Revenue is recognized over time, when (or as) the Company satisfies the performance obligations by transferring the promised services to its customers. Given the significant nature of the correct timing of revenue recognition, we consider this aspect to be the most significant risk of material misstatement in relation to such revenue.

Our main audit procedures included at the end of the 2021 financial year, among others, substantive testing of the revenue recognition process by obtaining external confirmations for a sample of customers pending collection and, where appropriate, alternative verification procedures by means of supporting evidence of subsequent collection or supporting sales documentation. Likewise, based on a sample of invoices close to both the end of the fiscal year and the beginning of the following year, we have verified the correct allocation of the revenue in the appropriate period. Finally, we have assessed whether the information disclosed in the financial statements complies with the requirements of the applicable financial reporting framework.

Impairment of commercial operations

As of December 31, 2021, as indicated in Note 9 of the notes to the abridged annual accounts, the Company has a net value of 1,259 thousand euros under the heading "Trade receivables for sales and services". At the end of each year, the Company's management carries out an analysis of trade receivables, looking for indications of possible problems of recoverability of the outstanding balances, recording the corresponding provision for impairment in those cases considered. In this sense, the delay on the part of the customers in paying the invoices issued means that there is a significant risk and susceptible to material misstatement in relation to the correct evaluation of the recoverability of the accounts receivable. For all of the above reasons, as well as for the relevance of the amount of the customers, we consider this issue to be one of the most relevant aspects of the audit.

Our audit procedures, in response to the aforementioned risk, have included, among others, obtaining the detail of invoices pending collection at year-end, analyzing their age, as well as obtaining external confirmations from the main customers and, where appropriate, performing alternative procedures to verify the unconfirmed balances and reconciling items. We have also verified the collections from the main customers occurring after the end of the fiscal year

Investments in group and associated companies

Investments in the equity of group and associated companies, amounting to 1,287 thousand euros, are held in different companies that carry out different activities related to the audiovisual sector. In accordance with the applicable financial reporting regulatory framework, the need to make valuation adjustments to the investments based on their recoverable amount must be assessed at least at year-end. The methods permitted for calculating the recoverable amount are various and require the calculation of fair values, the calculation of present values of cash flows and the identification of unrealized gains, all of which are areas in which there is a high degree of judgment and estimation, since slight changes in the variables and assumptions used may have a significant impact on the determination of the same in relation to equity investments.

The possible impairment loss on this class of financial assets is calculated as the difference between their book value and the present value of future cash flows estimated to be generated, discounted at the effective interest rate corresponding to the closing date of the financial statements. The calculation of present values of estimated cash flows involves a high degree of judgment and estimation, since slight changes in the variables and assumptions used may have a significant impact on their determination.

Consequently, the aspects described in the preceding paragraphs were significant in our audit.

In connection with the aforementioned aspects, we performed a series of audit tests by applying certain procedures as described below:

- We tested the numerical accuracy of the calculations made by the Company's management for each of the criteria used.

- We tested the consistency of the estimation process performed by the Company's management and corroborated the appropriateness of the methods used.

Emphasis of matter

We draw attention to note 2e of the abridged report, which describes that the Company has a negative working capital of 1,028 thousand euros. In the opinion of the Board of Directors, its payment obligations are adequately covered due to changes in the business model that are expected to increase its activity through which it can meet its obligations to third parties. Consequently, the Company's directors present these abridged financial statements under the going concern principle, considering that it will continue to develop its activity in a normal manner during the next fiscal year. Our opinion has not been modified in relation to this matter.

We draw attention to note 2e of the accompanying abridged annual report, which describes the effects that the COVID-19 crisis situation could have on the Company's future operations. Our opinion has not been modified in relation to this matter.

Responsibility of the directors for the abridged annual accounts

The directors are responsible for the preparation of the accompanying abridged annual accounts, so that they show a true and fair view of the equity, the financial position and the results of the Company, in accordance with the framework of financial reporting standards applicable to the Company in Spain and for such internal control that they consider necessary to enable the preparation of abridged annual accounts that are free from material misstatements, whether due to fraud or error.

In preparing the abridged 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the abridged annual accounts

Our objectives are to obtain reasonable assurance about whether the abridged 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 the current Spanish regulations for auditing accounts 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 abridged annual accounts.

As part of an audit in accordance with current Spanish regulations for auditing accounts, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the abridged annual accounts, whether due to fraud or error, design and perform audit procedures to respond 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 Company's internal control.
- Evaluate the appropriateness of the 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 to this in our auditor's report to the related disclosures in the abridged 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 abridged annual accounts, including the disclosures, and whether the abridged annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

From the significant risks communicated to the directors of the Company, we determine those risks that were of most significance in the audit of the abridged annual accounts of the current period and are, therefore, the risks considered most significant.

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

JUNGLE21, S.A.
ABRIDGED BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(Expressed in Euros)

ASSETS	Notes	31.12.2021	31.12.2020
NON-CURRENT ASSETS		2.739.734	3.544.462
Intangible fixed assets	5	484.243	661.797
Property, plant and equipment	6	234.466	485.577
Investment property	7	-	189.819
Long-term investments in group and associated companies	17	1.287.074	2.106.000
Long-term financial investments	9	47.526	55.284
Deferred tax assets	13	686.426	45.986
CURRENT ASSETS		1.544.096	2.157.833
Inventories		7.770	5.840
Commercial debtors and other accounts receivable	9	1.293.320	805.823
Clients from sales and provision of services		1.259.328	771.778
Other loans with public administrations	13	33.992	34.044
Short-term investments in group and associated companies	17	459	-
Short-term financial investments	9	22.250	761.699
Short-term accruals		68.347	42.015
Cash and cash equivalents		151.949	542.456
TOTAL ASSETS		4.283.831	5.702.295

JUNGLE21, S.A.
ABRIDGED BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(Expressed in Euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2021	31.12.2020
SHAREHOLDERS' EQUITY		362.007	1.402.203
Own Funds	10	362.007	1.402.203
Capital		165.862	165.862
Issue premium		-	940.324
Reserves		220.455	178.058
Legal and statutory		33.173	33.173
Other reserves		187.282	144.886
(Shares and shareholdings of the parent company)		(187.282)	(187.282)
Profit and loss for the year	3	1.862.972	305.240
(Interim dividend)	3	(1.700.000)	-
NON-CURRENT LIABILITIES		1.349.718	1.567.050
Long-term debts	11	1.349.718	1.567.050
Debts with credit institutions		1.349.718	1.442.050
Other financial liabilities	17	-	125.000
CURRENT LIABILITIES		2.572.105	2.733.042
Short-term debts	11	1.462.806	1.878.120
Debts with credit institutions		1.337.806	1.678.120
Other financial liabilities		125.000	200.000
Deudas con empresas del grupo y asociadas a corto plazo	17	159.930	-
Commercial creditors and other accounts payable		949.369	854.922
Suppliers	11	429.704	372.210
Other creditors	11	68.987	53.243
Personnel remunerations pending payment	11	(32)	101.914
Other debts with public administrations	13	350.709	327.556
Advance payments from clients		100.000	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4.283.831	5.702.295

JUNGLE21, S.A.
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

	<u>Notes</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
CONTINUING OPERATIONS			
Revenue	14	5.230.466	4.136.554
Cost of sales	14	(1.657.181)	(1.584.822)
Other operating income		579.369	685.997
Personnel cost	14	(2.354.209)	(2.058.608)
Other operating expenses	14	(775.372)	(624.718)
Other operating expenses	5, 6	(339.133)	(398.639)
Impairment and profit and loss due to transfers of fixed assets	6	2.210	(3.127)
Other profits or losses		1.621	1.237
OPERATING PROFIT AND LOSS		<u>687.772</u>	<u>153.874</u>
Financial income	17	695.982	1.909
Financial income		(82.349)	(75.061)
Change in fair value of financial instruments		(28.721)	28.721
Exchange differences		(370)	(174)
Impairment and gain or loss on disposal of financial instruments	9	(34.153)	195.971
FINANCIAL PROFIT AND LOSS		<u>550.389</u>	<u>151.366</u>
PROFIT AND LOSS BEFORE TAXES		<u>1.238.161</u>	<u>305.240</u>
Tax on profits	13	624.812	-
PROFIT AND LOSS FOR THE FINANCIAL YEAR	3	<u>1.862.972</u>	<u>305.240</u>

**Abbreviated Annual
Accounts**

JUNGLE21, S.A.
Abbreviated Annual Report for the financial year ending
31 December 2021

1. Activity

The company, Jungle21, S.A. (formerly PS21 Design Strategy, S.A.U.), was incorporated as a public limited company on 17 May 2000, having modified its corporate name to the current one on 15 November 2018 with it taking effect as of 1 January 2019, and the consequent amendment of Article 1 of its Articles of Association. Its registered office is at Calle Antonio Maura, 16, in Madrid.

The corporate purpose of the Company, in accordance with its articles of association, is the creation, performance and execution of advertising projects and tasks related to the contracting, mediation and dissemination of advertising messages in any of its possible forms and means, including the performance of unconventional advertising activities. The execution of events, creation of campaigns, preparation of market research and promotional activities, design and any other activity concerning the organisation of public relations. The execution of activities directly or indirectly related to marketing, merchandising and other related or similar business activities. The creation and production of audio-visual and graphic productions, the construction and design of websites and other similar computer platforms. The performance of activities and the provision of services in the field of telecommunications, information and communications; in particular, the development of activities related to the internet and any other networks, including access activities, production activities, distribution and/or display of own or third-party content, portal activities, e-commerce activities and any other activities that may arise in this area in the future. Intermediation activities in transactions with securities and other assets. The acquisition, possession, administration, assignment and disposal of any form of shares, shareholdings, obligations, promissory notes, bills of exchange and any other securities, as well as the provision of services in the management, coordination, maintenance and optimisation of the resources of the companies in which the company invests, all on its own account.

In 2019, the PS21 brand was created with the vision of creating a new business model that would apply creativity throughout the value chain. In addition, the aim of the Parent Company was to double the company every 3 years, which has been achieved through the acquisitions of the subsidiaries belonging to the Group.

After 3 years, the objective has been achieved and the company's new corporate name is due to the next step, which is the listing, carried out on 4 March 2022, in the Euronext Access market.

JUNGLE21 is an ecosystem of creative companies. Our value proposition is based on helping our customers grow economically and make a positive impact by applying creative solutions across their entire value chain.

JUNGLE21 functions as a company and parent brand that connects and drives the rest of the Group's brands: PS21 (it will continue as a brand, even if it does not have a company with that name), True (brand of Randm Productions, S.L.), ES3 (brand of Estresarte Comunicación S.L.), Redbility and Holyvama Capital.

The companies, as a brand, operate independently under a house of brands model. The companies, as businesses, are 100% owned by Jungle21.

The principles of collaboration and independence among the various brands/companies of J21 are as follows:

- Total independence and freedom in the direction and management of the operation.
- A collaboration model that will never be enforced from the parent company.

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- All to operate under the principles stipulated as a B-Corp company (once we achieve certification).
- With the aim of increasing the profits of the group.

JUNGLE21 is the company that is listed on the stock exchange, as of 4 March 2022.

Estresarte Comunicación, acquired in April 2019, carries out digital marketing activities to reinforce the Group's digital competencies.

Redbility, acquired in July 2019, is a digital design consultant, reinforcing the Group in the field of digital product design and consulting.

Randm Production, a company that changed its business in November 2019, is a creative communications agency that helps the Group fill the gap in the market and create a disruption in a mature and old sector.

The corporate purpose of Mauro Real Estate, incorporated on 30 December 2020, in accordance with its articles of association, is to carry out all kinds of real estate activities. This company ceased to be part of the Group on 29 July 2021, with the spin-off of the company to the parent company MISS Valentine, S.L. Therefore, it is not part of the Group's scope of consolidation for the year 2021.

The corporate purpose of Holyvama Capital, incorporated on 8 February 2021, in accordance with the articles of association, is to conduct intermediation activities in transactions with securities and other assets.

The then Sole Shareholder of the Company drew up the Abbreviated Annual Accounts for financial year 2020, on 31 March 2021, and they were approved on 12 June 2021, by the Sole Shareholder.

The Company is the head of a group of subsidiaries and, in accordance with current legislation, is not obliged to draw up consolidated annual accounts, being exempt from this obligation, in accordance with current regulations, due to the small size of the group. In any case, the Directors have drawn up the consolidated annual accounts, in a meeting of their Board of Directors held on 31 March 2022.

2. Basis of presentation of the annual accounts

a) True and fair view

These abbreviated annual accounts, composed of the abbreviated balance sheet, abbreviated profit and loss account and abbreviated annual report composed of notes 1 to 18, have been prepared from the accounting records, having applied the legal provisions in force in accounting matters, in particular, the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November 2007, and its amendments approved by Royal Decree 1159/2010 of 17 September, Royal Decree 602/2016 of 2 December and Royal Decree 1/2021 of 12 January, in order to show a true and fair view of the equity, financial position and results. These abbreviated annual accounts will be submitted for approval by the shareholders, and it is expected that they will be approved without any changes made.

Unless otherwise indicated, all figures in the abbreviated annual report are expressed in euros.

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b) Accounting principles

The abbreviated annual accounts have been prepared in accordance with mandatory accounting principles. There is no principle of accounting, which would have a significant effect, that has not been applied.

c) Critical aspects of the measurement and estimation of uncertainty

In producing the accompanying abbreviated annual accounts, use has been made of the estimates performed by the Board of Directors of the Company in order to value some of the assets, liabilities, revenues, expenses, and commitments included within them. These estimates, in essence, relate to:

- The useful life of intangible assets, tangible assets and investment property (note 4a, 4b and 4c).
- The recoverability of intangible assets, tangible assets and investment property (note 4d).
- The recoverability of deferred tax assets (note 15 and 4h).
- The calculation of provisions, as well as the likelihood and amount of undetermined or contingent liabilities (Note 4i).
- The recoverability of investments in group companies (note 4f.1.3)

Although these estimates were made based on the best information available at the date of formulating these abbreviated annual accounts on the facts analysed, it is possible that events that may take place in the future may require them to be modified (higher or lower) in future financial years, which would be done prospectively recognising the effects of the change of estimates on the corresponding future profit and loss accounts.

d) Comparison of information

In accordance with commercial law, for each item in the abbreviated balance sheet, and in the abbreviated profit and loss account, in addition to the figures for 2021, those for the previous year are presented for comparative purposes. The annual report also includes quantitative information for the previous year, except when an accounting standard specifically states that it is not necessary.

Royal Decree 1/2021, of 12 January, has amended NRV [Norma de Registro y Valoración (Recognition and Measurement Standard)] 9 on financial instruments and NRV 14 on revenue from sales and provision of services of the General Accounting Plan (Plan General de Contabilidad, PGC) approved by Royal Decree 1514/2007, of 16 November 2007. The Second and Third Transitory Provisions of said Royal Decree establish the transitory recognition and measurement standards for financial instruments, to be applied on the date of first application, and the Fifth Transitory Provision establishes the transitory standard for the recognition and measurement of revenues from sales and provision of services. Said provisions, as an exception to the general criterion established by NRV 22 on changes in accounting criteria, errors and accounting estimates, allow for the comparative figures presented in these annual accounts not to be restated. Therefore, for the purposes of the comparability of the figures, the impacts of applying these changes for the first time must be taken into account, which have been detailed in note 2.j.

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e) Principle of the business as a going concern

The Company's Board of Directors has prepared the abbreviated annual accounts based on the principle of the business operating as a going concern.

Current accounting regulations establish the going concern principle as a generally accepted accounting principle, on which the measurement of assets, their recovery over time and the calculation of liabilities are based.

The Company is involved in a production model transformation process, with a change of the brand name PS21 to JUNGLE21 which was carried out in the preceding financial year.

At the close of the 2021 financial year, negative working capital was recorded for the amount of €1,028,009 (€575,209 at 31 December 2020).

In the opinion of the Board of Directors of the Company, its payment obligations are adequately covered due to the new changes in the business model, which will cause an increase in the activity that will enable it to manage its obligations with third parties. The transformation of the Company consists of radically changing the production and innovation models that aim to achieve more substantial economic results. The intention is to apply creativity throughout the value chain.

Additionally, the company has decided to be listed on a Paris multilateral trading market, as of 4 March 2022. Performing the right jobs to empower its business and build a stronger corporate reputation.

Consequently, taking into account the aforementioned points that are reflected in a higher EBITDA compared to the previous financial year, the Company has prepared the abbreviated annual accounts for financial year 2021 under the principle of a going concern. The measures that have taken place across the Company due to this pandemic have been to carry out an assessment of the events described and their impact on the Group and its operations, as well as to implement numerous control and management measures in order to minimise the risks derived from this situation and minimise the impact on both the employees of the company and its operations and its finances. The Company has not suffered significant impacts from the COVID-19 pandemic on its operations or finances.

f) Grouping of entries

Specific entries in the abbreviated balance sheet and the abbreviated profit and loss account are presented in a grouped manner in order to facilitate understanding, although, when relevant, the separate information has been included in the corresponding notes of the abbreviated annual report.

g) Elements included in several entries

No element which has been recorded on two or more entries of the abbreviated balance sheet has been identified during the drafting of the abbreviated annual accounts.

h) Classification of current and non-current entries

For the classification of current entries, the maximum period of one year has been employed

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starting from the date of these abbreviated annual accounts.

i) Correction of errors

In financial year 2020, adjustments made to comparative information were included as a result of errors detected in financial year 2019:

	Initial amount	Adjustment	Final amount
NON-CURRENT ASSETS	3,324,300	(70,538)	3,253,762
Intangible fixed assets	914,762	(70,538)	844,224
CURRENT ASSETS	1,052,647	(50,200)	1,002,447
Commercial debtors and other accounts receivable	821,243	(50,200)	771,043
Clients, group and associated companies	56,097	(50,200)	5,897
TOTAL ASSETS	4,376,947	(120,738)	4,256,209
SHAREHOLDERS' EQUITY	1,217,701	(120,738)	1,096,963
Own funds	1,217,701	(120,738)	1,096,963
Reserves	175,248	(14,096)	161,152
Other reserves	145,853	(14,096)	131,757
Profit and loss for the financial year	123,548	(106,642)	16,906
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,376,947	(120,738)	4,256,209
Net turnover	4,393,652	(50,200)	4,343,452
Other operating expenses	(794,279)	(41,042)	(835,321)
Depreciation of fixed assets	(247,424)	(15,400)	(262,824)
OPERATING PROFIT AND LOSS	203,978	(106,642)	97,336
PROFIT AND LOSS BEFORE TAXES	123,548	(106,642)	16,906

j) Transition

The approval of Royal Decree 1/2021 of 12 January, has modified the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November 2007, and with this, the accounting treatment of various components of the annual accounts. In compliance with the provisions of the First Transitory Provision of the aforementioned Royal Decree, we include the following information regarding transition:

Financial Instruments

The amendments introduced by Royal Decree 1/2021 of 12 January, enter into force for all financial years starting from 1 January 2021, including among them the new NRV 9 on financial instruments. The Second Transitory Provision of the aforementioned standard establishes the rules on the date of first application of the standard, essentially allowing two transition models:

- Full retrospective, which involves the restatement of the comparative figures in accordance with the provisions of the new NRV 22 "Changes in accounting criteria, errors and accounting estimates" of the General Accounting Plan, with some practical exemptions that simplify the adaptation of the comparative figures to the new NRV 9 of the General Accounting Plan
- Simplified retrospective, which involves the introduction of an adjustment to adapt the starting balances of the financial year in which the aforementioned standard begins to be applied, without requiring the restatement of comparative figures, benefiting from a series of practical simplifications that help apply it on the date of adoption.

The Company has chosen to apply the simplified retrospective transition model

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Financial assets

Below is a reconciliation between the classification and measurement presented by financial assets as of 1 January 2021 recorded under the former NRV 9 on financial instruments of the General Accounting Plan, and the classification and valuation presented by the same financial assets recorded under the new standard on financial instruments

	Non-current financial assets			Current financial assets				
	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	01/01/2021	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	01/01/2021
<u>Former categories under NRV [Norma de Registro y Valoración (Recognition and Measurement Standard)] No. 9 of PGC [Plan General Contable (General Accounting Plan)]:</u>								
Assets at fair value with changes in profit and loss:								
Held for sale	-	-	-	-	10,000	(10,000)	-	-
Investments in group, multigroup and associated companies	2,106,000	(2,106,000)	-	-	-	-	-	-
Loans and receivables	28,534	(28,534)	-	-	771,778	(771,778)	-	-
Hedging derivatives	11,750	(11,750)	-	-	-	-	-	-
Investments held until maturity	15,000	(15,000)	-	-	751,699	(751,699)	-	-
<u>New categories under NRV 9 of PGC:</u>								
Assets at fair value with changes in profit and loss:								
Held for sale	-	-	-	-	-	761,699	-	761,699
Others	-	11,750	-	11,750	-	-	-	-
Financial assets at amortised cost	-	28,534	-	28,534	-	771,778	-	771,778
Financial assets at cost	-	2,121,000	-	2,121,000	-	-	-	-
	<u>2,161,284</u>	<u>-</u>	<u>-</u>	<u>2,161,284</u>	<u>1,533,477</u>	<u>0</u>	<u>-</u>	<u>1,533,477</u>

The Company has designated all financial assets – included in the previous Investments in group, multi-group and associated companies categories, and in the Long-term investments held to maturity category – as financial assets at cost, following the option permitted by the First Transitory Provision of Royal Decree 1/2021, of 12 January, on the date of first application of the new NRV 9 on Financial Instruments.

The Company has classified within the category of financial assets at amortised cost, all those financial assets that accrue cash flows in the form of principal and interest and for which the latter, as of the transition date, was applying a business model intended to manage the collection of said cash flows. Within this category, the Company has classified all financial assets that were previously classified in the Loans and Receivables category.

Within the Assets at fair value with changes in losses and profits category, the Company has classified assets at fair value with changes in losses and profits and Short-term investments

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held to maturity, to classify them according to the business model that the Company is applying to each of them on the date of first application of this standard, following the option permitted by the First Transitory Provision of Royal Decree 1/2021, of 12 January, on the date of first application of the new NRV 9 on Financial Instruments, as Assets at fair value with changes in profits and losses.

Financial liabilities

Below is a reconciliation between the classification and measurement presented by financial liabilities as of 1 January 2021 recorded under the former NRV 9 on financial instruments of the General Accounting Plan, and the classification and measurement presented by the same financial liabilities recorded under the new standard on financial instruments:

	Non-current financial liabilities			Current financial liabilities			01/01/2021
	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	31/12/2020	Transition adjustment (no impact on Shareholders' Equity)	Transition adjustment (impact on Shareholders' Equity)	
<u>Former categories under NRV [Norma de Registro y Valoración (Recognition and Measurement Standard)] No. 9 of PGC [Plan General Contable (General Accounting Plan)]:</u>							
Debits and items payable	1,567,050	(1,567,050)	-	2,405,486	(2,405,486)	-	-
<u>New categories under NRV 9 of PGC:</u>							
Financial liabilities at amortised cost	-	1,567,050	-	-	2,405,486	-	2,405,486
	<u>1,567,050</u>	<u>-</u>	<u>-</u>	<u>2,405,486</u>	<u>-</u>	<u>-</u>	<u>2,405,486</u>

For all liabilities that the Company had classified as debts and receivables, it has now classified them in the new category of financial liabilities at amortised cost

Clients from sales and provision of services

The amendments introduced by Royal Decree 1/2021 of 12 January, enter into force for all financial years starting from 1 January 2021, including the new NRV 14 on “revenues from sales and provision of services”. The Second Transitory Provision of the aforementioned standard establishes the rules on the date of first application of the standard, allowing two essential transition models:

- Full retrospective, which involves the restatement of the comparative figures in accordance with the provisions of the new NRV 22 “Changes in accounting criteria, errors and accounting estimates” of the General Accounting Plan, with some practical exemptions that simplify the adaptation of the comparative figures to the new NRV 14 of the General Accounting Plan.
- Simplified retrospective, which involves the introduction of an adjustment to adapt the starting balances of the financial year in which the aforementioned standard begins to be applied, without requiring the restatement of comparative figures, benefiting from a series of practical simplifications that help apply it on the date of adoption.

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- Practical solution: based on which, the criteria established by the new NRV 14 on “revenues from sales and provision of services” shall apply only to contracts with clients signed as of the date of first adoption.

The Company has chosen to apply the practical solution by applying the new criteria to all contracts signed as of 1 January 2021.

3. Application of the profit and loss

The proposal for the application of the profit and loss formulated by the General Meeting of the Company is as follows:

<u>Balance for purposes of distribution</u>	
Profits and losses (profits)	<u><u>1,862,972</u></u>
 <u>Application</u>	
To voluntary reserve	162,972
To dividends	<u>1,700,000</u>
Total	<u><u>1,862,972</u></u>

On 12 June 2021, the then Sole Shareholder approved the distribution of the profit for financial year 2020, for the amount of €305,240, intended for voluntary reserve. On 29 October 2021, dividends were distributed for the amount of €262,845 charged to voluntary reserves, and €47,324 charged to issue premium.

On 29 October 2021, the General Meeting approved the distribution of an interim dividend from the profit and loss for the financial year in the amount of €1,700,000. The liquidity statement presented was as follows:

Below is a table showing the existence of sufficient profit during the period to allow for the distribution of the interim dividend, and the provisional accounting statement showing the existence of sufficient liquidity to be able to carry out the distribution of the aforementioned interim dividend.

The table of profits is as follows:

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Profits from 01/01/2021	1,002,000
Expected profits up until 31/12/2021*	695,000
Losses from previous years	-
Net profits available	1,697,000
To be deducted:	
Legal reserves to be provided on net profits	-
Statutory reserves to be provided on net profits	-
Estimated Corporation Tax for the financial year**	400,750
Maximum possible amount to distribute	2,097,750
Amount distributed	1,700,000

*Profits from investee companies

**Includes recognition of Deferred Tax Assets

The liquidity statement is as follows:

Liquidity in cash before dividend payment	145,647
Gross amount of dividend on account	(1,700,000)
Available in cash*	(1,554,353)
Forecasted collections over the next twelve months	7,171,754
Other forecasted funds to be earned	970,000
Forecasted payments over the next twelve months	(5,715,013)
Forecasted cash balance	872,388

*The amount of cash available does not initially take into account the amounts receivable for dividends received from the investee companies, before the payment of the interim dividend, which are included in the next line.

4. Recognition and measurement standards

The main recording and measurement standards used for drawing up the abbreviated annual accounts are as follows:

a) Intangible fixed assets

As a general rule, intangible fixed assets are recorded if they are identifiable and are initially recognised at their net acquisition cost or production cost, then subsequently reduced at the corresponding rate of accumulated depreciation and accounting for any impairment losses they might have suffered. In particular the following criteria apply:

a.1) Research and development expenses

Research expenses incurred in the year are recorded in the abbreviated profit and loss account. However, the Company considers these expenses as intangible fixed assets if the following conditions are met:

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- They are specifically individualised by projects and their cost is clearly established so that they can be distributed over time.

There are well-founded reasons for the technical success and economic-commercial profitability of the project.

Development expenses are also recognised under assets when they meet the above conditions.

The research and development expenses shown under assets are amortised linearly over their useful life (5 years), with a maximum of five years.

a.2) IT applications

This concept includes the amounts paid for access to the ownership of or the right to use computer programs.

The computer programs that meet the recognition criteria are recognised at their cost of acquisition or development. Depreciation is carried out linearly over a period of 5 years starting from the first use of each application.

The maintenance costs of the IT applications are expensed in the year in which such costs are incurred.

b) Property, plant and equipment

Items of Property, plant and equipment are stated at acquisition or production cost plus any revaluations required by law, minus any accumulated depreciation and any impairment losses.

Indirect taxes on property, plant and equipment are only included in the purchase price or production cost if they are not recoverable directly from the tax authorities.

The initial estimate of the present value of the obligations assumed as a result of dismantling or withdrawal and other obligations associated with that asset, such as the costs of restoring the site on which it is located, provided these obligations give rise to recording of provisions.

The costs of expansion, modernisation or improvements that represent an increase in productivity, capacity or efficiency, or a lengthening of the useful life of the assets, are accounted for as a higher cost of the assets. Upkeep and maintenance expenses are charged to the profit and loss account for the financial year in which they are incurred.

The work carried out by the Company on its own fixed assets is reflected on the basis of the cost price of raw materials and other consumables, the costs directly allocable to these assets and a reasonable proportion of indirect costs.

The Company depreciates its property, plant and equipment using the linear method. The percentages and years of useful life applied are as follows:

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Item	%	Years of useful life
Other facilities	20	5
Furniture	15	7
Information processing equipment	25	4
Transport items	15	7
Other tangible fixed assets	10	10

c) Investment property

This section includes the values of land, buildings and other structures that are held either to be rented or to obtain a gain on their sale as a result of future increases in their respective market prices.

Investment property is valued at its acquisition price or production cost minus the corresponding accumulated depreciation and the impairment losses experienced.

In addition, financial expenses accrued during the construction period that are directly attributable to the acquisition or manufacture of the investment are included, provided that a period of more than one year is required for it to be in conditions of use.

Indirect taxes on investment property are only included in the acquisition price or production cost if they are not recoverable directly from the tax authorities.

The initial estimate of the present value of the obligations assumed as a result of dismantling or withdrawal and other obligations associated with that asset – such as the costs of restoring the site on which it is located – is included as the higher value of the investment property, provided that these obligations give rise to the recording of provisions.

The costs of expansion, modernisation or improvements that represent an increase in productivity, capacity or efficiency, or a lengthening of the useful life of the assets, are accounted for as a higher cost of the assets. Upkeep and maintenance expenses are charged to the profit and loss account for the financial year in which they are incurred.

The work carried out by the Company on its own fixed assets is reflected on the basis of the cost price of raw materials and other consumables, the costs directly allocable to these assets and a reasonable proportion of indirect costs.

The amortisation of the investment property elements will be carried out from the moment in which they are available for start-up, in a linear manner during their estimated useful life.

d) Impairment of intangible fixed assets, property, plant and equipment and investment property.

An impairment loss occurs when the carrying amount of an item of tangible or intangible fixed assets exceeds its recoverable amount, understood as the greater of its fair value minus costs of sales and its value in use.

For these purposes, at least at year-end, the Company evaluates, through the so-called “impairment test” if there are indications that any tangible or intangible fixed assets, with an indefinite useful life, or, where appropriate, any cash-generating unit may be impaired, in

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which case its recoverable amount is estimated by making the corresponding measurement corrections.

Calculations of impairment of property, plant and equipment are made on an individual basis. However, when it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash-generating unit to which each item of property, plant and equipment belongs is determined.

In the event that an impairment loss of a cash-generating unit to which all or part of a goodwill has been assigned must be recognised, the book value of the goodwill corresponding to that unit is first reduced. If the impairment loss is greater than this amount, the remaining assets of the cash-generating unit are reduced in second place, in proportion to their book value, up to the limit of the higher value between: their fair value minus the costs of sales, their value in use and zero. The impairment loss must be recorded against the profit or loss for the period.

When an impairment loss is subsequently reversed (a procedure that is not permitted in the specific case of goodwill), the book value of the asset or cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a way that the increased book value does not exceed the book value that would have been determined had no impairment loss been recognised in prior periods. Such reversal of an impairment loss is recognised as income in the abbreviated profit and loss account.

e) Leasing and other operations of a similar nature

Finance leasing and other operations of a similar nature

The Company recognises as finance leases transactions whereby the lessor transfers substantially all the risks and rewards of ownership of the asset covered by the contract to the lessee and the remainder is recognised as operating leases.

e.1) Financial leasing

In finance leases in which the Company acts as lessee, the Company recognises an asset in the balance sheet according to the nature of the leased asset and a liability for the same amount, which is the lower of the fair value of the leased asset and the present value at the commencement of the lease of the agreed minimum amounts, including the purchase option. It does not include contingent fees, the cost of services and taxes chargeable by the lessor. The finance charge is recorded in the abbreviated profit and loss account for the year in which it accrues, using the effective interest rate method. Quotas of a contingent nature are recognised as an expense in the year in which they are incurred.

The assets recognised for this type of transaction are depreciated using the same criteria as those applied to all the property, plant and equipment, depending on their nature.

e.2) Operational leasing

Expenses derived from operating lease agreements are recognised in the abbreviated profit and loss statement in the year in which they accrue.

Any collection or payment made under an operating lease is treated as an advance collection or payment, which is charged to profit and loss over the lease term as the benefits of the leased asset are transferred or received.

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f) Financial instruments

At the time of initial recognition, the Company classifies financial instruments as a financial asset, a financial liability or an equity instrument, based on the economic fund of the transaction, and taking into account the definitions of financial asset, financial liability and equity instrument, of the financial reporting framework that applies to it, which has been outlined in note 2.a.

The recognition of a financial instrument occurs at the time when the Company becomes a party bound by an obligation to it, either as an acquirer, as a holder or as an issuer thereof.

f.1) Financial assets

The Company classifies its financial assets according to the business model that applies to them and the characteristics of the cash flows from the instrument.

The business model is determined by the Management of the Company and reflects how each group of financial assets is jointly managed to achieve a specific business objective. The business model that the Company applies to each group of financial assets is the manner in which it manages them with the objective of obtaining cash flows.

The Company also considers the characteristics of cash flows that accrue when categorising assets. Specifically, it distinguishes between those financial assets whose contractual conditions give rise, on specified dates, to cash flows that are collections of principal and interest on the amount of outstanding principal (hereinafter, assets that meet the OPPI (only payments of principal and interest) criterion), from other financial assets (hereinafter, assets that do not meet the OPPI criterion).

In particular, the financial assets of the Company are classified in the following categories:

f.1.1) Financial assets at fair value with changes in the profit and loss account

As a general criterion, the Company classifies its financial assets as financial assets at fair value with changes in the profit and loss account, unless they have to be classified in some other category of those indicated subsequently for them by the applicable regulatory financial reporting framework.

In particular, financial assets held for trading are classified within this category. The Company considers a financial asset to be held for trading when:

- It has originated or been acquired for the purpose of being sold in the short term
- It forms part of a portfolio of financial instruments identified and jointly managed with evidence of recent actions for short-term gains at the time of initial recognition, or
- It is a derivative financial instrument, provided it is not a financial guarantee contract, nor has it been designated as a hedging instrument.

In any case, at the time of initial recognition, the Company classifies within this category any financial asset that it has designated as a financial asset at fair value with changes in the profit and loss account, because with this it eliminates or significantly reduces an inconsistency of measurement or accounting asymmetry that would arise if classified in any other of the categories.

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They are initially recorded at their fair value, which, unless evidenced otherwise, will be the transaction price, which will be equivalent to the fair value of the consideration delivered. Transaction costs that are directly attributable to them are recognised as an expense in the profit and loss account.

After initial recognition, the Company records the assets included in this category at fair value, recording the changes in the abbreviated profit and loss account.

f.1.2) Financial assets at amortised cost

These correspond to financial assets to which the Company applies a business model that has the objective of receiving the cash flows derived from the execution of the contract, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only collections of principal and interest on the amount of outstanding principal, even if the asset is admitted to trading in an organised market. As such, they are assets that meet the OPPI criteria (financial assets whose contractual conditions give rise, on specified dates, to cash flows that are collections of principal and interest on the amount of outstanding principal).

The Company considers that the contractual cash flows of a financial asset are only collections of principal and interest on the amount of the outstanding principal, when they are the cash flows inherent to an ordinary or common loan, without prejudice to the transaction being agreed at a zero or below-market interest rate. The Company considers that the following do not meet this criterion, and therefore, do not fall into this category: financial assets convertible into equity instruments of the issuer; loans with reverse variable interest rates (i.e. a rate that has an inverse relationship with market interest rates); or those in which the issuer may defer the payment of interest if such payment would affect its solvency, without deferred interest accruing additional interest.

When the Company evaluates whether it is applying the contractual cash flow collection business model to a group of financial assets, or on the contrary, it is applying another business model, it takes into account the timing, frequency and value of sales that are occurring and have occurred in the past within this group of financial assets. Sales themselves do not determine the business model and therefore cannot be considered in isolation. Therefore, the existence of one-time sales, within the same financial asset group, does not determine a change of business model for the other financial assets included within that group. To evaluate whether such sales determine a change in the business model, the Company takes into account existing information on past sales and expected future sales for the same group of financial assets. The Company also takes into account the conditions that existed at the time the past sales occurred and the current conditions, when evaluating the business model that it is applying to a group of financial assets.

In general, trade receivables and non-trade receivables are included in this category:

- Trade receivables: Those financial assets originating from the sale of goods and the provision of services from ordinary operations of the Company for deferred collection
- Non-trade receivables: Those financial assets that – provided they are not equity

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instruments or derivatives – have no commercial origin and whose collections are of a determined or determinable amount, derived from loan or credit transactions granted by the Company.

They are initially recorded at the fair value of the consideration paid plus directly attributable transaction costs.

Notwithstanding the foregoing, the trade receivables maturing in less than one year that do not have a contractual interest rate are initially valued at their nominal value provided that the effect of not adjusting the cash flows is not significant, in which case they will then be valued at that amount, unless they have been impaired.

After their initial recognition, they are valued at amortised cost. Accrued interest is accounted for in the abbreviated profit and loss account.

At the end of the year, the Company makes the appropriate impairment measurement corrections whenever there is objective evidence that the value of a financial asset, or a group of financial assets with similar characteristics of collectively valued risks, has been impaired as a result of one or more events occurring after its initial recognition, resulting in a reduction or delay in the collection of estimated future cash flows, and that may be motivated by the debtor's insolvency.

Impairment adjustments are recorded based on the difference between their book value and the present year-end value of the future cash flows estimated to be generated (including those derived from the execution of real and/or personal guarantees), discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at a variable interest rate, the Company uses the effective interest rate that, in accordance with the contractual conditions of the instrument, is applicable at the closing date of the financial year. These corrections are recognised in the abbreviated profit and loss account.

f.1.3) Financial assets at cost

This category includes the following financial assets:

- Investments in the equity of group, multi-group and associated companies.
- The remaining investments in equity instruments whose fair value cannot be determined with reference to an active market, or cannot be reliably estimated, and derivatives that have such investments underlying them.
- Hybrid financial assets whose fair value cannot be reliably estimated unless it meets the criteria to be classified as a financial asset at amortised cost.
- Contributions made to joint venture agreements and similar accounts.
- Participation loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon which is conditional on the borrower's fulfilment of a milestone (e.g. obtaining profits), or because they are calculated with reference to the evolution of the activity of the borrower.
- Any financial asset, which could initially be classified as a financial asset at fair

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value with changes in the profit and loss account, when it is not possible to obtain a reliable estimate of its fair value.

They are initially recorded at the fair value of the consideration paid plus directly attributable transaction costs. Fees paid to legal advisors, or other professionals, involved in the acquisition of the asset are expenses recorded in the profit and loss account. Expenses generated internally in the acquisition of the asset are also not recorded as a higher value of the asset, and are recorded in the profit and loss account. In the case of investments made before they are considered investments in the equity of a group, multi-group or associated company, the book value they have immediately before the asset is classified as such is considered the cost of said investment.

Equity instruments classified in this category are valued at their cost, minus any accumulated amount of impairment measurement corrections.

Contributions made as a result of a joint venture agreement and similar accounts are valued at the cost, increased or decreased by the profit or loss, respectively, corresponding to the company as a non-managing participant, and less, where appropriate, the accumulated amount of the measurement adjustments for impairment.

This same criterion applies to participation loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon which is conditional on the fulfilment of a milestone in the borrowing company, or because they are calculated exclusively by reference to the evolution of the activity of the aforementioned company. If, in addition to a contingent interest, they include an irrevocable fixed interest, the latter is accounted for as financial income based on its accrual. Transaction costs are allocated to the profit and loss account on a straight-line basis over the life of the participation loan.

At least at the end of the year, the Company makes the necessary measurement corrections, provided there is objective evidence that the book value of an investment is not recoverable.

The amount of the measurement correction is calculated as the difference between its book value and the recoverable amount, understood as the greater of its fair value minus costs of sales and the present value of future cash flows derived from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the dividend distribution made by the investee company and the sale or derecognition of the investment in the investee company, or either by estimating its share of cash flows expected to be generated by the investee company, from both its ordinary activities and its disposal or derecognition.

The recognition of measurement corrections due to impairment in value and, where applicable, their reversal, will be recorded as an expense or income, respectively, in the profit and loss account. The impairment reversal will be limited to the book value of the investment that would be recognised on the reversal date if the impairment of the value had not been recorded.

However, where an investment has been made in the company prior to its recognition as a group, multi-group or associated company, and where prior to that

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recognition, measurement adjustments directly attributed to shareholders' equity arising from such an investment have been made, such adjustments are maintained after the recognition until the sale or disposal of the investment, when they are then recorded in the profit and loss account, or until the following circumstances occur:

- In the case of prior measurement adjustments for asset revaluations, impairment valuation corrections are recorded against the shareholders' equity item until the amount of previously recognised valuations is reached, and any surplus is recorded in the profit and loss account. The impairment measurement correction directly attributed to shareholders' equity is not subject to reversal.

- In the case of previous measurement adjustments for reductions in value, when the recoverable amount subsequently exceeds the book value of the investments, the latter is increased, up to the limit of the indicated reduction in value, against the shareholders' equity item into which the previous valuation adjustments were recorded, and from that moment on, the new amount arising is considered the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, the losses accumulated directly in shareholders' equity are recognised in the profit and loss account.

The measurement criteria of investments in the equity of group, multi-group and associated companies, is detailed in the following section.

(a) Investments in the equity of group, multi-group and associated companies

Companies related to the Company by a control relationship are considered group companies, while associated companies are those over which the Company exercises a significant influence. Additionally, the multi-group category includes those companies over which, by virtue of an agreement, joint control is exercised with one or more partners. These investments are initially valued at their cost value, which will equate to the fair value of the consideration paid plus the transaction costs that are directly attributable to them. In those cases in which the Company has acquired the shareholdings in group companies through a merger, spin-off or through a non-monetary contribution, whereby the control of a business is transferred, the shareholding is valued following the criteria established by the particular standards for transactions with related parties, established under section 2 of NRV 21 on "Inter-company transactions". This states that these shareholdings should be valued by the amount that they contributed to the consolidated annual accounts, formulated in accordance with the criteria established by the Commercial Code, of the larger group or subgroup in which the acquired Company is integrated, whose parent company is Spanish. In the event that consolidated annual accounts – formulated in accordance with the principles established by the Commercial Code, where the parent company is Spanish – are not available, they will be integrated for the value that said shares contributed to the individual annual accounts of the contributing company.

Its subsequent measurement is carried out at its cost value less any accumulated amount of impairment valuation corrections. These corrections are calculated as the difference between their book value and the recoverable amount, with the latter being understood as the higher amount between its fair value less costs to sell and the present value of the expected future cash flows of the investment. Unless there is better evidence of the recoverable amount, the shareholders' equity of the

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investee entity is taken into consideration, corrected for the tacit capital gains existing on the valuation date.

In the event that the subsidiary company in turn invests in another, the net equity derived from the consolidated annual accounts is taken into account.

Changes in value due to impairment measurement corrections and, where applicable, their reversal, are recorded as an expense or income, respectively, in the abbreviated profit and loss account.

f.1.4) Derecognition of financial assets

Financial assets are derecognised from the balance sheet, as established in the Conceptual Accounting Framework of the General Accounting Plan, approved by Royal Decree 1514/2007 of 16 November, taking into account the economic reality of the transactions and not just the legal form of the contracts that regulate them. Specifically, the derecognition of a financial asset is recorded – in whole or in any part – when the contractual rights to the cash flows of the financial asset have expired or have been transferred, provided that in such transfer the risks and benefits of ownership have been substantially transferred. The Company understands that the risks and benefits inherent in the ownership of the financial asset have been substantially assigned when its exposure to variation in cash flows ceases to be significant in relation to the total variation in the present value of net future cash flows associated with the financial asset.

If the Company has not substantially transferred or retained the risks and benefits of the financial asset, it is derecognised when no control is retained. If the Company maintains control of the asset, it continues to recognise it for the amount at which it is presented by the variations in value of the transferred asset, that is to say, for its continued involvement, recognising the associated liability.

The difference between the consideration received net of the attributable transaction costs, considering any new asset obtained less any assumed liability, and the book value of the financial asset transferred, plus any accumulated amount that has been recognised directly in the net equity, determines the gain or loss arising from derecognition of the financial asset and forms part of the profit or loss for the fiscal year in which it occurs.

The Company does not derecognise financial assets in transfers in which it substantially retains the risks and benefits inherent in their ownership, such as the discount of bills, recourse factoring transactions, sales of financial assets with a repurchase agreement at a fixed price or at the selling price plus an interest and securitisations of financial assets in which the Companies retain subordinated financing or other types of guarantees that substantially absorb all expected losses. In these cases, the Companies recognise a financial liability for an amount equal to the consideration received.

f.2) Financial liabilities

A financial liability is recognised in the balance sheet when the Company becomes an obligated party to the contract or legal business in accordance with its provisions. In particular, financial instruments issued are classified, in whole or in part, as a financial liability, provided that, according to the economic reality thereof, they entail a contractual obligation, direct or indirect, for the Company to deliver cash or other financial assets or to exchange financial assets or liabilities with third parties under unfavourable conditions.

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Additionally, any contract that may be settled with the Company's own equity instruments is classified as a financial liability, provided that:

- It is not a derivative and requires or may require a variable amount of its own equity instruments to be delivered.
- If it is a derivative with an unfavourable position for the Company, which may be settled in a manner other than the exchange of a fixed amount of cash or other financial asset for a fixed amount of the Company's equity instruments. For these purposes, those that are, in themselves, contracts for the future receipt or delivery of the Company's own equity instruments are not included among the equity instruments.

Additionally, the rights, options or warrants that allow a fixed number of equity instruments belonging to the Company to be obtained are recorded as equity instruments, provided that the Company offers such rights, options or warrants proportionately to all shareholders of the same class of equity instruments. However, if the instruments give the holder the right to settle them in cash or by delivering equity instruments based on their fair value or at a fixed price, they are classified as financial liabilities.

Contributions made as a result of a joint venture agreement and similar accounts are valued at the cost, increased or decreased by the profit or loss, respectively, corresponding to the company as a non-managing participant, and less, where appropriate, the accumulated amount of the measurement adjustments for impairment. In this case, when the entire cost of the joint venture or similar account has been impaired, the additional losses generated by it will be classified as a liability.

Participation loans that accrue contingent interest – either because a fixed or variable interest rate is agreed upon which is conditional on the fulfilment of a milestone in the borrowing company (for example, obtaining profits), or because they are calculated exclusively by reference to the evolution of the activity of the aforementioned company – are recorded in the same way. Financial expenses accrued by the participation loan are recognised in the profit and loss account in accordance with the accrual principle, and transaction costs will be allocated to the profit and loss account in accordance with a financial criterion or, if not applicable, on a straight-line basis over the life of the participation loan.

In those cases in which the Company does not transfer the risks and benefits inherent to a financial asset, it recognises a financial liability in an amount equivalent to the consideration received.

The categories of financial liabilities, among which the Company classifies them, are as follows:

- Financial liabilities at amortised cost

f.2.1) Financial liabilities at amortised cost

In general, the Company classifies the following financial liabilities within this category:

- Trade payables: are those financial liabilities that originate from the purchase of goods and services for ordinary operations with deferred payment, and

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- Non-trade payables: are those financial liabilities that, not being derivative financial instruments, have no commercial origin, but that originate from loan or credit transactions received by the Company.

Participation loans that have ordinary or common loan characteristics are also classified within this category.

Financial liabilities at amortised cost are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs.

Notwithstanding the foregoing, trade payables maturing in under one year and which do not have a contractual interest rate – as well as the disbursements paid to third parties on shareholdings, which is expected to be paid in the short term – are initially valued at their nominal value, provided that the effect of not discounting the cash flows is not significant.

Subsequently, they are valued at their amortised cost, employing the effective interest rate. In line with that mentioned in the previous paragraph, those that are initially valued at their nominal value continue to be valued at said amount.

f.2.2) Derecognition of financial liabilities

The Company derecognises a financial liability when the obligation has been extinguished. The Company also derecognises its own financial liabilities that it may acquire (even with the intention of selling them in the future).

When there is an exchange of debt instruments with a lender, provided that they have substantially different conditions, the original financial liability is derecognised and the new financial liability that arises is recognised. Likewise, any substantial change in the current conditions of a financial liability is recorded.

The difference between the book value of the financial liability, or the part thereof that has been derecognised, and the consideration paid – including attributable transaction costs, and in which any transferred asset other than the cash or liability assumed is also collected – is recognised in the profit and loss account for the year in which it takes place.

When there is an exchange of debt instruments with no substantially different conditions, the original financial liability is not derecognised from the balance sheet, with the amount of fees paid being recorded as an adjustment of their book value. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the one that equals the book value of the financial liability on the date of being changed with the cash flows to be paid according to the new conditions.

For these purposes, the conditions of the contracts are considered to be substantially different when the lender is the same as the one that granted the initial loan and the current value of the cash flows of the new financial liability – including the net commission fees – differs by at least 10% of the current value of the cash flows pending payment of the original financial liability, with both being updated at the effective interest rate of the original liability. In addition, in those cases in which said difference is less than 10%, the Company also considers that the conditions of the new financial instrument are substantially different when there are other substantial modifications thereto of a qualitative nature, such as: change from fixed interest rate to variable interest rate or vice versa, the restatement of the liability in a different currency, an ordinary loan that is converted to a participation loan, etc.

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The Company accounts for the effects of the approval of a creditors' agreement in the financial year in which it is approved by a judge, provided that its compliance is reasonably foreseen. For this purpose, the Company records said approval, setting up a record for it in two stages:

- First, it analyses whether there has been a substantial modification of the debt conditions for which it discounts the cash flows of the old and the new one using the initial interest rate, and then, if applicable (if the change is substantial),
- It records the derecognition of the original debt and recognises the new liability at fair value (which implies that the interest expense of the new debt is accounted for thereafter applying the market interest rate on that date).

f.3) Deposits delivered and received

The difference between the fair value of the guarantees provided and received and the amount disbursed or collected is considered to be an advance payment or collection for the lease or provision of the service, which is applied to the profit and loss account during the period of the lease or during the period in which the service is rendered.

In the case of short-term guarantees, cash flow discounting is not performed since its effect is not significant.

g) Transactions in foreign currencies

Monetary items

The conversion into functional currency of trade receivables and other accounts receivable, as well as trade payables and other accounts payable, expressed in foreign currency is carried out by applying the exchange rate in force at the time of carrying out the corresponding operation, being valued year-end in accordance with the exchange rate in effect at that time.

In the particular case of financial assets of a monetary nature classified as available for sale, the determination of the exchange differences produced by the exchange rate variation between the transaction date and the year-end closing date is made as if such assets were valued at amortised cost in the foreign currency, such that the exchange differences will be those resulting from variations in said amortised cost as a result of variations in exchange rates, regardless of their fair value

The exchange rate differences that occur as a consequence of the measurement at the financial year close of the debits and credits in foreign currencies are entered directly into the abbreviated profit and loss account.

h) Tax on profits

The expense or income relating to tax on profits is calculated by adding the current tax expense or income plus the part corresponding to the deferred tax expense or income.

The current tax is the amount that results from applying the tax rate to the taxable profit. Tax deductions and other tax benefits in the amount of tax, excluding tax withholdings and prepayments, as well as tax loss carryforwards from previous periods applied effectively in

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the period, will result in a reduction of the current tax.

For its part, the deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets for deductible timing differences, for the right to offset tax losses in subsequent financial years and for deductions and other unused tax advantages pending application and deferred tax liabilities for taxable temporary differences.

The deferred tax assets and liabilities are valued at the tax rates expected at the time of their reversal.

Deferred tax liabilities are recognised for all taxable timing differences, except for those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect either the tax profit or the accounting profit and is not a business combination.

In accordance with the principle of prudence, the deferred tax assets are only recognised to the extent that obtaining future profits that would enable to apply them is considered likely. Notwithstanding the foregoing, the deferred tax assets corresponding to the deductible temporary differences arising from the initial recognition of assets and liabilities in a transaction that does not affect either the tax profit or the accounting profit and is not a business combination are not recognised.

Both the expenditure or income from current and deferred tax are entered in the abbreviated profit and loss account. However, the current and deferred tax assets and liabilities that are related to a transaction or event recognised directly in a net equity item, are recognised with a charge or credit to said item.

The deferred taxes recorded are reviewed at each balance sheet date to verify that they are still in force and the appropriate corrections are made. Likewise, deferred tax assets recognised and those not previously recorded are measured, derecognising those recognised assets whose recovery is no longer probable, or recording any assets of this nature not previously recognised, to the extent that their recovery with future tax benefits becomes probable.

i) Provisions and contingencies

In the formulation of the abbreviated annual accounts, the Directors of the Company differentiate between:

i.1) Provisions

Credit balances covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are undetermined as to their amount and/or timing.

i.2) Contingent liabilities

Possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or non-occurrence of one or more future events independent of the Company's will.

The abbreviated annual accounts include all the provisions with respect to which it is estimated that the probability that the obligation will have to be settled is greater than the opposite, and are recorded at the present value of the best possible estimate of the amount necessary to settle

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or transfer the obligation to a third party. Contingent liabilities are not recognised in the abbreviated annual accounts, but rather are reported on in the abbreviated annual report.

Provisions are measured at year-end at the present value of the best estimate of the amount required to settle or transfer the obligation to a third party, and adjustments arising from the restatement of those provisions are recorded as a financial expense as they accrue. In the case of provisions maturing in less than or equal to one year, and the financial effect is not significant, no discount rate is applied.

The compensation receivable from a third party on the settlement of the obligation does not decrease the amount of debt, but is recognised as an asset if there are no doubts that said reimbursement will be received.

j) Related party transactions

Transactions between related parties, irrespective of the degree of relationship, are accounted for in accordance with the general rules. Consequently, as a general rule, the transaction items are initially recognised at fair value. If the price agreed in a transaction differs from its fair value, the difference is recorded based on the economic reality of the transaction. Subsequent measurement is carried out in accordance with the provisions of the relevant standards.

k) Expenses and income

Expenses are recognised using accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises.

Expenses are measured at the fair value of the received consideration, deducting discounts and taxes.

Income is derived primarily from providing creative services.

To determine whether income should be recognised, the Company follows a five-step process:

1. Identification of the contract with a client
2. Identification of performance obligations
3. Determination of the transaction price
4. Allocation of transaction price to performance obligations
5. Recognition of income when performance obligations are met.

The Company often conducts transactions that affect a number of services, for example for BBVA, Aliexpress, Grupo Más Móvil, Inditex, KFC or Alvalle.

The total transaction price of a contract is distributed among the various performance obligations based on its relative independent sales prices. The transaction price of a contract excludes any amounts charged on behalf of third parties.

Ordinary income is recognised at a given time or over time, when (or as) the Company meets performance obligations by transferring promised services to its clients.

The Company recognises liabilities for contracts involving a consideration received in relation to unmet performance obligations and presents these amounts as other liabilities in the abbreviated balance sheet. Similarly, if the Company satisfies a compliance obligation before

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receiving the consideration, the Company recognises a contractual asset or a credit in its abbreviated balance sheet, depending on whether something more than the passage of time is required before the consideration is due.

The Company is dedicated to the provision of creative services applied in the advertising line of business. The Company recognises revenue over time, as services are provided.

The Company grants credit to clients for 30 or 60 days from the invoice date. The financial effect is not discounted from the overall price of the transaction, when the directors consider that it is not significant.

In order to provide the services, the Company incurs salary expenses and, in some cases, production costs. Income from these benefits is recognised by the Company over time, to the extent it provides services to the client, and it is entitled to collect all work performed to date. The Company recognises income using the resource method, to measure the progress of the work performed and the satisfaction of the undertaken obligation. The Company adjusts the progress of the work as circumstances change and prospectively records the potential impact as an estimate change.

The income that the Company recognises over time is recognised as an asset under contract, to the extent that it is pending collection. If, on the contrary, the Company has collected payment in advance for work that it has not yet executed, it records a customer advance, under the heading “Commercial creditors and other accounts payable” in the abbreviated balance sheet. There is no financial component within these types of contracts, to the extent that the Company receives advance collections to finance the cost of manufacturing the mould, which causes there to be no financial component in the price.

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5. Intangible fixed assets

The balances and changes during the financial years of the gross values, of accumulated depreciation and of measurement corrections are as follows:

	<u>Development</u>	<u>IT applications</u>	<u>Research</u>	<u>Total</u>
<u>Gross values</u>				
Balance at 01/01/2020	802,441	21,968	77,000	901,409
Disposals, retirements and reductions	-	(882)	-	(882)
Balance at 31/12/2020	<u>802,441</u>	<u>21,086</u>	<u>77,000</u>	<u>900,527</u>
Balance at 31/12/2021	<u>802,441</u>	<u>21,086</u>	<u>77,000</u>	<u>900,527</u>
<u>Accumulated depreciation</u>				
Balance at 01/01/2020	(43,785)	(12,096)	(1,304)	(57,185)
Amount allocated for depreciation	(160,489)	(6,538)	(15,400)	(182,427)
Disposals, retirements and reductions	-	882	-	882
Balance at 31/12/2020	<u>(204,274)</u>	<u>(17,752)</u>	<u>(16,704)</u>	<u>(238,730)</u>
Amount allocated for depreciation	<u>(160,488)</u>	<u>(1,667)</u>	<u>(15,400)</u>	<u>(177,555)</u>
Balance at 31/12/2021	<u>(364,762)</u>	<u>(19,419)</u>	<u>(32,104)</u>	<u>(416,285)</u>
Net Book Value as at 31/12/2020	<u>598,167</u>	<u>3,334</u>	<u>60,296</u>	<u>661,797</u>
Net Book Value as at 31/12/2021	<u>437,679</u>	<u>1,668</u>	<u>44,896</u>	<u>484,242</u>

During the 2021 financial year, the company did not record any additions or disposals of intangible fixed assets.

The development item is composed of the project to transform the Company's production model through the acquisition in 2019 of the Estresarte Comunicación S.L. and Redbility S.L. companies and which was based on a new production model, which were activated when the conditions indicated in the recognition and measurement standards outlined in Note 4a) were met.

The amount of intangible fixed assets that were fully amortised at the end of financial year 2021 and 2020, amounted to €16,086 and €16,086 respectively, and corresponds to computer applications.

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6. Property, plant and equipment

The balances and changes during financial years 2021 and 2020, for gross values, accumulated depreciation and valuation corrections of the property, plant and equipment are as follows:

	Other facilities	Furniture	Information processing equipment	Transport items	Other fixed assets	Total
<u>Gross values</u>						
Balance at 01/01/2020	617,947	359,604	270,118	381,216	7,465	1,636,350
Entries	8,398	5,379	62,774	-	-	76,551
Disposals, retirements and	(13,396)	-	(23,936)	(41,519)	-	(78,851)
Balance at 31/12/2020	612,949	364,983	308,956	339,697	7,465	1,634,048
Entries	7,288	573	57,713	-	561	66,136
Disposals, retirements and	(193,646)	-	(3,740)	(178,833)	-	(376,219)
Balance at 31/12/2021	426,591	365,556	362,930	160,864	8,026	1,323,964
<u>Accumulated depreciation</u>						
Balance at 01/01/2020	(481,118)	(191,061)	(211,352)	(96,801)	(5,749)	(986,081)
Amount allocated for depreciation	(74,375)	(49,305)	(38,879)	(53,013)	(639)	(216,211)
Disposals, retirements and reductions	13,396	-	23,323	17,103	-	53,822
Balance at 31/12/2020	(542,097)	(240,366)	(226,908)	(132,711)	(6,388)	(1,148,471)
Amount allocated for depreciation	(53,014)	(28,250)	(42,478)	(37,432)	(404)	(161,578)
Disposals, retirements and	-	118,965	3,368	98,218	-	220,551
Balance at 31/12/2021	(595,111)	(149,650)	(266,018)	(71,925)	(6,792)	(1,089,498)
Net Book Value as at 31/12/2020	70,852	124,617	82,048	206,986	1,077	485,577
Net Book Value as at 31/12/2021	(168,520)	215,906	96,911	88,938	1,234	234,466

During financial year 2021, there were net derecognitions of €155,668 (€25,030 during 2020), resulting in profits from the disposal of fixed assets for €2,210 (losses of €3,127 during 2020)

The gross value of the elements in use, which have been fully depreciated for 2021 and 2020, is as follows:

Account	Gross value at 31/12/2021	Gross value at 31/12/2020
Technical facilities	548,079	261,551
Furniture	56,847	43,497
Computer equipment	177,836	147,550
Other tangible fixed assets	4,800	4,800
	<u>787,563</u>	<u>457,398</u>

The Group has a policy of having insurance policies in place to cover the possible risks to which the various items of its property, plant and equipment are exposed. At the close of the 2021 and 2020 financial years there were no deficits in cover related with these risks.

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7. Investment property.

The balances and changes during financial years 2021 and 2020 of the gross values and of measurement corrections of the investment property are as follows:

	Land and buildings
<u>Gross values</u>	
Balance at 01/01/2020	-
Entries	189,819
Balance at 31/12/2020	189,819
Entries	-
Disposals, retirements and reductions	(189,819)
Balance at 31/12/2021	-
Net Book Value as at 31/12/202	189,819
Net Book Value as at 31/12/202	-

During financial year 2021, 100% of investment property totalling €189,819 was derecognised.

The disposal of land corresponds to the contribution made by the Company in the capital increase of Mauro Real Estate (see note 17).

8. Leasing and other operations of a similar nature

8.1 Financial leasing

During financial year 2020, the Company cancelled the financial lease agreements which were composed of three vehicles, two of them acquired in 2017. One of them matured in May 2020 and another in October 2021. The last vehicle was purchased during 2019 and expired in January 2023. All of them were cancelled.

8.2. Operational leasing

The minimum operational leasing instalment payments contracted with the lessors, in accordance with the current contracts, are as follows:

	Pending instalments	
	2021	2020
Under one year	186,178	139,634
	186,178	139,634

The amount of lease fees recognised as an expense are as follows (Note 14 d):

	2021	2020
Minimum lease payments	120,541	148,169
	120,541	148,169

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As a lessee, the most significant operating lease contract is the following:

Lease of the office located at Calle Antonio Maura, 16. The lease agreement began on 23 October 2009, and the duration thereof is annual, with the possibility to renew it for additional periods at the will of the parties, considering the duration of the long-term contract. Likewise, the amounts for rent paid during the 2021 and 2020 financial years amounted to €94,919 and €112,526, respectively.

9. Long-term and short-term financial instruments

The book value of each of the categories of financial instruments established in the “Financial instruments” recognition and measurement standard, except for investments in the equity of group, multi-group and associated companies, which are detailed in note 17, is as follows:

	Long-term financial investments		
	Equity instruments	Loans, derivatives and others	Total
	31/12/21	31/12/21	31/12/21
	31/12/21	31/12/21	31/12/21
<u>Categories:</u>			
Financial assets at amortised cost	-	32,526	32,526
Financial assets at cost	15,000	-	15,000
	15,000	32,526	47,526

	Short-term financial investments		
	Equity instruments	Loans, derivatives and others	Total
	31/12/2021	31/12/2021	31/12/2021
	31/12/2021	31/12/2021	31/12/2021
<u>Categories:</u>			
Assets at fair value with changes in profit and loss:			
Trading portfolio	10,000	-	10,000
Financial assets at amortised cost	-	1,272,037	1,272,037
	10,000	1,272,037	1,282,037

2020

	Long-term financial instruments				Short-term financial instruments
	Derivatives	Other financial assets	Equity instruments	Total	Other financial assets
Financial instruments	11,750	28,534	15,000	55,284	761,699
Total	11,750	28,534	15,000	55,284	761,699

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Long-term financial investments at amortised cost, include the bonds for the leases held by the Company, the most significant being the bond for the office at Antonio Maura, 16, for the amount of €27,879, with undefined maturity whereby the lease agreement on said office is extended annually. Shares totalling €15,000 in 2021 (€15,000 at 31 December 2020), also with undefined maturity, are recorded under the heading of financial assets at cost.

At the end of the 2020 financial year, the company had recorded €737,643 for the fair value of a securities account opened with a financial institution, with said investment generating a negative net result of €34,153 in 2021 (positive in the amount of €195,727 in 2020), recorded in the financial result of the profit and loss account.

At the end of the 2021 financial year, in the short-term financial assets at amortised cost category, the Company mainly records balances with clients to the amount of €1,259,328 (€771,778 at the end of 2020).

The Company has recognised a credit impairment to the amount of €0 in financial year 2021 (€86,601 in 2020), corresponding to balances with clients, so the balance was €86,601 at the end of financial year 2021 and €86,601 at the end of financial year 2020.

10. Own Funds

a) Share capital

In financial year 2021 and as recorded in the minutes, the General Meeting agreed to amend Article 5 of the articles of association, making changes to the following points:

- The par value of the shares, setting it at €0.01 per share (€0.09 in 2020), splitting them into the corresponding proportions.
- Renumbering the shares, correspondingly numbering them from 1 to 16,586,127, both inclusive (from 1 to 1,842,903 in 2020)
- Cancelling the securities for the existing shares and issuing new ones, which replace the previous ones and which belong under full title to the shareholders, who exchange the previous securities for the new ones.

On 28 June 2019, a capital increase was agreed by issuing 256,610 shares, each with a €0.09 par value, with an issue premium of €1.96 per share, all of them of the same class and fully subscribed and paid, granting the same rights to their holders. This was recorded in the commercial registry dated 10 February 2020.

The companies or individuals that have a stake equal to or greater than 10% are the following:

	Share percentage
Miss Valentine, S.L.	98.61%
	98.61%

b) Legal reserve

In accordance with the Revised Text of the Capital Companies Act, an amount equal to 10% of the profits from the period should be allocated to the legal reserve until it reaches at least 20%

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of the total share capital. The legal reserve can be used to increase capital in the portion of its balance that exceeds 10% of the increased capital. With the exception of the purpose noted above, and while it does not exceed 20% of the share capital, this reserve can only be used to compensate losses and provided that there are no other reserves available for this purpose.

At the close of the financial year this reserve is currently fully established.

c) Issue premium

In financial year 2021, the distribution of the issue premium was approved by the General Shareholders' Meeting of the company as a remuneration of €47,324.35 which were paid the shareholders of the company.

On the other hand, during the 2021 financial year, a decision was made by the Company's Board of Directors to approve the partial split-up of Jungle21, with a portion of the equity of the split company – consisting of 100% of the shares of Mauro Real Estate – being transferred in block to the company Miss Valentine.

d) Treasury stock

During financial year 2018, the company's General Shareholders' Meeting held on 7 September 2018 approved the acquisition of the Company's own shares.

The shares held by the Company on 31 December 2021 are as follows:

Treasury stock	Number	Average acquisition price	Total acquisition cost
At the end of financial year 2021	822,213	0.02	187,282

On the date these consolidated annual accounts are formulated, the Administrators have not made a decision on the final intended destination for the aforementioned own shares.

11. Financial Liabilities

The book value of each of the categories of financial instruments established in the recognition and measurement standard for “Financial Instruments” is as follows:

	Long-term financial liabilities	
	Debts with credit institutions	Total
	2021	2021
Financial liabilities at amortised cost	1,349,718	1,349,718
Total	1,349,718	1,349,718

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	Short-term financial liabilities		
	Debts with credit institutions	Derivatives and others	Total
	2021	2021	2021
Financial liabilities at amortised cost	1,337,806	883,130	2,220,936
Total	1,337,806	883,130	2,220,936

	Long-term debts		
	Debts with credit institutions	Other financial liabilities	Total
	31/12/20	31/12/20	31/12/20
<u>Categories:</u>			
Debits and items payable	1,442,050	125,000	1,567,050
	1,442,050	125,000	1,567,050

	Short-term debts		
	Debts with credit institutions	Other financial liabilities	Total
	31/12/20	31/12/20	31/12/20
<u>Categories:</u>			
Debits and items payable	1,678,120	200,000	1,878,120
	1,678,120	200,000	1,878,120

The entire balance of “Debts with credit institutions”, at the close of the 2021 and 2020 financial years, corresponds to the following loans, lines of credit, and drawn balances of cards:

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Description	2020		2021		
	Long term	Short term	Long term	Short term	
BANKINTER	Loan	--	271,074	--	--
	Loan	--	13,333	--	--
	Loan	--	42,676	--	--
	Loan	58,169	19,579	38,118	20,050
	Line of credit	--	622,004	--	437,948
SANTANDER	Loan	--	43,097	--	--
	Loan	28,515	33,462	--	28,515
	Loan	84,210	54,583	28,386	55,824
	Loan	419,255	80,745	391,311	108,689
	Loan	--	--	--	39,214
	Loan	--	26,573	--	--
Deutsche	Loan	--	10,356	--	--
	Loan	--	--	--	--
	Loan	--	21,414	--	--
	Line of credit	--	--	--	452
BBVA	Loan	--	--	247,571	130,892
	Loan	62,324	66,764	--	62,324
	Loan	153,797	54,373	98,603	55,194
	Line of credit	--	157,423	--	173,526
SABADELL	Loan	102,214	34,152	67,076	35,138
	Loan	8,044	3,523	4,402	3,641
	Loan	175,972	24,028	175,972	24,028
	Loan	167,903	32,097	167,903	32,097
	Loan	13,945	7,635	6,065	7,880
	Loan	78,750	11,250	72,973	17,027
CAIXABANK	Loan	88,954	36,872	51,338	37,616
	Line of credit	--	--	--	34,885
SUNDRY	Cards	--	11,106	--	32,867
TO TALS		1,442,050	1,678,120	1,349,718	1,337,806

which have an interest rate which we detail below:

	2021	2020
<u>Loans:</u>		
Banco Santander	2.75% - 1.88%	2.75% - 1.88%
Deutsche Bank	1.75% - 1.56%	1.75% - 1.56%
Bankinter	1.75%	1.75%
BBVA	1.9%-2.00%	-
Caixabank	1.8%-2.00%	-
Sabadell	1.5%-3.00%	-
<u>Line of credit:</u>		
Banco Santander	2.10%	2.10%
Bankinter	2.00%	2.00%
BBVA	2.15%	-
Caixabank	2.00%	-
Sabadell	2.35%	-

The available and drawn amounts of the lines of credit in effect at 31 December 2021 is as follows:

	Available limit	Amount drawn
Banco Santander	747,500	437,948
Banco Sabadell	200,000	173,526
Banco Bankinter	330,000	-
BBVA	175,000	452
Caixabank	200,000	34,885
Total	1,652,500	646,810

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For financial year 2020 it is as follows.

	<u>Available limit</u>	<u>Amount drawn</u>
Banco Santander	747,500	622,004
Banco Sabadell	200,000	157,423
Banco Bankinter	330,000	271,074
Total	<u>1,277,500</u>	<u>1,050,501</u>

Classification by maturity

The breakdown by maturity of the various long-term financial liabilities, with determined or determinable maturity at the end of financial year 2021, is as follows:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Total</u>
Debts:					
Debts with credit institutions	625,863	509,859	170,640	43,356	1,349,718
	<u>625,863</u>	<u>509,859</u>	<u>170,640</u>	<u>43,356</u>	<u>1,349,718</u>

The breakdown by maturity of the various long-term financial liabilities, with determined or determinable maturity at the end of financial year 2020, was as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
Debts:					
Debts with credit institutions	549,655	437,308	357,360	97,727	1,442,050
Other financial liabilities	125,000	-	-	-	125,000
	<u>674,655</u>	<u>437,308</u>	<u>357,360</u>	<u>97,727</u>	<u>1,567,050</u>

a) Guarantees committed with third parties

At the end of the 2021 financial year, the overall amount of the guarantees provided to third parties amounted to €30,000, with the same amount at 31 December 2020. They are presented to ensure the proper fulfilment of the Company's activity.

12. Information on the nature and level of risk derived from financial instruments

The management of the Company's financial risks is the responsibility of the Financial Department, which has established the necessary mechanisms to control exposure to variations in interest and exchange rates, as well as credit and liquidity risks. The principal financial risks that impact on the Company are described below:

a) Credit risk:

In general, the Company holds its cash and cash equivalents in financial institutions with a high credit rating.

Likewise, it should be noted that there is no significant concentration of credit risk with third parties.

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b) Liquidity risk:

Liquidity risk arises from the possibility that the Company cannot dispose of liquid funds, or access them, in a sufficient amount and at the appropriate cost, to meet its payment obligations at all times. The purpose of the Company is to maintain the necessary liquid cash and cash equivalents.

At 31 December 2021, the Company's working capital was negative at €1,028,009, although short-term debts show a drop of 22%, current assets also have downward changes to a greater extent than liabilities, due to the divestiture of financial assets with credit institutions and a decrease in cash. In the opinion of the Board of Directors of the Company, its payment obligations are adequately covered due to the new changes in the business model, which will cause an increase in the activity that will enable it to manage its obligations with third parties. In addition, the consolidated figures of the Group, show positive working capital, indicating that payment obligations are adequately covered.

The company has decided to be listed on a Paris multilateral trading market, starting on 4 March 2022. Performing the right jobs to empower its business and build a stronger corporate reputation.

c) Market risk (includes interest rate, exchange rate and other price risks):

With regard to the exchange rate risk, this is considered very small due to foreign currency transactions not assuming a significant amount within the Company's turnover.

No hedging financial instruments with significant interest rate or exchange rate risks have been contracted.

13. Tax status

The balances with Public Administrations at the close of the 2021 and 2020 financial years are as follows:

Account	2021		Saldos
	Debtor balances		acreedores
	Non-current	Current	Current
Value added tax	-	138	193,471
Withholdings and payments on account	-	33,854	-
Personal Income Tax	-	-	107,742
Deferred tax assets	686,426	-	-
Social Security bodies	-	-	49,496
	<u>686,426</u>	<u>33,992</u>	<u>350,709</u>

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2020			
Account	Debtor balances		Saldo acreedores
	Non-current	Current	Current
Value added tax		-	196,838
Withholdings and payments on account		34,044	
Personal Income Tax			66,402
Deferred tax assets	45,986		
Social Security bodies			64,315
	45,986	34,044	327,556

The reconciliation of the net amount of income and expenses for the financial year with the tax base of the Corporation Tax (tax result) is as follows:

Financial year 2021	Profit and Loss Account	
Profit and loss for the financial year	1,862,972	
	Increases	Decreases
Corporation Tax	-	624,812
Permanent differences	81,484	694,781
<u>Temporary differences</u>		
Arising in the current financial period	-	-
Previous taxable profit		624,864
Offset tax loss carryforwards from previous periods		(624,864)
Tax base (tax result)		-

Financial year 2020	Profit and Loss Account	
Profit and loss for the financial year	305,240	
	Increases	Decreases
Corporation Tax	-	-
Permanent differences		
<u>Temporary differences</u>		
Arising in the current financial period	-	-
Previous taxable profit		305,240
Offset tax loss carryforwards from previous periods		(305,240)
Tax base (tax result)		

Deferred tax assets recorded

During financial year 2021, the Company has recorded in the accompanying balance sheet the tax credits derived from the tax loss carryforwards pending offsetting that had not been recorded in previous financial years, since it has considered that after the results obtained in recent years and based on future forecasts, positive tax bases may be generated that can allow for their recovery.

Deferred tax assets recorded at the end of 2021 and 2020 correspond to tax loss carryforwards, based on the Company's estimate of their recoverability.

At the close of financial years 2021 and 2020, the tax loss carryforwards pending offsetting, are as follows:

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	2021	2020
2002	471,498	1,096,362
2003	729,961	729,961
2004	569,430	569,430
2005	733,026	733,026
2011	183,942	183,942
	2,687,858	3,312,722

In accordance with applicable tax regulations, the maturity of tax credits for incurred tax losses and deductions is indefinite.

Financial years pending verification and inspection actions

On 31 December 2021, the Company has no ongoing inspections. However, in accordance with that established in current legislation, taxes cannot be considered as definitively paid until the submitted statements have been inspected by the tax authorities or the four year period of limitations has expired. On 31 December 2021, the Company has made the Corporation Tax of financial years 2016 and 2017 and subsequent financial years available for inspection as well as for other taxes that are applicable to it. The Board of Directors considers that the payment of the referred to taxes has been carried out appropriately, and therefore, even in the event that discrepancies arise in the interpretation of the current regulations in relation to the tax considerations applied to the operations, the resulting liabilities, should they arise, would not affect the accompanying abbreviated annual accounts in a significant manner.

14. Income and Expenses

a) Net turnover

The distribution of the net turnover by categories of activity is as follows:

	Euros			
	2021			
	Advertising			
	Spain	Rest of EU	Rest of World	Total
Income from contracts with clients				
Income from contracts with clients	3,874,436	81,139	1,274,892	5,230,467
Income recognition timeframe				
Over time	3,874,436	81,139	1,274,892	5,230,467

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	Euros			
	2020			
	Advertising			
	Spain	Rest of EU	Rest of World	Total
Income from contracts with clients				
Income from contracts with clients	3,868,346	115,468	152,740	4,136,554
Income recognition timeframe				
Over time	3,868,346	115,468	152,740	4,136,554

The Company's activity is mainly carried out in the Spanish market.

b) Provisioning

Breakdown	2021	2020
Works carried out by other companies	(1,657,181)	(1,584,822)
	(1,657,181)	(1,584,822)

c) Personnel expenses

The breakdown is as follows:

	2021	2020
Wages and salaries	1,825,960	1,441,582
Redundancy payments	28,458	132,639
Social security paid for by the company	470,792	363,836
Other social contributions	28,999	120,552
	2,354,209	2,058,608

d) Other operating expenses

The breakdown is as follows:

Account	2021	2020
Leases and fees (Note 8.2)	120,541	148,169
Repairs and maintenance	31,135	29,370
Independent professional services	251,110	88,616
Insurance premiums	12,559	12,842
Banking and similar services	1,034	913
Advertising, publicity and public relations	195,175	141,268
Supplies	18,488	22,571
Other services	139,738	77,136
Other taxes	5,591	17,231
Losses, impairment and variation of provisions due to commercial operations	-	86,601
Total	775,372	624,718

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15. Information on environmental issues

The Group's strategy is to anticipate trends and to constantly protect and reinforce its corporate image. With this in mind, becoming an industry leader is a priority, especially on topics that concern the well-being of society as a whole, such as environmental and social governance.

To achieve this aspiration, the Company began the process for attaining B-Corp certification. Certified B Corporations are a new type of business that balances purpose and profits. They are required to consider the impact of their decisions on their workers, customers, suppliers, the community and the environment. This rating will certify that Jungle21 is a member of a global community of leaders that drives a worldwide movement of people who use business as a force for good.

Certified B Corporations receive this status from the non-profit institution called: B Lab. To achieve this status, companies must have a high standard of social and environmental performance as measured by the B Impact Assessment, they must verify their scores through transparency requirements and legally commit to taking all stakeholders into account, not just their shareholders.

In summary, this will certify that Jungle21 is a for-profit corporation with a modified standard of fiduciary duty, subject to higher standards of purpose, responsibility and transparency, and that it has internalised its duty to consider the best interests of employees, communities, customers and suppliers, as well as shareholders.

The process for achieving B-Corp certification is quite lengthy, typically lasting between 8 and 12 months. The Company expects to achieve this important milestone during the 2022 financial year.

16. Events subsequent to closing

From the closing date of the financial year to which these annual accounts refer, and until the date of their formulation, there have been no events or circumstances that could have had an impact on them that should have been incorporated and were not, except for those outlined below.

On 15 February 2022, the Parent Company formed a new company whose principal activity corresponds to other business management consulting activities. The Parent Company has subscribed 100% of the share capital of the company for an amount of €3,000.

On 25 February, the Euronext Board approved the incorporation of JUNGLE 21 shares for trading in Euronext Access. The company has already received the official letter of approval and the effective date for incorporation (first trading date) was 4 March 2022.

17. Operations with related parties

During the year, transactions have been carried out with the following related parties:

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Company	Type of relationship
Estresarte Comunicación, S.L.	Subsidiary Company
Redbilty, S.L.	Subsidiary Company
Randm Productions, S.L.	Subsidiary Company
Holyvama Capital, S.L.	Subsidiary Company
Miss Valentine, S.L.	Majority Partner
Agustin Vivancos	Managing Director

The pricing policy followed for all transactions carried out during the period is based on the fair market value, in accordance with article 16 of the Corporation Tax Act.

In financial year 2020, the Company acquired 100% of the share capital of the company Mauro Real Estate, S.L., for an amount of €3,000. This entity carries out activities related to the real estate market. It also made a contribution in the amount of €150,000 to the investee company Randm Productions, S.L., with the aim of strengthening its own funds.

During financial year 2021, there has been a number of events related to the subsidiaries:

- On 5 April, a shareholder contribution – which does not constitute a capital increase – was made to the subsidiary Mauro Real Estate for the amount of €700,000. On 18 May, a non-monetary capital increase of €189,819 was made, consisting of a contribution of land composed of three properties for their book value.

On 15 June, the partial spin-off of the company Jungle21 took place by segregating a part of its equity that is specified in 100% of the shareholdings representative of the share capital of the subsidiary company Mauro Real Estate, S.L. and transferring said equity in block to the beneficiary company Miss Valentine, S.L., which it acquired by succession, in a private capacity, all rights and obligations that are part of the segregated equity and under the terms provided for in the spin-off project, with the Company recording a decrease in the Premium and portfolio.

- On 8 February 2021, the company Holyvama Capital, S.L. was incorporated, for an amount of €3,000. This company carries out financial activities, channelling and managing cash for the development of the business of the group of companies. Subsequently, in March 2021, Jungle21 made a shareholder contribution for the amount of €2,959,500. Finally, on 11 November 2021, the sole shareholder of Holyvama decided to return the contribution that Jungle21 made to Holyvama for the amount of €2,500,000.
- On 16 December 2021, the company Randm Productions proceeded to return the shareholder contributions received in previous financial years, to the amount of €350,000.
- On 16 December 2021, the company Estresarte Comunicación proceeded to return the shareholder contributions received in previous financial years, to the amount of €239,745.

In the same act, the Company decided to distribute an interim dividend from the profit and loss for the financial year in the amount of €120,000.

- On 16 December 2021, the company Redbilty proceeded to return the shareholder contributions received in previous financial years, to the amount of €763,462.

In the same act, the Company decided to distribute an interim dividend from the profit and loss

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for the financial year in the amount of €500,000.

The breakdown of transactions with related parties at 31 December 2021 and 2020 is as follows:

	2021	2020
	Group companies	Group companies
Sales and provision of services	578,700	657,300
Income from the disposal of property, plant and equipment	181	-
Income from holdings of equity instruments	695,780	-
Purchases	(14,200)	(230,850)

The information for the operations carried out with related parties during the 2021 and 2020 financial years, is as follows:

	2021	2020
	Group companies	Group companies
Current accounts	159,930	-

The main accounting figures of its subsidiary companies, as of 31 December 2021, are as follows:

Name	Activity/ Domicile	% of direct shareholding	31/12/21							Value
			Capital	Reserves	Partner contributions	Profit and loss from previous years	Overprofit and loss for the financial	Dividends on account	Total own funds	
Redbilty, S.L.	Conde de Peñalver, 38, Madrid, 28006, Madrid	100%	19,200	136,153	-	(44,394)	516,597	(500,000)	127,556	236,538
Estresarte Comunicación, S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	4,000	800	-	-	128,890	(120,000)	13,690	426,680
Randm Productions S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	3,000	-	50,000	(285,328)	250,134	-	17,807	161,356
Holyvama Capital, S.L.	Calle Antonio Maura, 16 Madrid	100%	3,000	-	459,500	-	223,320	-	685,820	462,500
Total		100.00%	29,200	136,953	509,500	(329,722)	1,118,941	(620,000)	844,873	1,287,074

The main accounting figures of its subsidiary companies, as of 31 December 2020, are as follows:

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31/12/20										
Name	Activity/ Domicile	% of direct shareholding	Capital	Reserves	Partner contributions	Profit and loss from previous years	Net profit and loss for the financial	Total own funds	Value	Pending disbursement
Redbility, S.L.	Conde de Peñalver, 38, Madrid, 28006, Madrid	100%	19,200	899,615	-	(212,522)	224,172	930,464	1,000,000	
Estresarte Comunicación, S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	4,000	237,813	-	-	2,732	244,545	700,000	125,000
Randm Productions S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	3,000	-	400,000	(205,100)	(80,228)	117,672	403,000	200,000
Mauro Real Estate, S.L.	Calle Antonio Maura, 16 Madrid	100%	3,000	-	-	-	-	-	3,000	
Total		100.00%	29,200	1,137,427	400,000	(417,622)	146,676	1,292,681	2,106,000	325,000

At 31 December 2021 and 2020, no impairment of the shares has been considered due to the cash flows expected in the future by its portfolio of investee companies.

In 2020 the company had a Sole Administrator: Agustín Vivancos Matamoros, Chairman and CEO.

On 8 November 2021, an agreement was reached to appoint a Board of Directors consisting of a chairman, four directors and a non-director secretary.

During financial year 2021, salaries were paid for the work performance of the Board of Directors, which coincides with senior management, for the amount of €126,950 (€149,937 as salary paid to the Sole Administrator in 2020).

There have been no advances or credits granted to the Board of Directors or senior management personnel of the Company.

The Company has taken out a civil liability insurance policy that covers the Board of Directors and Senior Management. The amount of the premium amounts to €9,193 per year in 2021 (€8,160 in 2020).

The Company has no pension or credit obligations with the Board of Directors.

The members of the Board of Directors and the persons related to them referred to in Article 231, have not reported any conflict of interest, direct or indirect, that they might have with the interests of the Company.

18. Other information

The average number of people employed during the financial years is as follows:

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Professional category	2021	2020
Staff employed	55	43

The number of people employed at the close of the financial year, distributed by professional category, is as follows:

Professional category	At 31/12/2021		At 31/12/2020	
	Men	Women	Men	Women
Administrators	1	-	-	1
Senior Management	-	1	-	-
Departmental Directors/ Middle Managers	11	3	9	4
Creativity	9	5	13	4
Strategy	-	4	-	-
Digital social	4	3	-	-
New business	-	1	-	2
Study	4	1	2	1
Accounts	-	7	3	7
Finance/Administration	1	2	1	2
	30	27	28	21

The professional fees earned by the auditors of the Company during financial years 2021 and 2020 for carrying out the audit of the annual accounts and other services provided, amounted to:

Professional category	2021	2020
Audit services – individual annual accounts	10,000	8,160
Audit services – consolidated annual accounts	13,500	11,500
Other services of the firm – report of agreed procedures	3,000	0
Other services of the firm: Gatekeeping	4,800	0
	31,300	19,660