JUNGLE21

COMMUNICATION OF FINANCIAL INFORMATION FOR THE FISCAL YEAR 2022 **BY JUNGLE21**

Madrid, on April 3rd, 2023

JUNGLE21, S.A. (thereinafter, "**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 2023:

I. Audit report and consolidated annual accounts of JUNGLE21, S.A. and subsidiaries companies for the year ended December 31, 2022 and consolidated performance report.

II. Audit report and individual annual accounts of JUNGLE21, S.A. for the fiscal year ended December 31, 2022.

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. and subsidiaries

Consolidated Annual Accounts for the financial year 2022

Includes Audit Report on Consolidated Annual Accounts

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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 2022, 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 2022, 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 disclosed in note 3.p to the consolidated financial statements, the total transaction price of a contract is allocated to 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 recognised 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 timing of revenue recognition, we consider this to be the most significant risk of material misstatement in relation to revenue.

Our key audit procedures at year-end 2022 included, among other things, substantive testing of the revenue recognition process by obtaining external confirmations for a sample of outstanding customers and performing, where appropriate, alternative verification procedures using subsequent proof of collection or supporting sales documentation. In addition, based on a sample of invoices close to both year-end and the beginning of the following year, we have verified the correct recognition 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

At 31 December 2022, as indicated in note 9.a of the accompanying consolidated annual report, the Group has a net value of Euros 3,870 thousand under "Trade receivables for sales and services". At the end of each year, the Parent Company's management analyses trade receivables for indications of possible problems of recoverability of outstanding balances, recording the corresponding provision for impairment in those cases considered. In this respect, delays by customers in paying invoices issued give rise to a significant risk of material misstatement in relation to the correct assessment of the recoverability of receivables. In view of the above, as well as the materiality of the amount of the receivables, we consider this issue to be one of the most relevant aspects of the audit.

In response to this risk, our audit procedures included, among other things, obtaining details of invoices outstanding at year-end, analysing their ageing, obtaining external confirmations from major customers and, where appropriate, performing alternative procedures to check unconfirmed balances and reconciling items. In addition, we have verified collections from major customers occurring after the year-end.

Subsequent valuation of goodwill in consolidation

As stated in note 5 to the accompanying consolidated annual accounts, the Group has recognised under "Goodwill on Consolidation" in the consolidated balance sheet an amount of Euros 4,829 thousand relating to the positive differences arising between the carrying amount 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 estimate of the recoverable amount of these assets requires the exercise of judgement by the directors of the parent company, which has been based on a valuation performed by the management of the parent company using valuation techniques, the calculation of which also requires the application of judgement. Because of the inherent uncertainty in these estimates, we consider this matter to be one of the most significant aspects of the audit.

Our audit procedures included, among other things, an understanding of the process followed by the Group to obtain the information on which the recoverable amount was based, an assessment of the impairment indicators and the methodology and assumptions used in estimating the recoverable amount, comparing the information contained in the business plans with the Group's own known historical experience. We have also assessed, involving our valuation specialists where necessary, the reasonableness of the valuation model and of the main assumptions and data used in the estimation of recoverable amount. 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.

Other information: Consolidated directors' report

The other information comprises only the consolidated management report for the 2022 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 2022 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 2022

Including the Audit Report of the Consolidated Annual Accounts

31 December 2022

Consolidated Annual Accounts

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022
(Expressed in Euros)

ASSETS	Notes	2,022	2,021
NON-CURRENT ASSETS		**7,007,913**	**2,311,667**
Intangible fixed assets	**4**	**5,137,342**	**1,209,679**
Consolidated goodwill	5	4,829,181	725,436
Other intangible fixed assets	4	308,161	484,243
Tangible fixed assets	**6**	**855,267**	**333,238**
Technical facilities and other tangible fixed assets		855,267	333,238
Investment property	**7**	**-**	**-**
Investment Land and Buildings		-	-
Long-term investments in group and associated companies	**9**	**13,484**	**-**
Other financial assets	9	13,484	-
Long-term financial investments	**9**	**135,624**	**71,253**
Deferred tax assets	**12**	**866,195**	**697,497**
CURRENT ASSETS		**7,218,271**	**5,166,062**
Inventories		**55,204**	**22,969**
Commercial debtors and other accounts receivable		**4,132,668**	**3,164,865**
Clients from sales and provision of services	9a	3,869,667	3,117,231
Other loans with public administrations	12	263,001	47,634
Short-term investments in group and associated companies	**9**	**420**	**459**
Short-term financial investments		**678,388**	**369,974**
Short-term accruals		**121,123**	**73,120**
Cash and other cash equivalents	**9a**	**2,230,469**	**1,534,676**
TOTAL ASSETS		**14,226,183**	**7,477,729**

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED BALANCE SHEET
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022
(Expressed in Euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	**Notes**	**2,022**	**2,021**
SHAREHOLDERS' EQUITY		**767,966**	**645,241**
OWN FUNDS	**10**	**767,966**	**645,241**
Capital	**10a**	**165,862**	**165,862**
Issued capital		165,862	165,862
Issue premium		**-**	**-**
Reserves		**663,714**	**170,208**
Legal and statutory	10c	33,173	33,173
Reserves in fully consolidated companies	10b	370,967	40,433
Other reserves	10b	259,575	96,602
(Shares and shareholdings of the parent company)	**10d**	**-212,283**	**-187,282**
Profit and loss for the year attributed to the parent company	**10e**	**150,673**	**2,196,453**
(Interim dividend)	**10e**	**-**	**-1,700,000**
NON-CURRENT LIABILITIES		**6,263,206**	**2,600,916**
Long-term debts	**9b**	**6,252,774**	**2,600,916**
Debts with credit institutions		2,722,814	2,576,313
Creditors for financial leasing	8	20,839	24,603
Other financial liabilities		3,509,120	-
Deferred taxes liabilities	**12**	**10,433**	**-**
CURRENT LIABILITIES		**7,195,011**	**4,231,572**
Short-term debts	**9b**	**3,998,300**	**1,987,032**
Debts with credit institutions		3,655,807	1,858,469
Creditors for financial leasing	8	3,764	3,563
Other financial liabilities		338,729	125,000
Commercial creditors and other accounts payable	**9b**	**3,196,711**	**2,244,540**
Suppliers	9b	1,498,536	1,062,694
Other creditors	9b	185,696	73,863
Personnel remunerations pending payment	9b	19,625	352
Current tax liabilities	12	236,727	251,616
Other debts with public administrations	12	1,256,127	756,014
Advance payments from clients	9b	-	100,000
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,226,183**	**7,477,729**

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	2,022	2,021
CONTINUING OPERATIONS			
Net turnover	**13a**	**16,264,308**	**10,362,421**
Provision of services		16,264,308	10,362,421
Changes in inventories of finished goods and work in progress		**-131,879**	**-13,942**
Provisioning	**13b**	**-4,912,841**	**-2,634,112**
Works carried out by other companies		-4,839,715	-2,634,112
Other operating income		**4,185**	**3,698**
Ancillary income and others from current operations		10	3,698
Operating grants included in the profit and loss for the year		4,176	-
Personnel expenses	**13c**	**-7,552,287**	**-4,478,261**
Wages, salaries and similar expenses		-5,984,557	-3,529,436
Social contributions		-1,567,730	-948,825
Other operating expenses	**13d**	**-2,009,994**	**-1,049,422**
External services		-1,781,464	-944,316
Taxes		-14,591	-8,270
Losses, impairment and variation of provisions due to commercial operations		-213,939	-96,836
Other current management expenses		-	-
Depreciation of fixed assets	**4, 5 and 6**	**-664,264**	**-458,501**
Impairment and profit and loss due to transfers of fixed assets		**-97**	**2,210**
Profits and losses from transfers and others		-97	2,210
Other profits or losses		**34,849**	**2,422**
OPERATING PROFIT AND LOSS		**1,031,979**	**1,736,513**
Financial income	**9**	**1,528**	**437,567**
From negotiable securities and other financial instruments		1,528	437,567
Financial expenses		**-142,720**	**-146,067**
Due to debts with third parties		-142,720	-146,067
Change in fair value of financial instruments	**9**	**-503,640**	**-80,053**
Fair value with changes in profits and losses		-503,640	-80,053
Exchange differences		**-6,562**	**-642**
Impairment and profit and loss for transfers of financial instruments		**-6,562**	**-642**
FINANCIAL PROFIT AND LOSS		**-651,393**	**210,805**
PROFIT AND LOSS BEFORE TAXES		**380,585**	**1,947,318**
Tax on profits	**12**	**-229,912**	**249,136**
PROFIT AND LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		**150,673**	**2,196,453**
PROFIT AND LOSS FOR THE FINANCIAL YEAR		**150,673**	**2,196,453**

JUNGLE21, S.A. and subsidiary companies

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

	Notes	2,022	2,021
Consolidated profit and loss for the financial year		**150,673**	**2,196,453**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES		**150,673**	**2,196,453**

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	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 2021	**165,862**	**940,324**	**178,058**	**-187,282**	**305,194**	**-**	**1,402,157**
Total recognised income and expenses					2,196,453		2,196,453
Transactions with shareholders or owners	**-**	**-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**
ADJUSTED BALANCE AT START OF YEAR 2022	**165,862**	**0**	**170,208**	**-187,282**	**2,196,453**	**-1,700,000**	**645,241**
Total recognised income and expenses					150,673		150,673
Transactions with shareholders or owners	**-**	**-**	**-**	**-**	**-**	**1,700,000**	**1,700,000**
Distribution of dividends		-				1,700,000	1,700,000
Other changes in shareholders' equity			493,506	-25,001	-2,196,453		**-1,727,949**
BALANCE AT END OF YEAR 2022	**165,862**	**-**	**663,714**	**-212,283**	**150,673**	**-**	**767,966**

JUNGLE21, S.A. and subsidiary companies
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

	Notes	2,022	2,021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit and loss for the year before tax		**380,585**	**1,947,318**
From continuing operations		380,585	1,947,318
Adjustments to profit and loss		**1,523,132**	**263,847**
Depreciation of fixed assets		664,264	458,501
Measurement corrections for impairment		213,939	96,836
Profit and loss for disposals and transfers of fixed assets		97	-2,210
Financial income		-1,528	-437,567
Financial expenses		142,720	146,067
Change in fair value of financial instruments		503,640	80,053
Other income and expenses		-	-77,833
Changes in working capital		**-246,917**	**-863,743**
Inventories		-32,235	12,209
Debtors and other accounts receivable		-1,181,742	-1,600,734
Creditors and other accounts payable		967,060	724,781
Other cash flows from operating activities		**-595,208**	**248,572**
Interest payments		-142,720	-146,067
Collection of interest		1,528	437,567
Collection (payments) due to tax on profits		-403,066	-42,928
Other collections (payments)		-50,950	-
Cash flows from operating activities		**1,061,592**	**1,595,993**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments due to investments		**-2,156,074**	**-94,637**
Group and associated companies, net of cash in consolidated companies		-13,445	-
Multigroup companies, net of cash in consolidated companies		-	-
Intangible fixed assets		-469,751	-
Tangible fixed assets		-796,453	-94,637
Investment property		-	-
Other financial assets		-876,425	-
Collections due to de-investments		**-**	**2,418,560**
Group and associated companies, net of cash in consolidated companies		-	498,041
Tangible fixed assets		-	157,878
Other financial assets		-	1,762,641
Cash flows from investment activities		**-2,156,074**	**2,323,924**
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments from equity instruments		**-25,001**	**-**
Acquisition of equity instruments		-25,001	-
Collections and payments due to financial liabilities instruments		**1,815,276**	**-563,269**
Issue		3,802,308	1,706,551
Debts with credit institutions		3,802,308	1,706,551
Repayment and amortisation of		-1,987,032	-2,269,821
Debts with credit institutions		-1,862,032	-2,269,821
Other debts		-125,000	-200,000
Payments for dividends and remuneration from other equity instruments		**-**	**-2,903,168**
Dividends		-	-2,903,168
Cash flows from financing activities		**1,790,275**	**-3,466,437**
EFFECT OF EXCHANGE RATE CHANGES			
NET INCREASE/ DECREASE OF CASH AND CASH EQUIVALENTS		**695,793**	**453,480**
Cash and cash equivalents at the start of the year		1,534,676	1,081,196
Cash and cash equivalents at the end of the year		2,230,469	1,534,676

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 Creative, S.L. (which garners advertising activity for the PS21 brand that was previously garnered by Jungle21, S.A.), True (brand of Randm Productions, S.L.), ES3 (brand of Estresarte Comunicación S.L.), Redbility, Holyvama Capital, Invisible, Pink, PS21 Barna (brand of Full Circle Karma, S.L.), Líbero Creative Club (brand of Revista Líbero, S.L.) and Lucid.

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

On 25 February 2022, 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 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.

Invisible Lab, S.L. incorporated on 15 February 2022, is a company in the services sector specialised in consulting and other business management activities.

Pink Lab, S.L. acquired on 16 March 2022, is a company that offers advertising services such as agency, service delivery, consulting, creative services, production and purchase of advertising material, as well as image management. It has a presence in Spain and Italy, helping the group expand into other markets.

Full Circle Karma, S.L., acquired on 29 April 2022, is dedicated to providing advertising production services, such as the development of activities and provision of services in the field of telecommunications and creation.

Revista Libero, S.L., a company acquired on 11 July 2022, is an information and entertainment production and dissemination agency that helps the group expand its ideas and projects.

PS21 Creative, SL, was incorporated on 28 July 2022, in accordance with the bylaws, its corporate purpose is activities to develop activities and provide services in the field of telecommunications, in the execution and creation of advertising projects.

Lucid Product Design Agency, acquired on 3 October 2022, is a telecommunications company dedicated to developing new products that meet market needs and improving products that do not meet the requirements of the group's customers.

The Consolidated Annual Accounts for financial year 2021 were drawn up by the Board of Directors of the holding Company on 31 March 2022 and were approved by the General Shareholders' Meeting on 19 May 2022.

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 2022 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
Invisible Lab, S.L.	JUNGLE21, S.A.	100%	€103,000	C/ Antonio Maura, 16 28014 Madrid	Business management consulting activities
Pink Lab, S.L.	JUNGLE21, S.A.	100%	€1,153,331	C/ Antonio Maura, 16 28014 Madrid	Advertising, public relations and similar services
Full Circle Karma, S.L.	JUNGLE21, S.A.	100%	€671,817	C/ Larrard, 54 08024 Barcelona	Advertising, public relations and similar services
Revista Líbero, S.L.	JUNGLE21, S.A.	100%	€448,033	C/ Antonio Maura, 16 28014 Madrid	Production and dissemination of ideas using communications media
Lúcid Product Design Agency, S.L.	JUNGLE21, S.A.	100%	€3,188,090	C/ Soler and Palet, 15 08222 Terrassa	Development, design, appliance and machinery services for consumer and industrial goods.
PS21 Creative, S.L.	JUNGLE21, S.A.	100%	€3,000	C/ Antonio Maura, 16 28014 Madrid	Advertising, public relations and similar services

The data for the 2022 financial year of said 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	0	50,000	-35,193	0	-292,961
Estresarte Comunicación, S.L.	4,000	9,690	0	0	-80,000	86,055

Redbility, S.L.	19,200	152,750	0	-44,394	-840,000	840,821
Holyvama Capital, S.L.	3,000	223,320	459,500	0	0	-372,729
Invisible Lab, S.L.	3,000	0	100,000	0	0	2,322
Pink Lab, S.L.	3,015	529,809	0	0	0	73,929
Full Circle Karma, S.L.	7,110	6,549	250,000	-11,252	0	-94,057
Revista Líbero, S.L.	3,100	61,982	0	-15,423	0	643
Lúcid Product Design Agency, S.L.	3,000	224,275	944	0	0	-244,820
PS21 Creative, S.L.	3,000	0	0	0	0	-675

The data for the 2021 financial year related to the companies in the scope of consolidation was 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

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

Furthermore, the holding 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.

All of the aforementioned companies, as well as the holding company, close their annual accounts on 31 December 2022 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.

The holding company, in 2022, has received dividends on account of Estresarte Comunicación and Redbility for €80,000 and €840,000, respectively.

In 2021, the holding company has received dividends from Estresarte Comunicación and Redbility for €359,745 and €1,263,462, respectively. This had resulted in a reduction in the value of the Estresarte stake of €273,320 and €655,106 in Redbility.

On 19 May 2022, the General Shareholders' Meeting approved the distribution of the positive result for the financial year 2021, for the amount of €1,862,972, allocating €162,972 to voluntary reserves and €1,700,000 for the payment of dividends.

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

The table below shows 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:

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 was 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 did not initially take into account the amounts receivable for dividends received from the investee companies, before the payment of the interim dividend, which were included in the next line.

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 on which these consolidated annual accounts were drawn up 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 2022 having taken into account the situation of financial year 2022 and the 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

The company Invisible Lab, S.L., domiciled at Calle Antonio Maura, 16, has been incorporated in financial year 2022. Its share capital is €3,000 and at the end of financial year 2022 it has a shareholder contribution of €100,000 in its equity. 100% of its capital is owned by JUNGLE21, S.A., so it becomes part of the scope of consolidation for 2022.

The company, PS21 Capital, S.L., with address at Calle Antonio Maura, 16, was also incorporated. Its share capital is €3,000. 100% of its capital is owned by JUNGLE21, S.A., so it becomes part of the scope of consolidation for 2022.

On the other hand, the following companies have been acquired:

- Pink Lab, S.L., domiciled at Calle Antonio Maura, 16. Its share capital is €3,015.
- Full Circle Karma, S.L., domiciled at Calle Larrard, 54. Its share capital is €7,110 and at the end of 2022 it has a shareholder contribution of €250,000 in its equity.
- Revista Líbero, S.L., domiciled at Calle Antonio Maura, 16. Its share capital is €3,100.
- Lúcid Product Design Agency, S.L., domiciled at Calle Soler y Palet, 1. Its share capital is €3,000.

In all cases, 100% of its capital is owned by JUNGLE21, S.A., so it becomes part of the scope of consolidation for 2022.

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 acquired companies, the amounts generated in the operating account from their entry into the Group's scope of consolidation until the end of the year.

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 2022, 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.

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 2022 have not been made during the year.

j) Change in estimates

Adjustments to the consolidated annual accounts for financial year 2022 due to changes in accounting criteria have not been made during the year.

k) Correction of errors

The consolidated annual accounts for the year 2022 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 Holding 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 2022.

m) 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:

Balance for purposes of distribution	
Profits and losses (results)	1,363,693
Application	
Interim dividend	
To voluntary reserves	1,363,693

Total	1,363,693

3. Recognition and measurement standards

The main recognition and measurement standards used in the preparation 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, furthermore, the company Mauro Real Estate, was contributed to another related company without this affecting the consolidated goodwill.

In 2022, the companies Invisible and PS21 Creative were integrated into the scope of consolidation without Consolidated Goodwill.

This year, the companies Pink, Full Circle Karma, Revista Líbero and Lúcid have also been integrated in the scope of consolidation with an expansion to the Consolidated Goodwill of €4,395,294.

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) Tangible fixed assets

Items of tangible fixed assets are stated at acquisition or production cost plus any revaluations required by law, minus any accumulated depreciation and any impairment losses.

Indirect taxes on tangible fixed assets 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 – is included as the greater value of the tangible fixed asset, 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 Group depreciates its tangible fixed assets 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 tangible fixed assets 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 the fixed asset 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 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.

- *Derecognition 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.

- *Derecognition 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

<u>Monetary items</u>

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

In the preparation of the consolidated annual accounts, the Board of Directors of the Parent Company 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
Gross values				
Balance as of 01/01/2021	802,441	29,904	77,000	909,345
Entries	-	-	-	-
Disposals, derecognitions and reductions	-	-	-	-
Balance at 31/12/2021	802,441	29,904	77,000	909,345
Entries	-	-	-	-
Changes in the scope of consolidation	-	98,025	-	98,025
Disposals, derecognitions and reductions	-	-	-	-
Balance as of 31/12/2022	802,441	127,929	77,000	1,007,370
Accumulated depreciation				
Balance as of 01/01/2021	-204,273	-26,570	-16,704	-247,548
Amount allocated for depreciation	-160,488	-1,667	-15,400	-177,555
Disposals, derecognitions and reductions	-	-	-	-
Balance at 31/12/2021	-364,761	-28,237	-32,104	-425,102
Amount allocated for depreciation	-160,488	-1,703	-15,400	-177,591
Changes in the scope of consolidation	-	-96,515	-	-96,515
Disposals, derecognitions and reductions	-	-	-	-
Balance as of 31/12/2022	-525,249	-126,455	-47,504	-699,209
Net Book Value as of 31/12/2021	437,680	1,667	44,896	484,243
Net Book Value as of 31/12/2022	277,192	1,473	29,496	308,161

As in financial year 2021, during financial year 2022 the Group has not incurred costs.

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

Account	Balance at 31/12/2021	Balance at 31/12/2022
IT applications	98,086	24,904
	98,086	24,904

5. Consolidated goodwill

In financial year 2022, with the integration of the new companies, the Goodwill increases by €4,395,294, which as the Goodwill that we had will be amortised in 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:

	2021				
	Randm Productions, S.L.	Estresarte Comunicación, S.L.	Redbility, S.L.	Holyvama Capital, S.L.	TOTAL
Initial gross balance	205,100	433,911	267,784	-	906,795
Entries	-	-	-	-	-
Accumulated amortisation, initial balance	-20,510	-43,391	-26,778	-	-90,680
Amortisation entries	-20,510	-43,391	-26,778	-	-90,680
	-41,020	-86,782	-53,557	-	-181,359
Final net balance	164,080	347,129	214,227	-	725,436

	2022									
	Randm Productions, S.L.	Estresarte Comunicación, S.L.	Redbility, S.L.	Pink Lab, S.L.	Invisible Lab, S.L.	Full Circle Karma, S.L.	Revista Líbero, S.L.	Lucid Product Design Agency, S.L.	Holyvama Capital, S.L.	TOTAL
Initial gross balance	205,100	433,911	267,784	-	-	-	-	-	-	906,795
Entries	-	-	-	597,237	-	421,133	417,055	2,959,870	-	4,395,294
Accumulated amortisation, initial balance	-41,020	-86,782	-53,557	-	-	-	-	-	-	-181,359
Amortisation entries	-20,510	-43,391	-26,778	-49,770	-	-31,585	-20,853	-98,662	-	-291,549
	-61,530	-130,173	-80,335	547,467	-	389,548	396,202	2,861,208	-	3,922,386
Final net balance	143,570	303,738	187,449	547,467	-	389,548	396,202	2,861,208	-	4,829,181

6. Tangible fixed assets

The balances and changes during financial years 2021 and 2022 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
Gross values						
Balance as of 01/01/2021	660,337	427,343	397,341	385,476	11,975	1,882,473
Entries	7,288	573	85,818	-	958	94,637
Disposals, derecognitions 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
Entries	2,914	492,654	149,572	-	-	645,141
Changes in the scope of consolidation	43,923	54,746	64,639	-	4,020	167,327
Disposals, derecognitions and reductions	-	-	-5,147	-	-	-5,147
Balance as of 31/12/2022	714,462	781,670	688,483	206,643	16,953	2,408,211
Accumulated depreciation						
Balance as of 01/01/2021	-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, derecognitions 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
Amount allocated for depreciation	-17,957	-68,310	-76,729	-30,996	-1,131	-195,124
Changes in the scope of consolidation	-21,376	-21,509	-50,282	-	-1,623	-94,791
Disposals, derecognitions and reductions	-	-	4,624	-	-	4,624
Balance as of 31/12/2022	-670,183	-286,631	-470,293	-112,279	-13,557	-1,552,943
Net Book Value as of 31/12/2021	36,776	37,458	131,514	125,360	2,130	333,238
Net Book Value as of 31/12/2022	44,279	495,039	218,190	94,363	3,396	855,267

The additions for financial year 2021 and 2022 have been generated mainly by the acquisition of computer equipment. This is due to the increase in the number of workers during the year. During the state of emergency in Spain, the Group gave its workers complete flexibility when deciding whether to work from home or in the office. This made portable equipment necessary for each of the Group's employees.

During financial year 2022, there have been write-offs with a gross book value of €11,061 and the total accumulated amortisation (€159,036 in 2021) in the Group, resulting in losses from the disposal of fixed assets for €97 (losses of €2,210 in 2020).

The gross value of the elements in use, which have been fully depreciated for 2021 and 2022, is as follows:

Account	Balance at 31/12/2020	Balance at 31/12/2021
Technical facilities	591,037	550,495
Furniture	139,340	95,767
Computer equipment	310,360	239,343
Other tangible fixed assets	8,235	8,235
	1,048,972	893,840

The Group's policy is to have insurance policies in place to cover all possible risks to which the various items of its tangible fixed assets are exposed. At the close of the 202no financial year, there were no deficits in cover related with said risks.

7. Investment property

There are no real estate investments in 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 as of 31/12/2022	Balance at 31/12/2021
Tangible fixed assets	39,539	39,539

This corresponds to an electric vehicle purchased in 2020.

During financial year 2022, the Group has the following minimum leasing instalment payments contracted with lessors, in accordance with the current contracts:

	Pending instalments	
	Balance as of 31/12/2022	Balance at 31/12/2021
	Agreed minimum payments	Agreed minimum payments
Under one year	3,764	3,563
Between one and five years	20,839	24,603
	24,603	28,166

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:

	2022	2021
Payments made during the financial year	3,563	3,373

During financial year 2022, 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 2022	Financial year 2021
Up to one year	234,658	234,658
Between one and five years	449,930	651,623
	684,588	886,281

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

	2022	2021
Payments made during the financial year	342,482	187,710

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 2022 financial years amounted to €184,786 and €105,191, 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. In 2022, the lease signed in contract has been returned.

- Office located at Calle Conde de Peñalver, 38. The lease agreement began on 1 January 2011 for a duration of five 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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Categories:								
Financial assets at amortised cost	-	-	99,389	56,253	-	-	99,389	56,253
Financial assets at cost	49,719	15,000	-	-	-	-	49,719	15,000
	49,719	15,000	99,389	56,253	-	-	149,108	71,253

	Short-term financial investments							
	Equity instruments		Other financial assets		Derivatives		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Categories:								
Assets at fair value with changes in profit and loss:								
Trading portfolio	-	-	667,374	347,724	-	-	667,374	347,724
Financial assets at amortised cost	-	-	3,869,667	3,117,231	-	-	3,869,667	3,117,231
Financial assets at cost	11,434	10,959	-	-	-	11,750	11,434	22,709
	11,434	10,959	4,537,040	3,464,954	-	11,750	4,548,474	3,487,663

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.

Furthermore, with the acquisition of Lúcid, certain minority stakes are acquired, one of them valued at €30,000 on the balance sheet.

In short-term financial instruments, the Group has recorded at the end of the financial year an amount of €667,374 (€347,724 in 2021) corresponding to the fair value of a securities account contracted with Andbank and a fixed-term deposit for the amount of €10,000 (€10,000 in 2021). The commercial debtors balance is reflected at amortised cost.

During financial year 2021, this investment generated a positive net result, as a result of the sale, for an amount of €437,567, recorded in the financial result of the consolidated profit and loss account for financial year 2021. In 2022, the result was €1,528, 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 2022 of (€503,640) lower value (€80,053 higher value in 2021).

The Group has recognised in the financial year 2022 a credit impairment in the amount of €213,939 (€96,836 in 2021), corresponding to balances with clients. Furthermore, the companies acquired during the financial year have recorded an amount of €70,162, so the balance at the closing is €465,118 at the end of the financial year 2022 and €181,017 at the end of the financial year 2021.

Cash and cash equivalents

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

	Euros	
	2022	2021
Cash	2,230,469	1,534,676
Other cash equivalents	-	-

2,230,469	1,534,676

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial liabilities at amortised cost	2,722,814	2,576,313	3,509,120	-	20,839	24,603	6,252,774	2,600,916
Total	2,722,814	2,576,313	3,509,120	-	20,839	24,603	6,252,774	2,600,916

	Short-term financial liabilities							
	Debts with credit institutions		Other financial liabilities		Creditors for financial leasing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial liabilities at amortised cost	3,655,807	1,858,469	2,042,586	1,361,910	3,764	3,563	5,702,157	3,223,942
Total	3,655,807	1,858,469	2,042,586	1,361,910	3,764	3,563	5,702,157	3,223,942

The "financial leases" category indicated for financial years 2021 and 2022 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 2022 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. The breakdown of this balance is as follows:

		2022		2021	
Description	Long term	Long term	Short term	Long term	Short term
BANKINTER	Loan	246,027	53,973	-	-
	Loan	135,855	38,777	-	-
	Loan	-	33,333	-	-
	Loan	17,888	20,426	38,118	20,050
SANTANDER	Line of credit	-	579,208	-	437,948
	Line of credit		40,000		
	Confirming	-	317,811	-	-
	Loan	-	-	-	28,515
	Loan	-	28,386	28,386	55,824
	Loan	225,704	165,607	391,311	108,689
	Loan	-	80,849	-	39,214
	Loan	-	14,444	14,444	43,333
	Loan	170,100	125,363	295,463	82,537
	Loan	-	16,633	-	13,027
	Loan	-	50,000	-	16,685
	Loan	-	-	-	44,306
	Loan	213,750	157,532	371,283	103,717
	Loan	40,101	24,729	64,830	69,642
	Loan	-	-	-	13,983
BBVA	Line of credit	-	96,620	-	452
	Line of credit	-	38,838	-	-
	Loan	113,770	133,801	247,571	130,892
	Loan	-	-	-	62,324
	Loan	120,064	82,744	202,642	47,358
	Loan	17,985	71,048	89,032	10,170
	Loan	328,099	159,008	-	-
	Loan	292,103	-	-	-
	Loan	269,540	163,700	-	-
SABADELL	Loan	42,575	56,028	98,603	55,194
	Line of credit	-	107,284	-	173,526
	Loan	30,923	36,153	67,076	35,138
	Loan	639	3,763	4,402	3,641
	Loan	118,846	49,057	175,972	24,028
	Loan	127,583	48,611	167,903	32,097
	Loan	-	6,119	6,065	7,880
	Loan	30,569	14,855	45,424	14,576
	Loan	38,193	7,920	-	-
ANDBANK	Line of credit	-	503,684	-	-
CAIXABANK	Loan	45,000	30,000	72,973	17,027
	Loan	12,963	38,375	51,338	37,616
	Loan	38,241	26,493	64,734	15,266
	Loan	37,988	40,753	78,741	40,046
	Line of credit	-	69,082	-	34,885
	Line of credit	-	31,976	-	-
	Loan	8,305	5,985		
SEVERAL	Cards	-	1,251	-	-
	Cards	-	6,425	-	-
	Cards	-	109	-	-
	Cards	-	163	-	-
	Cards	-	47,602	-	-
	Cards	-	31,289	-	38,886
TOTALS		2,722,814	3,655,807	2,576,313	1,858,469

These debts have an interest rate which we detail below:

	2022	2021
Loans:		
Banco Santander	2.25% - 1.88%	2.75% - 1.88%
Deutsche Bank		1.75% - 1.56%
Bankinter	2.15% - 1.40%	1.75%
BBVA	1.90%-5.05%	1.90%-2.00%
Caixabank	1.80%-2.00%	1.80%-2.00%
Sabadell	1.50%-3.60%	1.50%-3.00%
Line of credit:		
Banco Santander	2.10%	2.10%
Bankinter	2.00%	2.00%
BBVA	2.15%	2.15%
Caixabank	2.00%	2.00%
Sabadell	2.35%	2.35%

The balance of “other financial liabilities” includes the liabilities payable to the former owners of the companies acquired in previous financial years and in the financial year 2022 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 2022, is as follows:

	2024	2025	2026	2027	2028	Total
Debts:						
Debts with credit institutions	1,492,376	880,217	230,917	114,846	4,458	2,722,814
Other financial liabilities	916,659	857,379	920,863	835,059	-	3,529,959
	2,409,035	1,737,596	1,151,779	949,905	4,458	6,252,774

The data at the end of the 2021 financial year was as follows:

	2023	2024	2025	2026	Total
Debts:					
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

Guarantees committed with third parties

At the end of the 2022 financial year, the overall amount of the guarantees provided to third parties amounts to €585,000 (€30,000 in 2021). 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:

Item	2022	2021
Suppliers	1,498,536	1,062,694
Other creditors	185,696	73,863
Personnel remunerations pending payment	19,625	352
Current tax liabilities	236,727	251,616
Other debts with public administrations	1,256,127	756,014
Advance payments from clients	-	100,000
Total	3,196,711	2,244,540

The average payment period to Group suppliers as of 31 December 2022 is as follows:

	2022	2021
	Days	Days
Average period of payment to suppliers	64	59
Transactions Paid Ratio	67	66
Transactions Pending Payment Ratio	53	44
	Amount (euros)	Amount (euros)
Total payments made	5,171,901	2,245,216
Total outstanding payments	1,267,722	997,678
Volume of invoices paid within the legal timeframe	2,297,669	1,002,735
Number of invoices paid within the legal timeframe	1,144	505
Percentage of volume of invoices paid within the legal timeframe (%)	44%	45%
Percentage of number of invoices paid within the legal timeframe (%)	60%	61%

The average payment period to suppliers is longer than the established legal period of 60 days. This is because the company makes payments on one day per month. The company is working to reduce that pay period and come within the legal term.

10. Own funds

a) Share capital

On 28 June 2019, the holding 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 Holding 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 (Split). With this, the shares are renumbered 1 to 16,586,127.

During 2021 and the start of 2022, minority shares of the company were bought and sold.

In 2022, 91,098 shares were acquired from Ana Zumalacárregui Flores for the value of €25,001 through the deed signed before a notary public on 21 December 2022.

The company that has a shareholding equal to or greater than 10% is as follows:

	Share percentage
Miss Valentine, S.L.	96.96%
	96.96%

b) Reserves and profit and loss from previous years

The breakdown is as follows:

	2022	2021
Legal reserve of the Parent Company	33,173	33,173
Voluntary reserves of the Parent Company	259,575	96,602
First consolidation differences	-	-
Reserves in consolidated companies	370,967	40,433
Total	663,714	170,208

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

Company	Profit and loss for the financial year	Profit and loss for the financial year
Randm Productions, S.L.	169,906	-80,228
Estresarte Comunicación, S.L.	107,346	-21,544
Redbility, S.L.	658,802	142,205
PS21 Creative, S.L.	-	-
Invisible Lab, S.L.	-	-
Pink Lab, S.L.	-	-
Full Circle Karma, S.L.	-	-
Revista Líbero, S.L.	-	-
Lúcid Product Design Agency, S.L.	-	-
Holyvama Capital, S.L.	223,320	-
Consolidation adjustments	-788,407	
Reserves in consolidated companies	370,967	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 Holding Company on 31 December 2022 are as follows:

Treasury stock	Number	Average acquisition price	Total acquisition cost
At the end of financial year 2022	913,311	0.23	212,283

On the date these consolidated annual accounts are drawn up, 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:

	2022	2021
Company	Profit and loss for the financial year	Profit and loss for the financial year
JUNGLE21, S.A.	1,363,693	1,862,972
Randm Productions, S.L.	-292,961	250,134
Estresarte Comunicación, S.L.	86,055	128,890
Redbility, S.L.	840,821	516,597
PS21 Creative, S.L.	-675	
Invisible Lab, S.L.	2,322	
Pink Lab, S.L.	73,929	
Full Circle Karma, S.L.	-94,057	
Revista Líbero, S.L.	643	
Lúcid Product Design Agency, S.L.	-244,820	
Holyvama Capital, S.L.	-372,729	223,320
Consolidation adjustments	-1,211,549	-785,460
Consolidated profit and loss for the financial year	150,673	2,196,453

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 financial years and €1,700,000 of interim dividend for financial year 2021.

Dividends were not distributed in 2022.

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 2022, the Group’s working capital was positive at €23,260 (€934,490 in 2021), 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 2022 is as follows:

	2022			
	Debtor balances		Creditor balances	
Account	Non-current	Current	Non-current	Current
Value added tax	-	236,214	-	708,585
Personal Income Tax	-	-	-	377,049
Deferred tax assets	866,195	-	-	-
Current tax assets	-	26,787	-	-
Deferred taxes liabilities	-	-	10,433	-
Current tax liabilities	-	-	-	236,727
Social Security bodies	-	-	-	170,493
	866,195	263,001	10,433	1,492,854

	2021			
	Debtor balances		Creditor balances	
Account	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

The reconciliation between the consolidated accounting profit and loss and the sum of taxable bases of the consolidation scope for the 2021 and 2022 financial years is as follows:

	Financial year 2022		Financial year 2022		Financial year 2022		
	Profit and Loss Account		Income and Expenses		Reserves		
	Increases	Decreases	Increases	Decreases	Increases	Decreases	Total
Balance of income and expenses	150,673	-	-	-	-	-	150,673
Corporation Tax	229,912	-	-	-	-	-	229,912
Permanent differences	-	-	-	-	-	-	-
Of individual companies	-	-	-	-	-	-	-
Of consolidation adjustments	291,549	-	-	-	-	-	291,549
Tax base (tax result)	672,135	-	-	-	-	-	672,135

	Financial year 2021		Financial year 2021		Financial year 2021		
	Profit and Loss Account		Income and expenses allocated directly to equity		Reserves		
	Increases	Decreases	Increases	Decreases	Increases	Decreases	Total
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

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

	2022					
		Change in deferred tax				
		Of assets			Of liabilities	
			Tax credits			
	Current tax	Temporary differences	on negative tax bases	Other credits	Temporary differences	Total
Recognised in the profit and loss account						
Continuing operations	-221,246	-	-	-8,666	-	-229,912
Discontinued operations	-	-	-	-	-	-
Total expense/ income due to taxation						-229,912

	2021					
		Change in deferred tax				
		Of assets			Of liabilities	
			Tax credits			
	Current tax	Temporary differences	on negative tax bases	Other credits	Temporary differences	Total
Recognised in the profit and loss account						
Continuing operations	-529,870	-	782,195	-3,189	-	249,13 6
Discontinued operations	-	-	-	-	-	-
Total expense/ income due to taxation						249,136

Deferred tax assets recorded at the end of 2021 and 2022 correspond to tax loss carry forwards, based on the Company's estimate of their recoverability.

At the close of financial years 2021 and 2022, the tax loss carryforwards pending offsetting are as follows:

	31/12/2022	31/12/2021
	Amount	Amount
Tax loss carryforwards:		
Year 2002	-	471,498
Year 2003	542,121	729,961
Year 2004	569,430	569,430
Year 2005	733,026	733,026
Year 2011	183,942	183,942
Year 2015	-	-
Year 2016	-	-
Year 2017	-	-
Year 2018	-	-
Year 2019	6,930	-
Year 2020	222,963	44,284
Year 2021	125,522	-
Year 2022	1,080,846	-
Total deferred tax assets	3,464,780	2,732,142

With the acquisition of the new companies, €311,131 of tax loss carryforwards from years prior to 2022 are acquired. In addition, in 2022 these bases are increased mainly by Holyvama Capital, Randm Productions and Full Circle Karma which contribute €496,972, €388,489 and €188,622 of tax loss carryforwards, respectively.

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 2022, 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 2022, the Group has made the Corporate Tax of 2018 and 2019 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:

	2022								
	Advertising			Communications			Digital Services		
	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	7,795,274	816,175	511,136	2,018,721	358,521	379,467	3,465,955	255,453	-
	7,795,274	816,175	511,136	2,018,721	358,521	379,467	3,465,955	255,453	-
Income recognition timeframe									
Over time	7,795,274	816,175	511,136	2,018,721	358,521	379,467	3,465,955	255,453	-
At a particular point in time									
	7,795,274	816,175	511,136	2,018,721	358,521	379,467	3,465,955	255,453	-

	2022						
	Product Design			Future Design			
	Spain	Rest of EU	Rest of World	Spain	Rest of EU	Rest of World	Total
Income from client contracts							
Income from contracts with clients	372,736	113,343	-	51,760	125,767	-	16,264,308
	372,736	113,343	-	51,760	125,767	-	16,264,308
Income recognition timeframe							
Over time	372,736	113,343	-	51,760	125,767	-	16,264,308
At a particular point in time							
	372,736	113,343	-	51,760	125,767	-	16,264,308

	2021									
	Advertising			Communications			Digital Services			
	Spain	Rest of EU	Rest of World	Spain	Rest of EU	Rest of World	Spain	Rest of EU	Rest of World	Total
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 2022, in addition to continuing to develop certain projects with Aliexpress internationally, the Pink company has been acquired, which has part of its business in the Italian market. In general, the cost increases are directly related to the positive evolution of the Group and, in certain cases, to the term of the “Covid agreements” (lease of the Group’s main office) and updating the prices of certain suppliers (influenced by high inflation rates).

Provisioning

	31/12/2022	31/12/2021
Breakdown	Amount	Amount
Works carried out by other companies	4,912,841	2,634,112
	4,912,841	2,634,112

	31/12/2022	31/12/2021
Geographical markets	Amount	Amount
Spain	4,568,835	2,634,112
All other EU countries	344,006	-
	4,912,841	2,634,112

b) Personnel expenses

Personnel expenses	31/12/2022 Amount	31/12/2021 Amount
Wages and salaries	5,935,727	3,475,888
Redundancy payments	48,830	53,548
Social security paid for by the company	1,423,002	914,683
Other social contributions	144,728	34,142
	7,552,287	4,478,261

c) Other operating expenses

Account	31/12/2022 Amount	31/12/2021 Amount
Leases and fees	342,482	187,710
Repairs and maintenance	55,982	36,572
Independent professional services	544,151	225,171
Insurance premiums	24,265	17,838
Banking and similar services	4,750	1,698
Advertising and public relations	534,742	292,686
Supplies	41,913	23,183
Other services	233,179	159,457
Other taxes	14,591	8,270
Losses, impairment and variation of provisions due to commercial operations	213,939	96,836
	2,009,994	1,049,422

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 aim, the Group has attained 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 certifies 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, 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.

15. Operations with related parties

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

Company	Type of relationship
Miss Valentine, S.L.	Parent Company
Agustín 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.

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 2022, salaries were paid for the work performance of the Board of Directors, for the amount of €92,400 (€126,950 as salary paid to the Board of Directors in 2021), and €573,237 was paid to the Chief Executive Officer (0.00 in 2021)

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 (€9,193 in 2021).

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 2022, and the number of people employed at the end of both financial years, distributed by professional categories, is as follows:

Account	2022 Average		2021 Average	
	Men	Women	Men	Women
Senior Management	5	5	6	4
Departmental Directors/ Middle Managers	20	14	3	3
Creativity	21	12	12	12
Strategy	1	4	2	3
Digital social	3	4	-	-
New business	-	1	1	1
Education/training studies	3	2	3	1
Accounts	3	28	6	24
Finance/Administration	2	4	1	3
UX Consultant	13	22	6	11
Visual Designer	9	7	2	2
Development	1	0	2	1
	82	101	44	65

Account	31/12/2022		31/12/2021	
	Men	Women	Men	Women
Senior Management	5	4	6	4
Departmental Directors/ Middle Managers	18	15	3	3
Creativity	20	12	13	13
Strategy	1	3	4	4
Digital social	3	6	-	-
New business	-	2	1	1
Education/training studies	4	1	4	1
Accounts	3	27	6	24
Finance/Administration	3	3	1	3
UX Consultant	14	34	8	16
Visual Designer	8	4	2	2
Development	1	-	2	1
	80	111	50	72

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 €20,250 (€18,300 in 2021, which included €4,800 for Gatekeeping’s entry into the integrated market 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 Holding Company for the amount of €12,500 (€10,000 in 2021).
- Fees for other services (Report of Agreed Procedures on certain financial information) for the amount of €0 (€3,000 in 2021).

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 on which they were drawn up, 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 1 January 2023, the advertising activity of Jungle21, S.A. began to be transferred to the company PS21 Creative, S.L., which was created in 2022 for this purpose. In this way, Jungle21, S.A. will be the holding company and owner of the rest of the Group's companies.

On 4 January 2023, the Holding Company contributed €125,000 to the ongoing capital increase of the company Materile Barcelona Proyectos, S.L.

On 31 January 2023, the holding company acquired 95,500 shares at €3.45 each, which increase the Company's own shares by €329,475.

Consolidated Performance Report

1. Evolution of the business and position of the company

Financial year 2022 closes with a total revenue of €16.2 million, of which €11.2 million corresponds to net income, the measure used by the company as a reference for its management

Net income 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 €0.4 million, and the after-tax profit was €0.15 million.

In general terms, 2022 has been a year of consolidation, growth in several areas and preparation for the future. Turnover has increased by 57% with respect to 2021 and the consolidated EBITDA has remained at levels of the previous year mainly influenced by the management policy implemented in 2022 to add to the specialised staff with higher payrolls when compared to the Group average.

We continue with the approach of focusing on current customers and seeing them grow through 2022, as we had done in 2021. Our organic business has increased by 31% in Gross Margin mainly due to (i) the focus on recurring customers and (ii) sustainable increase generated by new customers and projects. Furthermore, the acquired companies have contributed €1.1 million (€2.0 million based on our pro-forma figures).

When it comes to creativity awards, we can say that 2022 has been an excellent year. After the second place finish we earned in 2021, we finished 2022 as the best agency in the Effectiveness Awards with the PS21 brand – possibly the most relevant awards from our customers' point of view. The goal for the next few years is to continue to finish in the 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. Furthermore, we have won four Lions at the Cannes festival, which are the most respected awards in creativity. One silver and three bronze lions were awarded with different pieces.

On the other hand, we have completed our listing on the Euronext Access. The effective incorporation into the market on 4 March has been made by valuing the J21 Group at around €52 million. 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, before the end of 2022 we have been told that we are a B-Corp. 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 certifies 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.

2. Results and evolution of the company

After finishing 2021 with great results, despite the fact that it had been a year of transition with the COVID-19 vaccination programme underway, we welcomed 2022 as a return to normality.

2022 Growth was thanks to:

a. Consolidation of processes and implementation of commercial strategies employed to increase the financial and operating performance of the companies acquired before the start of 2022 (+31% gross margin between 2022 and 2021).
b. Commercial efforts to increase current business with long-term customers by cross-selling products, better identifying opportunities and positioning our proposals by differentiating them from those of the competition and offering services of higher value perceived by the customer.
c. Merger and acquisitions and incubation of business activities in 2022 with contribution to the consolidated result of +€1M of Gross Margin.

Operating staff expenses (eliminating board expenses, indemnities) have increased by +69.4% causing the Group to lose -9.3% EBITDA margin. This is explained by management's decision to invest in COMMS & PR staff in order to face current demand and prepare the Group for future opportunities. The primary focus was to increase employee knowledge and engage recruitment processes to attract and retain top talent in key areas. Management believes that those investments will deliver long-term economic benefits by allowing it to better capitalise on market opportunities and distinguish itself from the competition.

Overhead operating expenses (eliminating extraordinary expenses) have increased by 96%, due to (i) an increase in the Group's overall operating activity, (ii) termination of all "Covid" agreements (such as the office rental discount) and (iii) higher inflation rates that have been reflected in the prices of certain suppliers.

Considering the operating EBITDA (EBITDA without taking into account the amount of compensations, extraordinary and non-permanent variable remuneration), has grown to €2,279,092 (€2,561,191 in 2021) and net profit was $150,673 compared to €2,196,453 in 2021.

The profitability of EBITDA stands at 20% (33% in 2021) and the net result is 1% relative to net income (28% in 2021). In the net result, in addition to what has already been mentioned in the personnel expenses and general expenses that affect the result, it has been influenced by (i) an increase in amortisations for investments in fixed assets and M&As (goodwill amortised over 10 years), (ii) variation in the fair value of financial instruments and (iii) company tax payable (in 2021, the Group used tax credits from previous years).

On a Group level, the ambition is to continue to grow at the pace we have set and in 2023 continue to incorporate new lines of business for the Group, as well as to see our current clients grow.

The following tables show the summary operating account and the calculation of the recurring EBITDA for years 2021 and 2022:

BPE	2021	2022	2022 vs 2021
Revenue	10,352,177	16,136,614	56%
Cost of goods Revenue	2,634,112	4,912,841	87%
Gross margin or Net revenue	7,718,064	11,223,772	45%
% / Revenue	75%	70%	
Personnel costs	4,356,259	7,380,143	69%
Net margin	3,361,806	3,843,629	14%
General costs	800,614	1,564,537	95%
Total overall, personnel + general costs	5,156,873	8,944,680	73%
EBITDA	2,561,191	2,279,092	-11%
% margin	33%	20%	
Financial results	210,805	(651,393)	-409%
Extra results	(366,177)	(582,849)	59%
PBTA	2,405,819	1,044,850	-57%
Amortisations	458,501	664,264	45%
Tax	(249,136)	229,912	-192%
Net profit	2,196,453	150,673	-93%

ADJUSTED OPERATING EBITDA	2021 (euros)	2022 (euros)
Operation income	1,736,513	1,031,979
Amortisation of intangible assets	458,501	664,264
Severance costs	53,548	48,830
Commercial depreciation	96,836	213,939
Tax	8,270	14,591
Depreciation of property, plant, and equipment	(2,210)	97
Regularisations and others	42,932	(34,849)
Board expenses	23,100	123,314
Acquisition and set-up related expenses	143,702	216,927
Adjusted operating EBITDA	2,561,191	2,279,092

On the other hand, and understanding pro-forma as those results not consolidated as if the Group and the acquired companies had existed in their entirety during the year and have been prepared on comparable terms without consolidation eliminations, the following tables show the reduced income statement and the calculation of recurring EBITDA for the years 2021 and 2022 comparing the consolidated with the pro-forma:

BPE	Pro-forma 2021	Pro-forma 2022	Consolidated 2021	Consolidated 2022
Revenue	11,017,077	19,859,444	10,352,177	16,136,614
Cost of good sales	2,648,312	5,911,793	2,634,112	4,912,841
Gross margin or Gross Margin	8,368,764	13,947,651	7,718,064	11,223,772
% / Revenue	*76%*	*70%*	*75%*	*70%*
Personal cost	4,356,259	8,051,691	4,356,259	7,380,143
Net margin	4,012,505	5,895,960	3,361,806	3,843,629
General cost	1,451,314	3,442,265	800,614	1,564,537
Total general, personel+general	5,807,573	11,493,956	5,156,873	8,944,680
EBITDA	**2,561,191**	**2,453,695**	**2,561,191**	**2,279,092**
% margin	*31%*	*18%*	*33%*	*20%*
Financial results	905,585	260,889	210,805	(651,393)
Extra results	(366,177)	(574,141)	(366,177)	(582,849)
PBTA	3,100,599	2,140,444	2,405,819	1,044,850
Amortizations	367,822	381,459	458,501	664,264
Tax	(249,136)	247,225	(249,136)	229,912
Net profit	2,981,913	1,511,760	2,196,453	150,673

ADJUSTED OPERATING EBITDA	Pro-forma 2021	Pro-forma 2022	Consolidated 2021	Consolidated 2022
Operation Profit and Lost	**1,827,192**	**1,498,096**	**1,736,513**	**1,031,979**
Amortisation on assets	367,822	381,459	458,501	664,264
Severance cost	53,548	48,995	53,548	48,830
Depreciation comercial	96,836	200,003	96,836	213,939
Tributes	8,270	14,480	8,270	14,591
Depreciation property, plant and equipment	(2,210)	97	(2,210)	97
Regularizations and others	42,932	(29,675)	42,932	(34,849)
Board expenses	23,100	123,314	23,100	123,314
Acquisition and set-up related expenses	143,702	216,927	143,702	216,927
Operating EBITDA	**2,561,191**	**2,453,695**	**2,561,191**	**2,279,092**
Pro-forma Adjustments (1st of january vs time of adquisition)	0	0	(0)	174,603
Operating EBITDA (pro-forma)	**2,561,191**	**2,453,695**	**2,561,191**	**2,453,695**

3. Use of financial instruments

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

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.

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 were no changes in 2022 with regard to 2021 and there are no research and development activities other than those explained in note 4 of the annual report and activated in accordance with the conditions indicated in the recognition and measurement standards outlined in Note 3f of the 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 shares held by the Holding Company as of 31 December 2021 were 822,213 shares, valued at €187,282.

In December 2022, the company acquired the shares of a partner leaving the Group (a total of 91,098 shares acquired for a total of €25,001), so at the end of 2022, the company has 913,311 shares valued at €212,283 on the balance sheet

On the date these consolidated annual accounts are drawn up, 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 as of 31 December 2022 is as follows:

	2022	2021
	Days	Days
Average period of payment to suppliers	64	59
Transactions Paid Ratio	67	66
Transactions Pending Payment Ratio	53	44
	Amount (euros)	Amount (euros)
Total payments made	5,171,901	2,245,216
Total outstanding payments	1,267,722	997,678
Volume of invoices paid within the legal timeframe	2,297,669	1,002,735
Number of invoices paid within the legal timeframe	1,144	505
Percentage of volume of invoices paid within the legal timeframe (%)	44%	45%
Percentage of number of invoices paid within the legal timeframe (%)	60%	61%

The average payment period to suppliers is longer than the established legal period of 60 days. This is because the company makes payments on one day per month. The company is working to reduce that pay period and come within the legal term.

7. Subsequent events

From the closing date of the financial year to which these consolidated annual accounts refer to, and until the date on which they were drawn up, 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 1 January 2023, the advertising activity of Jungle21, S.A. began to be transferred to the company PS21 Creative, S.L., which was created in 2022 for this purpose. In this way, Jungle21, S.A. will be the holding company and owner of the rest of the Group's companies.

On 4 January 2023, the Holding Company contributed €125,000 to the ongoing capital increase of the company Materile Barcelona Proyectos, S.L.

On 31 January 2023, the holding company acquired 95,500 shares at €3.45 each, which increase the Company's own shares by €329,475.

8. Outlook for the Company

In 2021, 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.

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 2022, the team consists of more than 191 employees with creative profiles, strategists, producers, designers, and consultants (at the closing of this report, the Group now has more than 200 employees).

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.

Annual Accounts for the financial year 2022

Includes Annual Accounts Audit Report

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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 annual accounts of Jungle21, S.A. (the Company) which comprise the balance sheet at 31 December 2022, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the annual accounts for the year then ended.

In our opinion, the accompanying 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 2022, and of the results of its operations and cash flows for the year then ended, in accordance with the applicable framework of financial reporting standards (which is identified in note 2) to the 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 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 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 derives its revenues mainly from advertising activities. In accordance with the applicable financial reporting framework and as disclosed in note 4.k of the notes to the consolidated financial statements, the total transaction price of a contract is allocated to 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 recognised over time when (or as) the Company satisfies performance obligations by transferring promised services to its customers. Given the significant nature of the timing of revenue recognition, we consider this to be the most significant risk of material misstatement in relation to revenue.

Our key audit procedures at year-end 2022 included, among other things, substantive testing of the revenue recognition process by obtaining external confirmations for a sample of customers receivable by performing and, where appropriate, alternative testing procedures using subsequent proof of collection or supporting sales documentation. In addition, based on a sample of invoices close to both year-end and the beginning of the following year, we have verified the correct recognition of the revenue in the appropriate period. Finally, we have assessed whether the information disclosed in the annual accounts complies with the requirements of the applicable financial reporting framework.

Impairment of commercial operations

At 31 December 2022, as indicated in note 9 of the accompanying notes to the consolidated financial statements, the Company has a net value of Euros 681 thousand under "Trade receivables for sales and services". At the end of each year, the Company's management analyses trade receivables for indications of possible problems of recoverability of outstanding balances, recognising the corresponding provision for impairment in those cases considered. In this respect, delays by customers in paying invoices issued give rise to a significant risk of material misstatement in relation to the correct assessment of the recoverability of receivables. In view of the above, as well as the materiality of the amount of the receivables, we consider this issue to be one of the most relevant aspects of the audit.

In response to this risk, our audit procedures included, among other things, obtaining details of invoices outstanding at year-end, analysing their ageing, obtaining external confirmations from major customers and, where appropriate, performing alternative procedures to check unconfirmed balances and reconciling items. In addition, we have verified collections from major customers occurring after the year-end.

Investments in group and associated companies

Investments in the equity of group and associated companies, amounting to Euros 6,854 thousand, are held in various companies engaged in different activities related to the audiovisual sector. In accordance with the applicable financial reporting regulatory framework, the need to make valuation adjustments to 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 unrealised gains, all of which are areas in which there is a high degree of judgement and estimation, as slight changes in the variables and assumptions used can have a significant impact on the determination of these in relation to equity investments.

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

Accordingly, the matters described in the preceding paragraphs were significant in our audit.

In connection with the matters referred to above, we performed a number of audit tests, applying certain procedures as set out below:

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

- We tested, involving our valuation specialists where necessary, 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 notes to the financial statements, which describes that the Company has a negative working capital of EUR 1,480 thousand. In the opinion of the Board of Directors, its payment obligations are adequately covered due to changes in the business model which are expected to increase its activity through which it can meet its obligations to third parties. Accordingly, the directors of the Company present these financial statements on a going concern basis, considering that it will continue to carry on its business as usual in the coming year. Our opinion has not been modified in this respect.

Other information: Directors' report

Other information comprises exclusively the directors' report for the 2022 financial year. The directors of the Company are responsible for preparing this report, which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. In accordance with the regulations governing the auditing of accounts, our responsibility regarding the directors' report includes evaluating and reporting on the consistency of the directors' report with the annual accounts, based on the knowledge of the Company obtained during our audit of those accounts, as well as evaluating and reporting on whether the content and presentation of the directors' report meet the requirements of the applicable regulations. If, as a result of our work, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for the year 2022 and its content and presentation meet the requirements of the applicable regulations.

Responsibility of the directors for the annual accounts

The directors are responsible for the preparation of the accompanying 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 annual accounts that are free from material misstatements, whether due to fraud or error.

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

Auditor´s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the 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 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.

Annual Accounts and Management Report for 2022
Including the Audit of the Annual Accounts Report

JUNGLE 21, S.A.

Balance Sheet as of
31 de diciembre de 2022
(expressed in euros)

ASSETS	Note	31/12/2022	31/12/2021
NON-CURRENT ASSETS		8,404,863	2,739,734
Intangible fixed assets	5	306,688	484,243
Development		277,192	437,680
IT applications		1	1,667
Research		29,496	44,896
Tangible fixed assets	6	689,145	234,466
Technical facilities and other tangible fixed assets		689,145	234,466
Long-term investments in group and associated companies	10	6,854,424	1,287,074
Equity instruments		6,854,424	1,287,074
Long-term financial investments	9	47,476	47,526
Equity instruments		15,000	15,000
Other financial assets		32,476	32,526
Deferred tax assets	14	507,130	686,426
CURRENT ASSETS		2,208,017	1,544,096
Inventories		2,101	7,770
Advance payments to suppliers		2,101	7,770
Commercial debtors and other accounts receivable		1,299,410	1,293,320
Clients from sales and provision of services	9	680,956	1,259,328
Clients, group and associated companies	9	612,940	0
Other loans with public administrations	14	5,514	33,992
Short-term investments in group and associated companies	17	25,000	459
Loans to companies		0	459
Other financial assets		25,000	0
Short-term financial investments	9	10,000	22,250
Derivatives		0	11,750
Other financial assets		10,000	10,500
Short-term accruals		114,822	68,347
Cash and other cash equivalents		756,684	151,949
Cash		756,684	151,949
TOTAL ASSETS		10,612,880	4,283,831

JUNGLE 21, S.A.

Balance Sheet as of
31 de diciembre de 2022
(expressed in euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY	12	1,700,699	362,007
Own funds		1,700,699	362,007
Capital		165,862	165,862
Issued capital		165,862	165,862
Reserves		383,427	220,455
Legal and statutory		33,173	33,173
Other reserves		350,254	187,282
(Shares and stakes in own equity)		-212,283	-187,282
Profit and loss for the financial year	3	1,363,693	1,862,972
(Interim dividend)		0	-1,700,000
NON-CURRENT LIABILITIES		5,224,534	1,349,718
Long-term debts		5,224,534	1,349,718
Debts with credit institutions	11	1,715,414	1,349,718
Other financial liabilities	11, 17	3,509,120	0
CURRENT LIABILITIES		3,687,647	2,572,106
Short-term debts		2,615,407	1,462,806
Debts with credit institutions	11	2,278,177	1,337,806
Other financial liabilities	11, 17	337,229	125,000
Short-term debts with group and associated companies		0	159,930
Commercial creditors and other accounts payable		1,072,240	949,369
Suppliers	11	306,939	429,704
Sundry creditors	11	166,589	68,987
Personnel (remunerations pending payment)	11	8,438	-32
Other debts with public administrations	14	590,274	350,709
Advance payments from clients		0	100,000
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		10,612,880	4,283,831

Profit and Loss Account
for the year ended
31 de diciembre de 2022
(expressed in euros)

	Note	2022	2021
CONTINUING OPERATIONS			
Net turnover:	15.a	**6,210,627**	**5,230,466**
Provision of services		6,210,627	5,230,466
Provisioning:	15.b	**-2,254,069**	**-1,657,181**
Works carried out by other companies		-2,254,069	-1,657,181
Other operational income:		**1,614,186**	**579,369**
Ancillary income and others from current operations		1,614,000	579,369
Operating grants included in the profit and loss for the year		186	0
Personnel expenses:	15.c	**-3,255,488**	**-2,354,209**
Wages, salaries and similar expenses		-2,647,120	-1,854,418
Social contributions		-608,368	-499,791
Other operating expenses	15.d	**-1,263,097**	**-775,372**
External services		-1,193,254	-769,780
Taxes		-8,604	-5,591
Losses, impairment and variation of provisions due to commercial operations		-61,239	0
Depreciation of fixed assets		**-334,075**	**-339,133**
Impairment and profit and loss due to transfers of fixed assets		**0**	**2,210**
Profit and loss due to transfers and others		0	2,210
Other profits or losses		**-50**	**1,621**
OPERATING PROFIT AND LOSS		**718,034**	**687,772**
Financial income:		**920,005**	**695,982**
From interests in equity instruments		920,000	695,851
In group and associated companies	17	920,000	694,781
In third parties		0	1,071
From negotiable securities and other financial instruments		5	131
From third parties		5	131
Financial expenses:		**-91,116**	**-82,349**
Due to debts with group and associated companies		-5,580	-3,447
For debts with third parties		-85,536	-78,901
Change in fair value of financial instruments		**-11,750**	**-28,721**
Fair value with changes in profits and losses		-11,750	-28,721
Exchange differences		**-913**	**-370**
Impairment and profit and loss for transfers of financial instruments		**0**	**-34,153**
Profit and loss due to transfers and others		0	-34,153
FINANCIAL PROFIT AND LOSS		**816,225**	**550,389**
PROFIT AND LOSS BEFORE TAXES		**1,534,259**	**1,238,161**
Taxes on profits		**-170,566**	**624,812**
PROFIT AND LOSS FOR THE FINANCIAL YEAR		**1,363,693**	**1,862,972**

JUNGLE 21, S.A.

Statement of Changes in Equity
for the year ended
31 de diciembre de 2022
(expressed in euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2,022	2,021
Results of the profit and loss account		1,363,693	1,862,972
TOTAL RECOGNISED INCOME AND EXPENSES		1,363,693	1,862,972

B) TOTAL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER OF 2022

	Note	Issued capital	Issue premium	Reserves	(Shares and stakes in own equity)	Profit and loss for the financial year	(Interim dividend)	TOTAL
BALANCE AT END OF YEAR 2020		165,862	940,324	178,060	-187,282	305,240	0	1,402,203
Adjustments for changes in criteria of 2020 and previous years		0	0	0	0	0	0	0
Adjustments for errors in 2020 and previous years		0	0	0	0	0	0	0
ADJUSTED BALANCE AT START OF YEAR 2021		165,862	940,324	178,060	-187,282	305,240	0	1,402,203
Total recognised income and expenses		0	0	0	0	1,862,972	0	1,862,972
Transactions with shareholders or owners		0	-940,324	-262,845	0	0	-1,700,000	-2,903,169
(-) Distribution of dividends		0	-47,324	-262,845	0	0	-1,700,000	-2,010,169
Other transactions with shareholders or owners		0	-893,000	0	0	0	0	-893,000
Other variations of shareholders' equity		0	0	305,240	0	-305,240	0	0
BALANCE AT END OF YEAR 2021		165,862	0	220,455	-187,282	1,862,972	-1,700,000	362,007
Adjustments for change in criteria of 2021		0	0	0	0	0	0	0
Adjustments for errors in 2021		0	0	0	0	0	0	0
ADJUSTED BALANCE AT START OF YEAR 2022		165,862	0	220,455	-187,282	1,862,972	-1,700,000	362,007
Total recognised income and expenses		0	0	0	0	1,363,693	0	1,363,693
Transactions with shareholders or owners		0	0	0	0	0	0	0
Other variations of shareholders' equity		0	0	162,972	-25,001	-1,862,972	1,700,000	-25,001
BALANCE AT END OF YEAR 2022		165,862	0	383,427	-212,283	1,363,693	0	1,700,699

Cash Flow Statement
for the year ended
31 de diciembre de 2022
(expressed in euros)

	Note	2,022	2,021
CASH FLOWS FROM OPERATING ACTIVITIES		**1,965,705**	**1,201,385**
Profit and loss for the year before tax		**1,534,259**	**1,238,161**
Adjustments to profit and loss:		**-420,911**	**-229,095**
Depreciation of fixed assets (+)	5.6	334,075	339,133
Valuation corrections for impairment (+/-)		61,239	34,153
Profit and loss for disposals and transfers of fixed assets (+/-)		0	-2,210
Financial income (-)		-920,005	-695,982
Financial expenses (+)		91,116	82,349
Exchange differences (+/-)		913	370
Change in fair value of financial instruments (+/-)		11,750	28,721
Other income and expenses (+/-)		0	-15,629
Changes in working capital:		**-6,635**	**-394,982**
Inventories (+/-)		5,669	-1,931
Debtors and other accounts payable (+/-)		-135,176	-487,498
Creditors and other accounts payable (+/-)		122,872	94,447
Other cash flows from operating activities:		**858,991**	**587,301**
Interest payments (-)		-91,116	-82,349
Collection of dividends (+)	17	920,000	695,851
Collection of interest (+)		5	131
Collection (payments) due to tax on profits (-/+)	14	76,577	0
Other payments (collections) (-/+)		-46,475	-26,333
CASH FLOWS FROM INVESTMENT ACTIVITIES		**-2,356,191**	**1,784,362**
Payments due to investments (-):		**-2,356,191**	**0**
Group and associated companies	17	-1,745,541	0
Tangible fixed assets		-611,200	0
Other financial assets		550	0
Collections due to de-investments (+):		**1**	**1,784,362**
Group and associated companies		0	818,467
Intangible fixed assets		1	0
Tangible fixed assets		0	91,743
Investment property		0	189,819
Other financial assets		0	684,333
CASH FLOWS FROM FINANCING ACTIVITIES		**995,221**	**-3,376,253**
Collections and payments from equity instruments		**-25,001**	**0**
Acquisition of equity instruments (-)		-25,001	0
Collections and payments due to financial liabilities		**1,021,136**	**-472,715**
Issue:		2,643,872	1,405,405
Debts with credit institutions (+)		2,643,872	1,245,475
Debts with group and associated companies (+)		0	159,930
Repayment and amortisation of:		-1,622,737	-1,878,120
Debts with credit institutions (-)		-1,622,737	-1,678,120
Other debts (+)		0	-200,000
Payments for dividends and remuneration from other equity instruments		**0**	**-2,903,168**
Dividends (-)		0	-1,962,844
Remuneration from other equity instruments (-)		0	-940,324
Effect of exchange rate changes		**-913**	**-370**
		0	**0**
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS		**604,735**	**-390,507**
Cash or cash equivalents at the start of the year		151,949	542,456
Cash and cash equivalents at the end of the year		756,684	151,949

JUNGLE21, S.A.
Report for the financial year ending
31 December 2022

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, Holyvama Capital, PS21 Creative, Pink Lab, Invisible, Full Circle Karma, Libero and Lucid.

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.

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 2022 nor 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.

Invisible, LAB S.L. incorporated on 15 February 2022, is a company in the services sector specialised in consulting and other business management activities.

Pink Lab, S.L. acquired on 16 March 2022, is a company that offers advertising services such as agency, service delivery, consulting, creative services, production and purchase of advertising material, as well as image management. It has a presence in Spain and Italy, helping the group expand into other markets.

Full Circle Karma, S.L., acquired on 29 April 2022, is dedicated to providing advertising production services, such as the development of activities and provision of services in the field of telecommunications and creation.

Revista Libero, S.L., a company acquired on 11 July 2022, is an information and entertainment production and dissemination agency that helps the group expand its ideas and projects.

PS21 Creative, S.L., was incorporated on 28 July 2022, in accordance with the bylaws, its corporate purpose is to carry out development activities and provide services in the field of telecommunications, in the execution and creation of advertising projects.

Lucid Product Design Agency, acquired on 3 October 2022, is a telecommunications company dedicated to developing new products that meet market needs and improving products that do not meet the requirements of the group's customers.

The Annual Accounts for financial year 2021 were drawn up by the Board of Directors of the Company on 31 March 2022 and were approved by the General Shareholders' Meeting on 19 May 2022.

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 members of the Board of Directors drew up the consolidated annual accounts for the financial year 2021 at the meeting of their Board of Directors held on 31 March 2022, which were approved by the General Shareholders' Meeting on 19 May 2022.

2) Basis of presentation of the annual accounts

a. True and fair view

The annual accounts, comprised of the balance sheet, profit and loss account, statement of changes in equity, cash flow statement and the annual report comprised of notes 1 to 19, have been prepared from the accounting records, having applied the legal provisions in force in accounting matters, specifically the General Accounting Plan approved by the 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 net equity and cash flows for the corresponding financial year.

Unless stated otherwise, all of the sums presented in this report are expressed in euros.

The annual accounts and the management report for the financial year 2022 will be drawn up in a timely manner and –together with the corresponding audit report – will be submitted and stored in the Register of Companies within the legally established deadlines.

b. Accounting principles

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

- The useful life of intangible and tangible assets (notes 4a and 4b).
- The recoverability of intangible assets and tangible assets (note 4c).
- The recoverability of deferred tax assets (note 14 and 4g).
- The calculation of provisions, as well as the likelihood and amount of undetermined or contingent liabilities (note 4h).
- The recoverability of investments in group companies (note 4e.1.3).

These estimates have been made on the basis of the best available information up to the date of the drafting of these annual accounts, there being no fact in existence that could change these estimates. Any future event that is unknown at the time of drafting these estimates could lead to changes (increases or decreases), which would be implemented, if applicable, going forward.

d. Comparison of information

In accordance with commercial law, for each item in the balance sheet, the profit and loss account, the statement of changes in equity and the statement of cash flows, in addition to the figures for financial year 2022, 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.

These annual accounts have been drawn up in a normal format, as they no longer meet the circumstances set forth in Article 257 of Royal Legislative Decree 1/2010, of 2 July, which approves the consolidated text of the Capital Companies Act. As of 31 December 2021, the Company complied with the limits established in said article for drawing up annual accounts in an abbreviated format.

e. Principle of the business as a going concern

The Company's Board of Directors has prepared the 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 2022 financial year, a negative working capital was recorded for the amount of €1,479,630 (€1,028,009 as of 31 December 2021).

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 annual accounts for financial year 2022 under the principle of a going concern.

f. Grouping of entries

Specific entries in the balance sheet, the profit and loss account, the statement of changes to the net equity, and the 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 report notes.

g. Elements included in several entries

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

h. Classification of current and non-current entries

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 Company's normal operating cycle and are expected to be sold, consumed, realised, or settled during the course of the same, 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.

i. Correction of errors

The annual accounts for the financial year 2022 do not include adjustments made as a result of errors detected during the financial year.

j. Relative importance

When determining the information to be broken down in this annual report on the different items of the financial statements or other matters, in accordance with the Conceptual Framework of the General Accounting Plan, the Company has taken into account the relative importance in relation to the annual accounts for financial year 2022.

3) Application of the profit and loss

The proposal for the distribution of the results of the financial year 2022 that was put forth by the Directors for approval by the General Shareholders' Meeting, is as follows:

Balance for purposes of distribution	
Profits and losses (profit or loss)	1,363,695
Total	1,363,695
Application	

On 19 May 2022, the General Shareholders' Meeting approved the distribution of the positive result for the financial year 2021, for the amount of €1,862,972, allocating €162,972 to voluntary reserves and €1,700,000 for the payment of dividends.

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:

Profits from 01/01/2021	1,002,000
Expected profits up until 31/12/2021*	695,000
Losses from previous years	0
Net profits available	1,697,000
To be deducted:	
Legal reserves to be provided on net profits	0
Statutory reserves to be provided on net profits	0
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 was 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 did not initially take into account the amounts receivable for dividends received from the investee companies, before the payment of the interim dividend, which were included in the next line.

4) Recognition and measurement standards:

The main recording and valuation standards used for the drawing up of the 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

As a general rule, expenses incurred in the year are recorded in the profit and loss account. However, the Company considers these expenses as research expenses 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.
- A strict relationship can be established between the research project and the objectives pursued and obtained.

For its part, the Company considers the expenses incurred as development expenses when, in addition to the above requirements, the following conditions are met:

- There are justified reasons for the technical success and economic-commercial profitability of the project, as well as the availability of the relevant technical or other resources to complete them.
- The financing of the various projects is reasonably assured so as to sell or use them after their completion.

The research expenses shown under assets are amortised linearly over their useful life, which is estimated to be five years. For its part, development expenses are amortised linearly according to a systematic plan over the course of their useful life, which is estimated to be five years, with the amortisation starting from the date of completion of the project.

In the event of any changes to the favourable circumstances of the project that allowed for the capitalisation of research and development expenses, the part pending amortisation is recorded as a loss within the profit and loss account in the year in which they may have changed. Likewise, in the event that there are reasonable doubts about the technical success or economic-commercial profitability of the project, they are also directly attributed to losses for the financial year.

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. Tangible fixed assets

Tangible fixed assets are stated at acquisition or production cost plus any revaluations in accordance with that stipulated by various legal provisions – the latest of which being the Royal Decree Law 7/1996 of 7 June – minus any accumulated depreciation and any impairment losses.

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

Indirect taxes on tangible fixed assets 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 – is included as the greater value of the tangible fixed asset, 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 Company depreciates its tangible fixed assets using the linear method. The years of useful life applied are as follows:

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

c. Impairment of the value of non-financial assets

At the end of each year, or whenever there are indications of impairment, the Company conducts an "impairment test" to estimate any impairment losses that may reduce the recoverable amount of these assets to an amount lower than their book value.

The recoverable amount is determined as the greater value between their fair value less cost of sales and their value in use.

The recoverable values are calculated for each cash-generating unit, although in the case of tangible fixed assets, whenever possible, the impairment calculations are performed individually, item by item.

d. 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.

d.1) Operational leasing

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

Likewise, the acquisition cost of the leased property is presented in the balance sheet according to its nature, plus the amount of the contract costs directly attributable, which are recognised as an expense during the term of the contract, applying the same criteria used for the recognition of the lease income.

Expenses derived from operating lease agreements are recognised in the 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.

e. 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.

e.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 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:

e.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.

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 profit and loss account.

e.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 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 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 profit and loss account.

e.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 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 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 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 valuation corrections and, where applicable, their reversal, are recorded as an expense or income, respectively, in the profit and loss account.

e.1.4) De-recognition 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.

e.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.

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:

e.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
- 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.

In addition, all financial liabilities that do not meet the criteria to be classified as financial liabilities at fair value with changes in the profit and loss account will be 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.

e.2.2) De-recognition 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.

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).

e.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.

f. Transactions in foreign currencies

f.1) 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 profit and loss account.

g. 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.

h. Provisions and contingencies

In the preparation of the annual accounts, the Directors of the Company differentiate between:

h.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.

h.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 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 annual accounts, but rather are reported on in the 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.

i. 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 valuation is carried out in accordance with the provisions of the relevant standards.

j. 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.

k. Income

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 products and services, for example for BBVA, Acciona, McDonald's, Inditex, KFC, or Alvalle.

In all cases, 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 goods or 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 balance sheet. Similarly, if the Company satisfies a compliance obligation before receiving the consideration, the Company recognises a contractual asset or a credit in its 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 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.

l. 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 company, 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.

m. Assets and liabilities of an environmental nature

Tangible fixed assets intended to minimise environmental impact and improve the environment are valued at acquisition cost. The costs of expansion, modernisation or improvement that represent an increase in productivity, capacity, efficiency, or an extension of the useful life of these assets, are capitalised as a higher cost of the same. Repair and maintenance expenses incurred during the year are charged to the profit and loss account.

Expenses accrued for environmental activities carried out or for those activities carried out to manage the environmental effects of the Company's operations are recorded in accordance with the accrual principle, i.e., when the actual flow of goods and services occurs that they represent, regardless of the monetary or financial flow derived from them.

5.) Intangible fixed assets

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
Gross values				
Balance at 31/12/2021	802,441	21,086	77,000	900,527
Balance as of 31/12/2022	802,441	21,086	77,000	900,527
Accumulated depreciation				
Balance as of 01/01/2021	-204,274	-17,752	-16,704	-238,730
Amount allocated for depreciation	-160,488	-1,667	-15,400	-177,555
Balance at 31/12/2021	-364,762	-19,419	-32,104	-416,285
Amount allocated for depreciation	-160,488	-1,667	-15,400	-177,555
Balance as of 31/12/2022	-525,250	-21,086	-47,504	-593,840
Net Book Value as of 31/12/2021	437,679	1,667	44,896	484,242
Net Book Value as of 31/12/2022	277,191	1	29,496	306,688

During the 2022 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 2022 and 2021, amounted to €93,086 and €16,086 respectively, and corresponds to computer applications.

6.) Tangible fixed assets

The balances and changes during financial years 2022 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
Gross values						
Balance as of 31/12/2021	620,237	171,908	362,930	160,863	8,026	1,323,964
Entries	2,914	492,654	115,632	0		611,200
Balance as of 31/12/2022	623,151	664,562	478,562	160,863	8,026	1,935,164
Accumulated depreciation						
Balance as of 01/01/2021	-542,097	-240,366	-226,908	-132,711	-6,388	-1,148,470
Amount allocated for depreciation	-53,014	-28,250	-42,478	-37,432	-404	-161,578
Disposals, retirements and reductions		118,965	3,368	98,218	0	220,551
Balance at 31/12/2021	-595,111	-149,651	-266,018	-71,925	-6,792	-1,089,498
Amount allocated for depreciation	-11,238	-63,475	-57,272	-24,129	-407	-156,521
Balance at 31/12/2022	-606,349	-213,126	-323,290	-96,054	-7,199	-1,246,019
Net Book Value as at 31/12/2021	25,126	22,257	96,912	88,938	1,234	234,466
Net Book Value as of 31/12/2022	16,802	451,436	155,272	64,809	827	689,145

During the financial year 2022, there were no disposals of tangible fixed assets (€155,668 during 2021) and therefore, no gains or losses were recorded from the disposal of fixed assets (gains of €2,210 during 2021).

The gross value of the elements in use, which have been fully depreciated for 2022 and 2021, is as follows:

Account	Gross value as of 31/12/2022	Gross value at 31/12/2021
Technical facilities	572,437	548,079
Furniture	99,433	56,847
Computer equipment	234,328	177,836
Other tangible fixed assets	4,800	4,800
	910,998	787,563

The Group has a policy of having insurance policies in place to cover the possible risks to which the various items of its tangible fixed assets are exposed. At the close of the 2022 and 2021 financial years there were no deficits in cover related with these risks.

7.) Investment property

The balances and changes during financial years 2022 and 2021 of the gross values, of accumulated depreciation and of measurement corrections are as follows:

	Land and buildings
Gross values	
Balance as of 01/01/2021	189,819
Disposals, retirements and reductions	-189,819
Balance at 31/12/2021	0
Balance as of 31/12/2022	0
Net Book Value as at 31/12/2021	0
Net Book Value as of 31/12/2022	0

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

The disposal of land corresponded to the contribution made by the Company in the capital increase of Mauro Real Estate.

8.) Leasing and other operations of a similar nature

a.1. Operational leasing

The minimum instalment payments for operational leases, contracted with the lessees, in accordance with the current contracts, are as follows:

	Pending instalments	
	Balance as of 31/12/2022	Balance at 31/12/2021
Under one year	186,178	186,178
Between one and five years	449,930	0
	636,108	186,178

The amount of lease fees recognised as an expense are as follows (Note 15 d):

	2,022	2,021
Minimum lease payments	241,233	120,541
	241,233	120,541

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

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 2022 and 2021 financial years amounted to €183,670 and €94,919, respectively.

9.) Financial Assets

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
	31/12/2022	31/12/2022	31/12/2022
Categories:			
Financial assets at amortised cost	0	32,476	32,476
Financial assets at cost	15,000	0	15,000
	15,000	32,476	47,476

	Short-term financial investments		
	Equity instruments	Loans, derivatives and others	Total
	31/12/2022	31/12/2022	31/12/2022
Categories:			
Assets at fair value with changes in profit and loss:			
Trading portfolio	10,000	0	10,000
Financial assets at amortised cost	0	1,318,896	1,318,896
	10,000	1,318,896	1,328,896

	Long-term financial investments		
	Equity instruments	Loans, derivatives and others	Total
	31/12/2021	31/12/2021	31/12/2021
Categories:			
Financial assets at amortised cost	0	32,526	32,526
Financial assets at cost	15,000	0	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
Categories:			
Assets at fair value with changes in profit and loss:			
Trading portfolio	10,000	0	10,000
Financial assets at amortised cost	0	1,272,037	1,272,037
	10,000	1,272,037	1,282,037

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 2022 (€15,000 as of 31 December 2021), also with undefined maturity, are recorded under the heading of financial assets at cost.

At the end of the 2022 financial year, in the short-term financial assets at amortised cost category, the Company mainly records balances with clients to the amount of €680,956 (€1,259,328 at the close of 2021) and group company clients for the amount of €612,940 (€0 at the close of 2021).

The Company has recognised a credit impairment to the amount of €61,239 in the financial year 2022, €0 in 2021, corresponding to balances with clients, so the impaired balance was €147,840 at the end of the financial year 2022 and €86,601 at the end of financial year 2021.

10.) Equity instruments in companies of the group, multi-group, and associated companies

The most relevant information relating to the group, multi-group and associated companies as at 31 December 2022, is the following:

31/12/2022

Name	Activity/ Domicile	% of direct shareholding	Capital	Reserves	Partner contributions	Profit and loss from previous years	Net profit and loss for the financial year	Dividends on account	Total own funds	Value	Pending disbursement	Accumulated impairment
Redbility, S.L.	Consultancy, design, development and intermediation services for digital environments. Conde de Peñalver, 38, Madrid. 28006. Madrid	100%	19.200	152.750	0	-44.394	840.821	-840.000	128.377	344.894	0	0
Estresarte Comunicación, S.L.	Advertising, public relations and similar services. Calle Antonio Maura, 16 Madrid	100%	4.000	9.690	0	0	86.055	-80.000	19.745	426.680	0	0
Randm Productions S.L.	Advertising, public relations and similar services. Calle Antonio Maura, 16 Madrid	100%	3.000	0	50.000	-35.193	-292.961		-275.154	53.000	0	0
Holyvama Capital, S.L.	Financial activities. Calle Antonio Maura, 16 Madrid	100%	3.000	223.320	459.500	0	-372.729		313.091	462.500	0	0
PS21 Creative, S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	3.000				-675		2.325	3.000	0	0
Pink Lab, S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	3.015	589.786			13.952		606.753	1.153.331	473.331	0
Invisible Lab, S.L.	Business management consulting activities. Calle Antonio Maura, 16 Madrid	100%	3.000		100.000		2.322		105.322	103.000	0	0
Full Circle Karma, S.L.	Production/ distribution of audio-visual content. Calle Larrard, 54, Barcelona	100%	7.110	54.563	250.000	-11.252	-142.071		158.350	671.817	391.817	0
Revista Libero, S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	3.100	84.290		-15.423	-21.665		50.302	448.033	393.033	0
Lúcid Product Design Agency, S.L.	Development and design services for consumer and industrial goods and machinery. Calle Soler v Palet. 1. Barcelona	100%	3.000	-55.562	944		35.017		-16.601	3.188.169	2.588.169	0
Total			51.425	1.058.836	860.444	-106.263	148.067	-920.000	1.092.510	6.854.424	3.846.350	0

The main accounting figures of its subsidiary companies, as of 31 December 2021, are as follows:

31/12/2021

Name	Activity/ Domicile	% of direct shareholding	Capital	Reserves	Partner contributions	Profit and loss from previous years	Net profit and loss for the financial year	Dividends on account	Total own funds	Value	Pending disbursement
Redbility, S.L.	Conde de Peñalver, 38, Madrid, 28006, Madrid	100%	19,200	136,153	0	-44,394	516,597	-500,000	127,556	236,538	0
Estresarte Comunicación, S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	4,000	800	0	0	128,890	-120,000	13,690	426,680	25,000
Randm Productions S.L.	Production/ distribution of audio-visual content. Calle Antonio Maura, 16 Madrid	100%	3,000	0	50,000	-285,328	250,134	0	17,807	161,356	100,000
Holyvama Capital, S.L.	Calle Antonio Maura, 16 Madrid	100%	3,000	0	459,500	0	223,320	0	685,820	462,500	0
Total		100%	29,200	136,953	509,500	-329,722	1,118,941	-620,000	844,873	1,287,074	125,000

At 31 December 2022 and 2021, no impairment of the shares has been considered due to the cash flows expected in the future by its portfolio of investee companies.

The company tests whether the shares have 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 management of the Company 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.

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		Derivatives and others		Total	
	2022	2021	2022	2021	2022	2020
Financial liabilities at amortised cost	1,715,414	1,349,718	3,509,120	0	5,224,534	1,349,718
Total	**1,715,414**	**1,349,718**	**3,509,120**	**0**	**5,224,534**	**1,349,718**

	Short-term financial liabilities					
	Debts with credit institutions		Derivatives and others		Total	
	2022	2021	2022	2021	2022	2021
Financial liabilities at amortised cost	2,278,177	1,337,806	819,196	883,130	3,097,373	2,220,936
Total	**2,278,177**	**1,337,806**	**819,196**	**883,130**	**3,097,373**	**2,220,936**

In long-term financial liabilities at amortised cost, debts with credit institutions totalling €1,715,414 have been recorded in 2022 (€1,349,718 as of 31 December 2021) and debt with third parties – corresponding to the management's best estimate of the contingent payments agreed in the purchase and sale transactions, which are referenced over the next financial years with the development of certain financial magnitudes, such as levels of sales and profitability – due to the acquisition of investee companies for the amount of €3,509,120 (€0 at the close of 2021).

At the end of the 2022 financial year, in the category short-term financial liabilities at amortised cost, the Company mainly records balances of debts with credit institutions to the amount of €2,278,177 (€1,337,806 at the close of 2021), debt with third parties due to the acquisition of investee companies for the amount of €337,229 (€125,000 at the close of 2021), debt with group companies for the amount of €0 (€159,930 at the close of 2021) and with suppliers and creditors for the amount of €481,971 in 2022 (€498,659 at the close of 2021).

The entire balance of "Debts with credit institutions", at the close of the 2022 and 2021 financial years, corresponds to the following loans, lines of credit and drawn balances of cards:

Description		2021		2022	
		Long term	Short term	Long term	Short term
BANKINTER	Loan				
	Loan	0	0	135,855	38,777
	Loan	0	0	246,027	33,333
	Loan	38,118	20,050	17,888	20,426
SANTANDER	Line of credit	0	437,948	0	579,208
	Loan	0	0	0	317,811
	Loan	0	28,515	0	0
	Loan	28,386	55,824	0	28,386
	Loan	391,311	108,689	225,704	165,607
	Loan	0	39,214	0	0
	Loan	0	0	0	22,478
Deutsche	Loan	0	0	0	0
	Loan	0	0	0	0
	Loan	0	0	0	0
BBVA	Line of credit	0	452	269,540	0
	Loan	247,571	130,892	113,770	322,709
	Loan	0	62,324	328,099	96,620
SABADELL	Loan	98,603	55,194	42,575	56,028
	Line of credit	0	173,526	0	107,284
	Loan	67,076	35,138	30,923	36,153
	Loan	4,402	3,641	639	3,763
	Loan	175,972	24,028	127,583	48,611
	Loan	167,903	32,097	118,846	49,057
	Loan	0	0	0	80,849
	Loan	0	0	0	133,801
	Loan	6,065	7,880	0	6,119
CAIXABANK	Loan	72,973	17,027	45,000	30,000
	Loan	51,338	37,616	12,963	38,375
	Line of credit	0	34,885	0	0
SUNDRY	Cards	0	32,867		8,811
TOTALS		**1,349,718**	**1,337,806**	**1,715,414**	**2,278,177**

which have an interest rate which we detail below:

	2022	2021
Loans:		
Banco Santander	2.25% - 1.88%	2.75% - 1.88%
Deutsche Bank	-	1.75% - 1.56%
Bankinter	2.15% - 1.40%	1.75%
BBVA	1.9% - 5.05%	1.9% - 2.00%
Caixabank	1.8% - 2.00%	1.8% - 2.00%
Sabadell	1.5% - 3.60%	1.5% - 3.00%
Line of credit:		
Banco Santander	2.10%	2.10%
Bankinter	2.00%	2.00%
BBVA	2.15%	2.15%
Caixabank	2.00%	2.00%

The available and drawn amounts of the lines of credit in effect at 31 December 2022 is as follows:

	Available limit	Amount drawn
Banco Santander	747,500	579,208
Banco Sabadell	200,000	107,284
Banco Bankinter	250,000	0
BBVA	175,000	0
Caixabank	200,000	0
Total	1,572,500	686,492

For financial year 2021, it is as follows.

	Available limit	Amount drawn
Banco Santander	747,500	437,948
Banco Sabadell	200,000	173,526
Banco Bankinter	330,000	0
BBVA	175,000	452
Caixabank	200,000	34,885
Total	1,652,500	646,810

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 2022, is as follows:

	2024	2025	2026	2027	Total
Debts:					
Debts with credit institutions	936,228	550,591	147,630	80,964	1,715,413
Other financial liabilities	912,684	840,517	920,863	835,059	3,509,121
	1,848,912	1,391,108	1,068,493	916,023	5,224,534

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

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

n. Guarantees committed with third parties

At the close of the 2022 financial year, the overall amount of the guarantees provided to third parties amounted to €585,000, with the amount at 31 December 2021 being €30,000. They are presented to ensure the proper fulfilment of the Company's activity.

o. Average Period of Payment to Suppliers

	2022	2021
	Days	Days
Average period of payment to suppliers	64	63
Paid Operations Ratio	67	66
Ratio of transactions pending payment	42	50

	2022	2021
	Amount	Amount
Total payments made	2,101,428	1,661,291
Total outstanding payments	296,613	425,727

	2022	2021
Volume of invoices paid within the legal timeframe	1,013,492	758,751
Number of invoices paid within the legal timeframe	476	383
Percentage of volume of invoices paid within the legal timeframe over the total volume of invoices paid (%)	48%	46%
Percentage of number of invoices paid within the legal timeframe over total number of invoices paid (%)	58%	67%

12.) 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 (€0.01 in 2021), splitting them into the corresponding proportions.
- Renumbering the shares, correspondingly numbering them from 1 to 16,586,127, both inclusive (from 1 to 16,586,127 in 2021).
- 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.

Therefore, the share capital at 31 December 2022 is fixed at the amount of €165,862.

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

	Share percentage
Miss Valentine, S.L.	91.63%
	91.63%

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% 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 was currently fully established.

c) 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.

In 2022, 91,098 shares were acquired from Ana Zumalacárregui Flores for the value of €25,001.34 through the deed signed before a notary public on 21 December 2022.

The shares held by the Company on 31 December 2022 are as follows:

Treasury stock	Number	Average acquisition price	Total acquisition cost
At the close of financial year 2022	913,311	0.23	212,253

The total acquisition cost amounts to €212,253, which is composed of €187,282 from 822,213 shares of its own at an average cost of €0.23 per share, and €25,001 from the acquisition, approved by the General Shareholders' Meeting on 19 May 2022, of 91,098 shares with an average cost of €0.27 per share.

On the date these annual accounts are drawn up, the Directors have not made a decision on the final intended destination for the aforementioned own shares.

d) 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.

13.) 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.

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 2022, the Company's working capital was negative at €1,479,630, in line with the increase in short-term debts. Current assets have also presented a positive change due to increased 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.

14.) <u>Tax status</u>

The breakdown of the accounts related to Public Administrations during financial years 2022 and 2021 is as follows:

2022

Account	Debtor balances Non-current	Debtor balances Current	Credit balances Current
Value added tax	0	5,514	384,357
Personal Income Tax	0	0	157,494
Deferred tax assets	507,130	0	0
Social Security bodies	0	0	48,423
	507,130	5,514	590,274

2021

Account	Debtor balances Non-current	Debtor balances Current	Credit balances Current
Value added tax	0	138	193,471
Withholdings and payments on account	0	33,854	0
Personal Income Tax	0	0	107,742
Deferred tax assets	686,426	0	0
Social Security bodies	0	0	49,496
	686,426	33,992	350,709

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:

Year ended 31/12/2022		
Financial year 2022	Profit and Loss Account	
Profit and loss for the financial year	1,363,693	
	Increases	Decreases
Corporation Tax	170,566	
Permanent differences		874,000
Temporary differences		
Arising in the current financial period	-	-
Previous taxable profit	-	**660,259**
Offset tax loss carryforwards from previous periods	-	(660,259)
Tax base (tax result)	-	-

Year ended 31/12/2021		
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
Temporary differences		
Arising in the current financial period	-	-
Previous taxable profit		**624,864**
Offset tax loss carryforwards from previous periods		(624,864)
Tax base (tax result)		-

The breakdown of the Expense / (income) due to Corporation Tax is as follows:

	2022					
		Change in deferred tax				
		Of assets			Of liabilities	
	Current tax	Temporary differences	Credits for negative tax bases	Other credits	Temporary differences	Total
Recognised in the profit and loss account						
Continuing operations	-17,001	0	-153,565	0	0	-170,566
Total expense/ income due to taxation						-170,566

	2021					
		Change in deferred tax				
		Of assets			Of liabilities	
	Current tax	Temporary differences	Credits for negative tax bases	Other credits	Temporary differences	Total
Recognised in the profit and loss account						
Continuing operations	0	0	624,864	0	0	624,864
Total expense/ income due to taxation						624,864

Deferred tax assets recorded

During financial year 2022, the Company has recorded in the accompanying balance sheet the tax credits derived from the tax loss carry forwards 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 2022 and 2021 correspond to tax loss carry forwards, based on the Company's estimate of their recoverability.

At the close of financial years 2022 and 2021, the tax loss carry forwards pending offsetting are as follows:

	2022	2021
2002		471,498
2003	542,121	729,961
2004	569,430	569,430
2005	733,026	733,026
2011	183,942	183,942
	2,028,519	2,687,858

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 2022, 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 2022, the Company has made the Corporation Tax of financial years 2017 and subsequent financial years available for inspection as well as the financial years 2018 and subsequent years 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 annual accounts in a significant manner.

15.) Income and Expenses

a. Net turnover

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

	Euros			
	2022			
	Advertising			
	Spain	Rest of EU	Rest of World	Total
Income from client contracts				
Income from contracts with clients	5,458,998	245,493	506,136	6,210,627
Income recognition timeframe				
Over time	5,458,998	245,493	506,136	6,210,627

	Euros			
	2021			
	Advertising			
	Spain	Rest of EU	Rest of World	Total
Income from client contracts				
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

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

b. Provisioning

Breakdown	2022	2021
Works carried out by other companies	-2,254,069	-1,657,181
	-2,254,069	-1,657,181

c. Personnel expenses

The breakdown is as follows:

	2022	2021
Wages and salaries	2,631,659	1,825,960
Redundancy payments	15,461	28,458
Social security paid for by the company	513,165	470,792
Other social contributions	95,203	28,999
	3,255,488	2,354,209

d. Other operating expenses

The breakdown is as follows:

Account	2022	2021
Leases and fees (Note 8.1)	241,233	120,541
Repairs and maintenance	45,293	31,135
Independent professional services	414,397	251,110
Insurance premiums	15,848	12,559
Banking and similar services	1,306	1,034
Advertising, publicity and public relations	283,850	195,175
Supplies	29,410	18,488
Other services	161,918	139,738
Other taxes	8,604	5,591
Losses, impairment and variation of provisions due to commercial operations	61,239	0
Total	1,263,097	775,372

16.) 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 achieved this important milestone during the 2022 financial year.

17.) Operations with related parties

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

Company	Type of relationship
Estresarte Comunicación, S.L.	Subsidiary Company
Invisible Lab, S.L.	Subsidiary Company
Full Circle Karma, S.L.	Subsidiary Company
Redbility, S.L.	Subsidiary Company
PS21 Creative, S.L.	Subsidiary Company
Randm Productions, S.L.	Subsidiary Company
Lúcid Product Design Agency, S.L.	Subsidiary Company
Pink Lab, S.L.U.	Subsidiary Company
Revista Líbero, 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.
During financial years 2021 and 2022, there have been a number of events related to the subsidiaries:

- On 5 April 2021, 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 2021, 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 2021, 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 Redbility 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 for the financial year in the amount of €500,000.

- On 28 July 2022, the company PS21 Creative, S.L. was incorporated, for the amount of €3,000.

- On 15 February 2022, the company Invisible Lab, S.L. was incorporated, for the amount of €3,000. Subsequently, in March 2022, a capital increase was made for the amount of €100,000.

- On 16 March 2022, 100% of the share capital of the company Pink Lab, S.L. was acquired for a fixed amount of €980,000 and an amount of €173,331 of contingent payments. At the end of the 2022 financial year, the amount of liabilities recorded for outstanding payments amounts to €473,331, of which €62,229 have short-term maturity.

- On 29 April 2022, 100% of the share capital of the company Full Circle Karma, S.L. was acquired for a fixed amount of €280,000 and an amount of €391,817 of contingent payments. At the end of the 2022 financial year, the amount of liabilities recorded for outstanding payments amounts to €391,817, of which €0 have short-term maturity.

- On 11 July 2022, 100% of the share capital of the company Revista Libero, S.L. was acquired for a fixed amount of €80,000 and an amount of €368,033 of contingent payments. At the end of the 2022 fiscal year, the amount of liabilities recorded for outstanding payments amounts to €393,033, of which €25,000 have a short-term maturity.

- On 3 October 2022, 100% of the share capital of the company Lucid Product Design Agency was acquired for a fixed amount of €850,000 and an amount of €2,338,169 of contingent payments. At the end of the 2022 fiscal year, the amount of liabilities recorded for outstanding payments amounts to €2,588,169, of which €250,000 have a short-term maturity.

- On 22 December 2022, the company Estresarte Comunicación proceeded to distribute a dividend on account for the financial year, to the amount of €80,000.

- On 22 December 2022, the company Randm Production proceeded to distribute a dividend on account for the financial year, to the amount of €840,000.

The breakdown of transactions with related parties at 31 December 2022 and 2021, is as follows:

	2022	2021
	Group companies	Group companies
Sales and provision of services	1,614,000	578,700
Income from the disposal of tangible fixed assets	-	181
Income from holdings of equity instruments	920,000	694,780
Purchases	-	(14,200)

The information for the operations carried out with related parties during the 2022 and 2021 financial years, is as follows:

	2022	2021
	Group companies	Group companies
Current accounts	25,000	(159,930)
Holyvama Capital, S.L.	-	(159,930)
Revista Libero, S.L.	25,000	-
Clients, group companies	612,940	
Estresarte Comunicación, S.L.	16,300	
Redbility, S.L.	119,900	-
Randm Productions, S.L.	266,200	
PINK Lab, S.L.	72,600	-
Invisible LAB, S.L.	36,300	-
Full Circle Karma, S.L.	24,200	-
Revista Libero, S.L.	4,840	-
Lucid Product Design Agency S.L.	72,600	-

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 2022, salaries were paid for the work performance of the Board of Directors, for the amount of €92,400 (€126,950 as salary paid to the Board of Directors in 2021), and €573,237 was paid to the Chief Executive Officer (0.00 in 2021)

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 2022 (€9,193 in 2021).

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:

	2022 Average		2021 Average	
Professional category	Men	Women	Men	Women
Senior Management	1	1	1	1
Departmental Directors/ Middle Managers	10	3	10	3
Creativity	10	6	12	5
Strategy	1	4	0	3
Digital social	3	4	3	1
New business	0	1	0	1
Education/training studies	3	2	3	1
Accounts	0	9	1	7
Finance/Administration	1	3	1	2
Unskilled workers				
	29	31	31	24

The number of members of the Board of Directors and the number of people employed at the period end, distributed by professional category, are as follows:

	As of 31/12/2022		At 31/12/2021	
Professional category	Men	Women	Men	Women
Senior Management	1	1	1	1
Departmental Directors/ Middle Managers	8	3	11	3
Creativity	8	5	9	5
Strategy	0	3	0	4
Digital social	2	5	4	3
New business	0	2	0	1
Education/training studies	4	1	4	1
Accounts	0	8	0	7
Finance/Administration	2	2	1	2
	25	30	30	27

The fees corresponding to the services provided by Grant Thornton, S.L.P. to the Company during the financial years ending 31 December 2022 and 2021, regardless of the time of its invoicing, are the following:

	2022	2021
Audit services: individual annual accounts	12,500.00	10,000.00
Audit services: consolidated annual accounts	20,250.00	13,500.00
Other services of the firm – report of agreed procedures	-	3,000.00
Other services of the firm: Gatekeeping	-	4,800.00
	32,750.00	31,300.00

19.) 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.

On 1 January 2023, the advertising activity of Jungle21, S.A. began to be transferred to the company PS21 Creative, S.L., which was created in 2022 for this purpose. In this way, Jungle21, S.A. will be the holding company and owner of the rest of the Group companies.

On 4 January 2023, the Company contributed €125,000 to the ongoing capital increase of the company Materile Barcelona Proyectos, S.L.

On 31 January 2023, the company acquired 95,500 shares at €3.45 each, which increase the Company's own shares by €329,475.

Management report

1. Evolution of the business and situation of the company

The year 2022 closes with a total revenue of €7.8 million, of which €6.2 million were derived from external customers and €1.6 million from other J21 Group companies. Of the total revenue generated in 2022, €5.6 million corresponds to net income, the measure used by the company as a reference for its management.

Net income 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 €1.5 million and the after-tax profit was €1.4 million.

Broadly speaking, 2022 has been a year of consolidation and growth. Turnover has increased by 35% compared to 2021 and net income by 34%.

We continue with the approach of focusing on current customers and seeing them grow through 2022, as we had done in 2021, and it continues to work. Furthermore, we have gained nine new customers who have contributed more than €0.6 million to us, enabling our net income to increase to more than €5 million.

When it comes to creativity awards, we can say that 2022 has been an excellent year. After the second-place finish we earned in 2021, we finished 2022 as the best agency in the Effectiveness Awards – possibly the most relevant awards from our customers' point of view. In this way, we have achieved the goal we had set for the next few years, which 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 customers and bring in more new business. Furthermore, we have won four Lions at the Cannes festival, which are the most respected awards for creativity. One silver and three bronze lions were awarded with different pieces.

On the other hand, we have completed our listing on the Euronext Access. The effective incorporation into the market on 4 March has been made by valuing the J21 Group at around €52 million. 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, before the end of 2022 we have been told that we are a B-Corp. 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 certifies 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.

2. Results and evolution of the company

After finishing 2021 with great results, despite the fact that it had been a year of transition with the COVID-19 vaccination programme underway, we welcomed 2022 as a return to normality.

Following the great growth of 2021 derived from focusing on the growth of current customers, in 2022 we pursued the same line of strategy and continued to increase the business of most of them. Furthermore, we have continued attracting a fair amount of new business, and although it has been 0.6 million instead of the 0.9 million in 2021, it has also allowed us to grow more than 35%, which is above the proposed target.

Operating staff expenses (eliminating expenses of the Board of Directors, compensations) have increased by +35%, equivalent in percentage points as the level of growth. Overhead operating expenses (eliminating extraordinary expenses) have increased by 56%, and this is due to the return to full normal in 2022, where we have already returned to the price of non-discounted rents and reinvested in festivals that have led to great results in the most important awards in the sector.

Considering the operating EBITDA (EBIDTA without taking into account the amount of compensations, extraordinary and variable remuneration) has grown to €1,477,704 ($1,223,926 in 2021) and net profit was $1,363,693 compared to €1,862,972 in 2021 (year in which the 'beans' (previous tax credits) had been activated).

The profitability of EBITDA stands at 27% (29% in 2021) and the net result is 24% relative to net income.

On an individual level, the ambition is to continue to grow at the pace we have set and in 2023 continue to incorporate new lines of business for the Group, as well as to see our current clients grow.

The following tables show the summary operating account and the calculation of the recurring EBITDA for years 2021 and 2022:

BPE	**2021**	**2022**
Revenue	5.809.835	7.824.813
Cost of good Revenue	1.657.181	2.254.069
Gross margin or Net revenue	4.152.654	5.570.744
% / Revenue	*71%*	*71%*
Personal cost	2.302.651	3.116.712
Net margin	1.850.004	2.454.032
General cost	626.078	976.327
Total general, personel+general	2.928.729	4.093.040
EBIDTA	1.223.926	1.477.704
% margin	*29%*	*27%*
Financial results	550.389	816.225
Extra results	(197.021)	(425.595)
PBTA	1.577.294	1.868.334
Amortizations	339.133	334.075
Tax	(624.812)	170.566
Net profit	1.862.972	1.363.693

ADJUSTED OPERATING EBITDA

Operation income	687.772 €	718.034 €
Amortisation of intangible assets	339.133 €	334.075 €
Employment Compensation	28.458 €	15.461 €
Employee bonus	0 €	0 €
Depreciation comercial	0 €	61.239 €
Tributes	5.591 €	8.604 €
Depreciation property, plant and equipment	(2.210 €)	0 €
Regularizations and others	(1.621 €)	50 €
Council expenses	23.100 €	123.314 €
Acquisition and set-up related expenses	143.702 €	216.927 €
Adjusted operating EBITDA	1.223.926 €	1.477.704 €

3. Use of financial instruments

The company is in a good financial position, despite having a negative working capital due to investments made in the purchase of new companies that will expand the Group over the following years. These Companies were purchased based on an earn-out agreement, so they are valued according to the business plan, as they will generate profits in the future. With an analysis of the cash flow over the next 12 months having been carried out, the company has some peace of mind, since with the generation of cash we can ensure that short-term financing needs are paid.

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.

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 were no changes in 2022 with regard to 2021 and there are no research and development activities other than those explained in note 5 of the annual report and activated in accordance with the conditions indicated in the recognition and measurement standards outlined in Note 4a of the 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 shares held by the Parent Company as of 31 December 2021 were 822,213 shares, valued at €187,282.

In December 2022, the company acquired the shares of a partner leaving the Group (a total of 91,098 shares acquired for a total of €25,001.34), so at the end of 2022, the company has 913,311 shares valued at €212,283 on the balance sheet

On the date these annual accounts are drawn up, the Board of Directors of the 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 suppliers of the Company at 31 December 2022 is as follows:

	2022	2021
	Days	Days
Average period of payment to suppliers	64	63
Paid Operations Ratio	67	66
Ratio of transactions pending payment	42	50

	2022	2021
	Amount	Amount
Total payments made	2,101,428	1,661,291
Total outstanding payments	296,613	425,727

	2022	2021
Volume of invoices paid within the legal timeframe	1,013,492	758,751
Number of invoices paid within the legal timeframe	476	383
Percentage of volume of invoices paid within the legal timeframe over the total volume of invoices paid (%)	48%	46%
Percentage of number of invoices paid within the legal timeframe over total number of invoices paid (%)	58%	67%

The average payment period to suppliers is longer than the established legal period of 60 days. This is because the company makes payments on one day per month. The company is working to reduce that pay period and come within the legal term. In addition, by transferring advertising activity from Jungle21 to PS21 Creative in 2023, the partnership will reduce its supplier transactions and this timeframe will change substantially.

7. Subsequent events

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 1 January 2023, the advertising activity of Jungle21, S.A. began to be transferred to the company PS21 Creative, S.L., which was created in 2022 for this purpose. In this way, Jungle21, S.A. will be the holding company and owner of the rest of the Group companies.

On 4 January 2023, the Company contributed €125,000 to the ongoing capital increase of the company Materile Barcelona Proyectos, S.L.

On 31 January 2023, the company acquired 95,500 shares at €3.45 each, which increase the Company's own shares by €329,475.

8. Outlook for the Company

In the year 2021, the company prepared the Strategic Plan for the next 1,000 days as a framework in which the company's actions are organised for 2023-2025.

The Company's objective is to double the net income of the company 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 Company, 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.

In this first year the target has been met, as growth has been above 20-26%.

As of 31 December 2022, the team consists of 56 employees with creative profiles, strategists, producers, designers, and consultants. At the closing of this report, the Company has 13 employees with management, new business, communications, finance and administration profiles. This reduction in the number of employees is due to the restructuring of the activity of the PS21 brand to the PS21 Creative, S.L. company.

The Company'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.