

Mediaset España Comunicación, S.A.

Balance Sheet as at 31 October 2022 and
Explanatory Notes thereto, together with
Independent Auditor's Report

*Translation of a report originally issued in Spanish
based on our work performed in accordance with the
audit regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON BALANCE SHEET

To the Shareholders of Mediaset España Comunicación, S.A. at the request of the Board of Directors,

Report on the Balance Sheet

Opinion

We have audited the interim balance sheet of Mediaset España Comunicación, S.A. (the Company) as at 31 October 2022 and the explanatory notes thereto, including a summary of significant accounting policies (together "the balance sheet").

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the equity and financial position of the Company as at 31 October 2022 in accordance with the regulatory financial reporting framework applicable to the preparation of such a financial statement (identified in accompanying explanatory Note 2.1) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Balance Sheet* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the balance sheet in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

We have determined that there are no key audit matters to be communicated in our report.

Responsibilities of the Directors and of the Audit and Compliance Committee for the Balance Sheet

The directors are responsible for preparing the balance sheet so that it presents fairly the equity and financial position of Mediaset España Comunicación, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain for the preparation of such a financial statement, and for such internal control as the directors determine is necessary to enable the preparation of a balance sheet that is free from material misstatement, whether due to fraud or error.

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

The audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the balance sheet.

Auditor's Responsibilities for the Audit of the Balance Sheet

Our objectives are to obtain reasonable assurance about whether the balance sheet as a whole is 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 audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this balance sheet.

A further description of our responsibilities for the audit of the balance sheet is included in Appendix I to this auditor's report. This description, which is on the following pages, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Engagement Period

The Annual General Meeting held on 14 April 2021 appointed us as auditors for a period of three years from the year ended 31 December 2021.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2017.

DELOITTE, S.L.

Registered in ROAC under no. 50692

Ignació Esteban Villagrán

Registered in ROAC under no. 23401

30 January 2023

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the balance sheet.

Auditor's Responsibilities for the Audit of the Balance Sheet

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

From the matters communicated with the entity's audit and compliance committee, we determine those matters that were of most significance in the audit of the balance sheet and are therefore the key audit matters.

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

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Interim Balance Sheet and Notes at 31 October 2022

DISCLAIMER: The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish original will prevail.

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1. Interim Balance sheet at 31 October, 2022
2. Notes to the Interim Balance sheet at 31 October, 2022

DISCLAIMER: The English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish original will prevail.

ASSETS	Notes	31/10/2022	31/12/2021
NON-CURRENT ASSETS		734,619	992,753
Intangible assets	5	298,636	337,915
Patents, licenses, and trademarks		92,249	106,000
Goodwill		91,193	115,191
Software		2,178	2,572
Audiovisual property rights		113,016	114,152
Property, plant and equipment	4	38,406	43,053
Land and buildings		24,250	24,763
Plant and other PP&E items		14,043	17,275
Property, plant and equipment under construction and prepayments		113	1,015
Investment in group companies and associates	6, 7.1, 17.1	131,719	129,578
Equity instruments		110,219	108,078
Loans to group companies		21,500	21,500
Financial investments	7.1	215,439	432,461
Equity instruments		211,336	430,352
Derivatives		4,093	2,094
Other financial assets		10	15
Deferred tax assets	14.2	50,419	49,746
CURRENT ASSETS		633,793	517,584
Inventories	8	945	4,721
Finished products		915	4,691
Prepayments to suppliers		30	30
Trade and other receivables	7.1, 9	197,587	231,028
Trade receivables	7.1, 9	4,595	9,408
Trade receivables from group companies and associates	7.1, 9, 17.1	157,906	201,086
Sundry accounts receivable	7.1, 9	-	1,104
Employee receivables	7.1, 9	68	60
Current tax assets	14	27,766	18,522
Other Public Administration receivables	14	7,252	848
Current investments in group companies and associates	7.1, 17.1	30,197	50,276
Loans to group companies		26,115	26,492
Other financial assets		4,082	23,784
Current Financial assets	7.1	1,675	881
Current Loans		-	285
Derivatives		1,557	545
Other financial assets		118	51
Other current assets	10	3,517	5,502
Cash and cash equivalents	7.1, 11	399,872	225,176
Cash		119,591	225,176
Cash equivalents		280,281	-
TOTAL ASSETS		1,368,412	1,510,337

Notes 1 to 19 form an integral part of the Interim Balance Sheet at 31 October, 2022.
Madrid, 30 January, 2023.

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MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Interim Balance sheet at October 31, 2022

(In thousands of euros)

EQUITY AND LIABILITIES	Notes	31/10/2022	31/12/2021
EQUITY		983,353	1,104,444
CAPITAL AND RESERVES		1,171,177	1,105,170
Share capital	12	156,583	156,583
Issued capital		156,583	156,583
Share premium	12	226,567	226,567
Reserves	12	722,020	565,237
Legal and statutory reserves		31,317	31,317
Other reserves		690,703	533,920
Profit for the year		66,007	156,783
Valuation Adjustments	12	(187,824)	(726)
NON-CURRENT LIABILITIES		44,602	74,094
Provisions	13	12,053	12,046
Provisions for contingencies and liabilities		12,053	12,046
Borrowings	7.2	32,089	60,478
Derivatives		7,706	36,095
Other non-current financial liabilities		24,383	24,383
Deferred tax liabilities	14	460	1,570
CURRENT LIABILITIES		340,457	331,799
Borrowings	7.2	56,100	79,410
Bank borrowings		-	40
Liabilities arising from derivative financial instruments		174	13,579
Other financial liabilities		55,926	65,791
Borrowings from group companies and associates	7.2, 17.1	168,040	124,107
Trade and other payables		115,699	123,058
Suppliers	7.2	62,790	72,357
Suppliers, group companies and associates	7.2, 17.1	27,672	15,453
Various payables	7.2	48	5
Employee benefits payable	7.2	12,549	11,583
Other payables to Public Administrations	14	12,640	23,660
Accruals		618	5,224
TOTAL NET EQUITY AND LIABILITIES		1,368,412	1,510,337

Notes 1 to 19 form an integral part of the Interim Balance Sheet at 31 October, 2022.

Madrid, 30 January, 2023.

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1. Activity

1.1 The purpose and activity of the company

MEDIASET ESPAÑA COMUNICACIÓN, S.A. (called Gestevisión Telecinco, S.A. until April 12, 2011), (hereinafter “the Company”) was incorporated in Madrid on March 10, 1989. Its registered address is Carretera de Fuencarral a Alcobendas nº 4, 28049 Madrid.

The Company engages in the indirect management of a public television service. At 31 October 2022 the Company operated seven TV channels (Telecinco, Factoría de Ficción, Boing, Cuatro, Divinity, Energy and BeMad). The licenses to operate these channels were granted as follows:

- In accordance with the terms of the State concession granted by the General Secretariat of Communications’ Resolution of 28 August, 1989 and the concession agreement contained in the public deed of 3 October, 1989, as well as all-natural operations related to and as a consequence of that management.
- By agreement of the Council of Ministers dated 10 March 2000, this concession was renewed for a period of ten years from 3 April 2000.
- By agreement of the Council of Ministers dated 25 November 2005, the concession contract was extended simultaneously with that of the rest of the national concessionaires, granting three Digital Terrestrial Television (DTT) channels.
- By agreement of the Council of Ministers dated 26 March 2010, this concession was renewed for a further ten years.

The Company made all the investments required to start digital transmissions pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Second Transitory Provision of the Audiovisual Law, on 3 May, 2010 the Company requested that the concession be changed to a license to offer an audiovisual communication service. Under the Council of Ministers’ resolution of 11 June, 2010, the concession became a 15-year license to offer an audiovisual communication service. This license is automatically renewable for the same period provided the Company meets the requirements of Article 29 of the Law 13/2022, of 7 July, 2022 (Audiovisual Law).

- Following the analogical blackout on 3 April, 2010 (the “Analogue swich-off”), and by virtue of the Third Additional Provision of Royal Decree 944/2005 on 4 May, 2010, the Company had access to a multiple digital license with national coverage, which increased the channels it managed to four.
- Following the acquisition of Sociedad General de Televisión Cuatro, S.A.U. in 2010, the Company obtained Cuatro’s multiplex licenses (Cuatro and three more channels).
- On May 6, 2014, the digital channels La Siete and Nueve ceased broadcasting in compliance with the sentence handed down by the Third Panel of the Supreme Court, as decided at a Council of Ministers meeting held on 22 March, 2013.

- Based on an agreement reached by the Council of Ministers on 16 October, 2015, the Company was granted a 15-year license to operate a new high-definition TDT channel, which may be extended in accordance with the terms stipulated by Audiovisual Law. Said channel, BeMad, began broadcasting on 21 April, 2016, within the legal deadline set in the specifications for granting the license.

As per Article 3 of its Articles of Association, the Company was incorporated for an indefinite period.

The Company is exchange-listed since 24 June, 2004, on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

1.2 Evolution of COVID 19 impacts and macroeconomic environment

During the 10-month period ending on 31 October, 2022 Mediaset España Comunicación, S.A. has maintained its productive activity as normal.

Before the end of 2021, the company reached an agreement with the Workers' Representatives for the implementation of a remote working model in the company, in those areas where this way of working could be carried out, with validity between 1/01 and 31/12 of 2022, based on remote working for two days a week, affecting 33% of the company's workforce. The activity directly related to the production, realisation, recording and broadcasting of TV programming will continue to be carried out on site.

This agreement resulted in a positive outcome with regard to the risks of exposure to COVID, in two fundamental aspects: allowing spaces to be freed up and safety distances between workstations to be established, and making it possible to reduce the capacity in the staff canteen, in line with a high level of health guarantees.

The personnel working on-site maintained the security measures established in the company's protocols.

Mediaset España has been able to guarantee the health of its workers within its facilities, without the activity being carried out there creating a risk for them. During the 10-month period ending on 31 October 2022, the company has maintained the AENOR quality certification for its covid prevention system.

Furthermore, it has maintained other organisational decisions aimed at preventing the spread of the disease from jeopardising the continuity of broadcasting, such as: establishing safety distances greater than those legally provided for those activities that should be carried out without protective equipment (masks in the case of presenters and collaborators), the duplication of systems to guarantee operational continuity. Especially during the first three quarters of the year.

Moreover, 2022 was characterised by a series of geopolitical events that had a significant impact on the global macroeconomic environment, the most important of which was, of course, Russia's attack on Ukraine at the end of February 2022, which immediately led to an open war that has very few precedents in contemporary Europe and which, as of today, remains unresolved. One of the main consequences of this situation has been the intensification of inflationary tensions that had already begun to make themselves felt at the end of 2021 as a result of the prolonged duration of the expansionary monetary policies of most Central Banks

and which increased rapidly as a result of the bottlenecks in the supply of different raw materials (mainly energy) to the point that during the course of the year we have seen levels of price increases that had not been seen since the 1980s. This inflationary spike, combined with the fact that most economies had barely recovered from the ravages of Covid 19, has led to a notable slowdown in the global economy so far this year, to the point that some countries have even entered into a technical recession. One of the most significant consequences of the rise in prices has been that central banks have been forced to tighten their monetary policy, with interest rates rising to levels not seen in more than a decade, the consequence of which has been a tightening of financing conditions for both companies and individuals. In this environment, the prospects for economic recovery to reach normalised growth levels will directly depend on the duration of the war in Ukraine, the return to normal market conditions for the supply of raw materials and the performance of the inflation rate which, in turn, will influence a possible easing of the Central Banks' monetary policy.

With regard to Spain, the last few months have seen a notable slowdown in the CPI increase from the peaks observed in the summer and, although there has been an obvious reduction in the GDP increases forecast at the beginning of the year, recession has been avoided and high rates of employment and activity have been maintained.

The advertising market has not been immune to these economic circumstances, particularly with regard to the bottlenecks in the supply chains that have primarily affected the automotive sector, which has a significant weight in the composition of the commercial mix of free-to-air television channels and which largely explains the 6.6% decline in the TV advertising market in the first nine months of 2022, according to Infoadex data. It is expected that the lifting of covid restrictions in China and the de-escalation of the war in Ukraine will lead towards normalisation in the affected markets.

With regard to the financial, credit and cash aspects, the Company's cash and cash equivalents at 31 October 2022 exceed 399 million euros (see Note 11) to which 195 million euros corresponding to undrawn credit lines must be added (see Note 7.2), total financing resources amounting to over 594 million euros, thus maintain an objective position of financial strength and allowing us to be prepared to face worst case scenarios in terms of recovering a complete economic normality, and to undertake potential investment opportunities.

In terms of credit risk, no situation has come to light during the first ten months of 2022 that has given rise to the need to record significant provisions.

Regarding the impairment test performed, at the closing the 2021 Financial Statements, on the Goodwill and other intangible assets associated with the Cash-Generating Unit (CGU) related to the free-to-air television business (see Note 5) as well as the deferred tax assets recognised (see Note 14), given the performance of the Company's results during the first ten months of 2022 and that no indications of impairment that could affect the recoverability of these assets have been identified, as well as the slack shown in the aforementioned impairment test, it has not been necessary to update the impairment test.

2. Basis of presentation of the Interim Balance Sheet

2.1 Regulatory framework of financial information applicable to the Company

This Interim Balance Sheet at 31 October, 2022 and its Notes (hereinafter referred to as the “Interim Balance Sheet”) have been formulated by the administrators in accordance with the regulatory framework of financial information applicable to the Company, which is established in:

- a. Commercial Code and other corporate legislation.
- b. GAAP enacted by Royal Decree 1514/2007, which was amended by Royal Decree 602/2016 and by Royal Decree 1/2021, and its sectoral adaptations.
- c. The mandatory compliance rules approved by the Accounting and Audit Institute in the development of the Generally Accepted Accounting Plan and its complementary regulations.
- d. The mandatory compliance rules approved by the National Securities Market Commission.
- e. Other Spanish accounting regulations that may apply.

The figures shown in this Interim Balance Sheet are presented in thousands of euros unless otherwise indicated.

2.2 True and fair view

The Interim Balance Sheet has been prepared from the Company’s accounting records in accordance with prevailing accounting legislation in order to give a true and fair view of the equity and financial position.

This Interim Balance Sheet is prepared by the directors of the Company for the purposes of complying with the provisions of article 36.1 of the Structural Modifications Act of 3 April 2009, which sets out the information to be submitted in a merger transaction, and will be submitted for approval by the General Shareholders Meeting. It is expected that it will be approved without modification.

In this Interim Balance Sheet, the information or breakdowns that do not require detail due to their qualitative importance have been omitted and have been considered to be non-material or of no relative importance in accordance with the concept of materiality or relative importance defined in the conceptual framework of PGC (Spanish GAAP) 2007.

2.3 Comparative information

The application of accounting principles has been uniform, therefore, no operations or transactions exist that have been registered following different accounting principles that could cause discrepancies in the interpretation of the comparative figures for both periods.

2.4 Grouping of items

Certain items of the Interim Balance Sheet are presented in a grouped manner to facilitate understanding, although, insofar as is significant, the information has been included in the Notes.

2.5 Critical issues concerning the assessment of uncertainty

The preparation of the Company's Interim Balance Sheet requires the Directors to make judgements, estimates and assumptions which affect the application of accounting principles and the balances of assets, liabilities, income and expenses, and the disclosure of contingent assets and liabilities at the date this Interim Balance Sheet is issued. These estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying amount of the assets and liabilities that are not readily apparent from other sources. Those estimates and assumptions are reviewed on an ongoing basis. The effects of the reviews of the accounting estimates are recognised in the period during which they are carried out, if they relate solely to that period, or in the period reviewed and future periods if the review affects both current and future periods. Nevertheless, the uncertainty inherent in the estimates and assumptions may lead to results requiring adjustment to the carrying values of the assets and liabilities affected in the future.

Apart from the general process of systematic estimates and their periodic review, the Directors carry out certain value judgements on matters that have a special impact on the Interim Balance Sheet.

The main judgements as well as the estimates and assumptions regarding future events, and other uncertain sources of estimates at the date of preparation of the Balance Sheet that may cause corrections to assets and liabilities are as follows:

Impairment of non-current assets

The valuation of non-current assets, other than financial assets, requires estimates to be made in order to determine their fair value, in order to assess possible impairment. To determine fair value, the Directors analyse both the market value and the expected cash flows from assets or the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of these cash flows.

Future cash flows depend on meeting the business plan for upcoming years, whereas discount rates depend on the interest rate and the risk premium associated with each cash generating unit. Note 5 includes the hypotheses used to calculate the value of the cash-generating units and includes a sensitivity analysis of the changes in the hypotheses used.

Deferred tax assets

Deferred tax assets are recognised when it is probable that the Tax Group to which the Company belongs will have future taxable profits that will enable these assets to be applied.

To determine the amount of deferred tax assets that can be registered, the Directors estimate the amounts and dates on which future taxable profits will be obtained, and the reversion period of taxable temporary differences.

Useful life of property, plant and equipment, and intangible assets

The Company periodically reviews the useful life of its property, plant and equipment, and its intangible assets, prospectively adjusting the provisions for depreciation when the estimates change.

Provisions and contingent liabilities

The Company recognises provisions for risks in accordance with the accounting policy set forth in Note 3.9 of these Notes. The Company has made judgements and estimates regarding the probability of the said risks occurring, as well as the amount thereof, and has recognised a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it. When risks are considered possible, no provisions are registered, and they are described in Note 13.

Calculation of fair values, values in use and present values

Estimating fair values, values in use, and present values entails calculating future cash flows and making assumptions on the future values of flows as well as the applicable discount rates. The estimates and related assumptions are based on historical experience and various other factors understood to be reasonable under the circumstances.

2.6 Accounting criteria changes

During the ten-month period ending 31 October 2022 and during the financial year 2021 there have been no changes in the Company's application of accounting policies.

3. Recognition and valuation standards

The main recognition and valuation accounting standards applied in the preparation of this Interim Balance Sheet are as follows.

3.1 Intangible assets

Intangible assets are valued at acquisition or production cost, less accumulated amortisation and any impairment losses. An intangible asset is recognised as such only if it is likely to generate future income for the Company and its cost can be reliably measured.

The financial expenses of specific or generic financing of assets with installation periods of more than one year before the assets are used are included in the acquisition or production cost.

Intangible assets are amortised using the straight-line method over their estimated useful lives and recoverability is analysed when events or changes in circumstances take place that indicate that their net book value may not be recovered. Amortisation methods and schedules are revised annually at year end and, where appropriate, adjusted prospectively. When the

useful life of these assets cannot be reliably estimated, they are amortised over a period of 10 years.

Goodwill

Goodwill is included in the asset when its value is revealed by virtue of an onerous acquisition, in the context of a combination of businesses.

Goodwill is allocated to each of the cash generating units on which the benefits of the business combination's synergies are expected to fall. Subsequent to its initial recognition, goodwill is valued at acquisition price less accumulated amortisation and, if applicable, the accumulated amount of recognised impairment corrections. In accordance with the applicable regulations, the useful life of the goodwill has been established in 10 years and its amortisation is linear.

Computer software

This concept includes the amounts paid for title to or the right to use computer programs, those that are developed in-house are included only when they are expected to be used over several years.

Computer software maintenance costs are expensed directly in the year in which they are incurred.

Computer software is amortised on a straight-line basis over three years from the date on which it starts to be used.

Patents, licenses, and trademarks

These relate mainly to trademarks and concessions for television channels. The "Cuatro" trademark and the "Cuatro" multiplex operators' license were identified in the Sogecuatro Group purchase price allocation. On the one hand the "Cuatro" trademark has an estimated useful life of 20 years. On the other hand, the license is amortised on a straight-line basis over 10 years from 1 January, 2016 in accordance with the provisions of Royal Decree 602/2016.

Until 2015, licenses were considered to have an indefinite useful life, in accordance with the provisions of the Generally Accepted Accounting Plan approved by Royal Decree 1514/2007, it was not amortised.

In accordance with Royal Decree 602/2016 of 2 December, with effect from 1 January 2016 these assets are amortised on a straight-line basis over a period of 10 years.

Audiovisual property rights

1.1.1. Property rights on external audiovisual production

These mainly consist of audiovisual rights acquired for a period exceeding one financial year. They are recognised at their acquisition price and the individual value of each right is recorded. If they are acquired for a fixed price per package and the breakdown of the individual value of each audiovisual right is not provided, individual values are calculated based on a weighting factor equivalent to the acquisition cost of audiovisual rights of a similar type and category to those which would have been purchased individually.

The cost of audiovisual rights acquired in a business combination is the fair value at the acquisition date.

The right is recognised on the date when the material is accepted for broadcasting pursuant to the contract or on the date that the audiovisual rights begin, if the latter is earlier. In the case of several rights associated with a single contract that are accepted during the same year but on different dates, the Company recognises the inclusion of the rights under the contract on the date on which the first right is accepted for broadcasting or on the date that rights begin, if the latter is earlier.

Recognised in the income statement based on the number of screenings issued, according to the following criteria:

1. Films and “TV movies” (non-series) products
 - 1.1. Contractual rights for 2 screenings:

First screening:	50% of acquisition cost.
Second screening:	50% of acquisition cost.
 - 1.2. Contractual rights for 3 or more screenings:

First screening:	50% of acquisition cost.
Second screening:	30% of acquisition cost.
Third screening:	20% of acquisition cost.
2. Other products (series)
 - 2.1. Contractual rights for 2 or more screenings:

First screening:	50% of acquisition cost.
Second screening:	50% of acquisition cost.

When a screening is sold to a third party, the value of the screening, calculated based on the above percentages, is amortised on the basis of the buyer’s territorial capacity to distribute the television signal. A cost of sale is recognised based on the revenues generated in the territory where the screening has been sold and adjustments are made to the unsold value of the screening in question.

Value adjustments are made to these rights where necessary, as detailed in Note 3.3.

1.1.2. In-house series production rights

These include productions that the Company, as the owner, may both broadcast and sell.

The value of these includes both costs incurred directly by the Company and amounts invoiced by third parties.

The cost of audiovisual rights acquired in a business combination is the fair value at the acquisition date.

The commercial value, estimated at 28% of the total cost, is amortised upon sale and applied to the proceeds-accounting this to incomes from the transaction. If no sale takes place, the aforementioned value is amortised on a straight-line basis over a period of 3 years from the availability of the production.

The broadcasting value, estimated at 72% of the total cost, is amortised on the basis of the number of screenings aired, according to the following criteria:

- Series of less than 60 minutes

First screening: 100% of the amortisable value.

- Series of 60 minutes or more

First screening: 90% of the amortisable value.

Second screening: 10% of the amortisable value, except for promotional screening.

Value adjustments are made to these rights where necessary, as detailed in Note 3.3.

1.1.3. Distribution rights

These include the rights acquired by the Company for their exploitation in all windows in Spanish territory.

The cost of the right is that stipulated in the contract. Recognised as consumption of rights on the basis of the expected pattern of consumption in each window where the right is exploited, as well as the estimated audiences for each window.

When the right commences or free-to-air broadcasting begins, it is reclassified under third-party production rights.

1.1.4. Coproduction rights

These include the coproduction rights acquired by the Company for exploitation in all windows.

The cost of the right is that which is stated in the contract. Recognised as consumption of these rights based on the expected consumption pattern in each window in which the right is exploited, as well as the estimated audiences for each window.

When the right commences or free-to-air broadcasting begins, it is reclassified under in-house production.

1.1.5. Master copies and dubbing

Corresponds respectively to the media supporting the audiovisual rights and to the cost of dubbing original versions.

They are valued at their acquisition cost and recognised as consumption in the same proportion as the audiovisual rights with which they are associated.

1.1.6. Retransmission rights

The costs corresponding to sports broadcasting rights are accounted for at the cost stipulated in the contract in the income statement for the period. This allocation is made at the time each event is broadcast. Advance payments are recognised under the heading "Other current assets" on the Interim Balance Sheet.

3.2 Property, plant and equipment

Property, plant and equipment are initially valued at either acquisition or production cost.

Following their initial recognition, they are valued at cost less accumulated depreciation and any impairment losses.

The financial expenses of specific or generic financing of assets with installation periods of more than one year before the assets are used are included in the acquisition or production cost.

When, based on an analysis of the nature and conditions of a lease agreement, all risks and rewards incidental to ownership of the leased item are considered to be substantially transferred to the Company, the agreement is classified as a financial lease. Therefore, the ownership acquired through these financial leases is valued, based on its nature in the PP&E, at an amount equivalent to the lower of its fair value and the present value of the minimum payments established at the beginning of the lease agreement, minus the accumulated depreciation and any impairment loss. There were no finance lease agreements at 31 October, 2022 nor at 31 December 2021.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are recognised in the income statement for the period that they are incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalised as an increase in the value of the item.

Depreciation expenses are recognised in the income statement for the period. The elements of this item depreciate from the moment in which they are available to be brought into service. Property, plant and equipment are depreciated using the straight-line method using the following percentages of estimated amortisations:

	Ratio
Buildings	3%
Technical TV equipment	20%
Fixtures	10%
Tools	20%
Automobile-related material	14-15 %
Furniture	10%
Computer hardware	25%
Other items of property, plant, and equipment	20%

At the end of each financial year, the Company reviews and adjusts, where appropriate, the useful lives of property, plant and equipment and, if necessary, adjusts them prospectively.

3.3 Impairment of non-current non-financial assets

The Company assesses, at least at each year end, whether there is an indication that a non-current asset or, where applicable, a cash-generating unit may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of the fair value less the costs of sale and the value in use. When the book value is greater than the recoverable amount, an impairment loss occurs. The value in use is the present value of the expected future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset. For assets that do not generate cash flows, largely independent of those derived from other assets or groups of assets, the recoverable amount is determined for the cash generating units to which those assets belong.

The valuation adjustments for impairment and their reversal are recorded in the income statement for the period. Impairment adjustments are reversed when the circumstances that gave rise to them cease to exist, except for those relating to goodwill. The reversal of the impairment is limited to the book value of the asset that would appear if the corresponding impairment had not been previously recognised.

The impairment test for the goodwill and the signal transmission license is performed by evaluating the recoverable value of the cash generating unit associated with them. If the recoverable amount of the cash generating units is less than their book value, an impairment loss is recorded.

3.4 Financial instruments

3.4.1 Financial assets

Classification

Financial assets owned by the Company are classified into the following categories:

1. Financial assets at amortised cost: includes financial assets, including those admitted to trading on an organised market, for which the Company holds the investment with the objective of receiving cash flows from the performance of the contract, and the contractual terms of the asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.
2. This category generally includes:
 - i) Trade payables: arising from the sale of goods or the provision of services for trade transactions with deferred payment; and
 - ii) Non-trade payables: arise from loans and credits granted by the Company for which payments are determined or determinable in amount.

3. Financial assets at fair value with changes in equity: this category includes financial assets whose contractual terms give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding, and are not held for trading and are not classified in the previous category. This category also includes investments in equity instruments when they are irrevocably designated by the Company on initial recognition, provided that they are not held for trading and are not required to be measured at cost.
4. Financial asset at cost: this category includes investments in equity instruments of Group companies, associates and jointly controlled entities.
5. Group companies are considered to be those related to the Company by a relationship of control, and associates are those over which the Company exercises significant influence. In addition, this category also includes companies jointly controlled by virtue of an agreement with one or more shareholders.
6. Financial assets at fair value with changes in the profit and loss account: this category includes financial assets held for trading and those financial assets that have not been classified in any of the above categories. This category also includes financial assets optionally designated as such by the Company at initial recognition, which would otherwise have been included in another category, because such treatment eliminates or significantly reduces a valuation inconsistency or accounting mismatch that would otherwise have arisen.

Initial valuation

Financial assets are generally recorded initially at the fair value of the consideration paid plus directly attributable transaction costs. However, transaction costs directly allocable to the assets recorded at fair value with changes through the income statement are recognised in the profit and loss account.

In addition, in the case of equity investments in Group companies with control over the subsidiary, fees paid to legal advisors or other professionals in connection with the acquisition of the investment are recorded directly in the income statement for the period.

Subsequent valuation

Financial assets at amortised cost will be registered by using this valuation criterion, recording the interest accrued by applying the effective interest rate method to the income statement for the period.

Financial assets included under the fair value with changes in equity category shall be recorded at fair value, without deducting any transaction costs that might be incurred on disposal. Changes in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is recorded in the income statement for the period.

Financial assets at fair value with changes in the income statement for the period are measured at fair value and the result of changes in fair value is recorded in the income statement for the period.

Investments classified in category c) above are valued at cost less any accumulated amount of recognised impairment corrections, if applicable. These corrections are calculated as the difference between the carrying amount and the recoverable amount, the latter being the higher of fair value less costs of sale and the present value of future cash flows derived from the investment. Unless better evidence of the recoverable amount of the investments in equity instruments is available, the equity of the subsidiary is taken into account, adjusted by any unrealised gains existing on the measurement date, net of the tax effect.

Impairment

At least at year-end the Company performs an "impairment test" for financial assets that are not carried at fair value with changes in the profit and loss account. There is objective evidence of impairment if the recoverable amount of the financial asset is less than its carrying amount. In any case, for equity instruments at fair value with changes in equity, impairment is presumed to exist if their market price has fallen by one and a half years or 40% without the value having recovered. Impairment is registered in the income statement for the period.

The Company derecognises financial assets when the rights to the respective financial asset's cash flows expire or are transferred and when the risks and rewards of ownership have been substantially transferred, such as in firm asset sales, assignments of trade receivables in factoring transactions in which the company does not hold any credit or interest rate risk or securitisations of financial assets in which the transferor does not hold any subordinated financing or grant any type of guarantee or assume any other type of risk.

In contrast, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest, and securitisations of financial assets in which the transferor retains subordinated financing or other guarantees that absorb substantially all the expected losses.

3.4.2 Financial liabilities

Financial liabilities assumed or incurred by the Company are classified into the following valuation categories:

- a. Financial liabilities at amortised cost: these are the Company's accounts payable arising from the purchase of goods and services in the ordinary course of the Company's business, or those which, without having a commercial origin and not being derivative instruments, arise from loans or credit transactions received by the Company.
- b. These liabilities are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, these liabilities are measured at amortised cost.
- c. Financial liabilities at fair value with changes in the profit and loss account.

Derivative financial liabilities are measured at fair value using the same criteria as for financial assets at fair value with changes in the profit and loss account as described in the preceding section.

Assets and liabilities are presented separately in the balance sheet and are only presented at their net amount when the Company has the effective right to set off the recognised amounts and, in addition, intends to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

3.4.3 Equity instruments

An equity instrument represents a residual interest in the Company's equity after deducting all its liabilities.

Equity instruments issued by the Company are recorded in equity at the amount received, net of issue costs.

Treasury shares acquired by the Company during the year are recorded at the value of the consideration paid in exchange, directly as a decrease in equity. Results arising from the purchase, sale, issue or depreciation of own equity instruments are recognised directly in equity, and in no case is any profit or loss recorded in the income statement for the period.

3.4.4 Hedges

The Company uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. Within the framework of these operations, the Company enters into hedging financial instruments.

In order for these financial instruments to be classified as hedges, they are initially designated as such and the hedging relationship is documented. The Company also initially verifies and on a regular basis throughout their life (at least at each accounting period end) the effectiveness of the hedging relationship, i.e., that changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) can be expected to be offset prospectively by changes in the hedging instrument.

The Company applies the following types of hedges, which are accounted for as follows:

- a. Fair value hedges: In this case, changes in the value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.
- b. Cash flow hedges: In cash flow hedges, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and recognised in the income statement in the same period in which the hedged item affects the result, unless the hedge relates to a forecast transaction expected to be recognised as a non-financial asset or liability, in which case the amounts recognised in equity are included in the cost of the asset or liability when it is acquired or assumed.

- c. Net investment hedges in foreign operations: these types of hedging transactions are intended to hedge the foreign currency risk on investments in subsidiaries and associates and are treated as fair value hedges for the foreign currency component.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument that has been recognised in equity is held in equity until the forecast transaction occurs. When the hedged transaction is not expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

In this sense, at 31 October, 2022, the Company maintains derivatives for options on financial investments related to the purchase of the stake in ProSiebenSat.1 Media SE (Note 7) that are valued at market value at the date of the contract. Subsequent changes in the market value are classified under the equity heading "Valuation Adjustments", not being recognised as results until the losses or gains of the covered operations are recognised in results.

3.5 Current and non-current items

Assets and liabilities are classified in the balance sheet as current and non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's operating cycle and it is expected that they will be sold, consumed, realised or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, be sold or realised within one year; if they are held for trading or are cash and cash equivalents whose use is not restricted to more than one year.

Audiovisual rights classified under intangible assets are entirely recognised as non-current assets, with a breakdown in Note 5 of the percentages the Company expects to consume in a period of less than twelve months.

3.6 Treasury shares

Treasury shares are recognised in equity with a debit balance when acquired. No loss or gain is shown in the income statement for the period on sale or cancellation. Expenses incurred in connection with treasury shares transactions are recognised directly in equity as a reduction in reserves.

3.7 Inventories

In-house production programs which are broadcast daily are recognised as inventories. These programs are recognised at production cost, which is determined by considering all costs attributable to the product which are incurred by the Company.

Advances paid for programs are also included.

They are charged to the income statement when they are broadcast.

When the net realisable value of inventories is less than acquisition or production cost, the corresponding provision is recognised in the income statement for the period.

3.8 Cash and cash equivalents

This heading includes cash, bank current accounts, short-term deposits and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Company's standard cash management policy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognised as a decrease in cash and cash equivalents.

3.9 Provisions and contingencies

Liabilities that are indeterminate with respect to their amount or the date on which they are cancelled are recognised in the balance sheet as provisions when the Company has a present obligation (derived from a contract or a legal provision or from an implicit or tacit obligation) as a result of past events, and a quantifiable outflow of resources is likely to be required to settle the obligation.

Provisions are valued at the present value of the best possible estimate of the amount necessary to cancel or to transfer it to a third party recognising the adjustments arising from the update of the provision as a financial cost as they accrue. No discounts are made on provisions falling due within twelve months that do not have a significant financial effect. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Compensation receivable from a third party when provisions are settled is recognised as an asset, albeit not deducted from the amount of the provision, and provided that there is no doubt that this compensation will actually be received, and that it does not exceed the amount of the liability recognised. When there is a legal or contractual obligation to externalise the risk, by virtue of which the Company is not liable, the amount of this compensation is deducted from the amount of the provision.

Furthermore, contingent liabilities are considered to be possible obligations that arise from past events whose materialisation depends on the occurrence of future events not wholly within the Company's control, as well as present obligations arising from past events, for which it is not likely that an outflow of resources will be required to settle them or which cannot be reliably valued. Contingent liabilities are not recognised in the financial statements but are disclosed in the Notes, unless the likelihood of an outflow of resources is considered remote.

3.10 Long-term remuneration to the personnel

From 2016 onwards, the medium-term loyalty and incentive system was approved, which is referenced to the Company's applicable listed value as of 2016 and designed for the Group's directors and top management. The Plan's main objectives are to award sustainable results,

align top management's interest with those of the shareholders, while improving the remuneration mix.

This system receives in equal parts, an annual contribution from each beneficiary and a contribution charged to the company, establishing a given amount that will be invested in the purchase of Mediaset España Comunicación S.A shares, and attributed to the beneficiary (Note 16).

3.11 Transactions in foreign currency

The Company's Balance Sheet presented in euros, which is its operating currency.

Monetary items

Transactions in foreign currency are initially recognised at the exchange rate on the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are converted at the exchange rate applicable on the balance sheet date. All exchange gains or losses arising from conversion as well as those arising when balance sheet items are settled are recognised in the income statement for the period.

Non-monetary items

Non-monetary items measured at historical cost are valued at the exchange rate on the date of the transaction.

Non-monetary items valued at fair value are valued by applying the exchange rate as at the date that fair value is determined. Exchange differences are recognised directly in equity if the non-monetary item is valued against equity and in the income statement of the period if it is valued against the profit for the same.

3.12 Corporate Income tax

Since 1999, the Company has been presenting consolidated corporate income tax as parent of the consolidated tax group 49/99. As well as Mediaset España Comunicación, S.A. the following companies also form part of the group:

- Grupo Editorial Tele5, S.A.U.
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Publimedia Gestión, S.A.U.
- Mediacinco Cartera, S.L.U.
- Conecta 5 Telecinco, S.A.U.
- Advertisement 4 Adventure, S.L.U.
- Producción y Distribución de Contenidos Audiovisuales Mediterráneo, S.L.U.
- Grupo Audiovisual Mediaset España Comunicación, S.A.U.
- Netsonic, S.L.U.
- Megamedia Televisión, S.L.

The Corporate Income Tax expense for the year is calculated by adding together the current tax, which results from applying the related tax rate to the taxable profit for the year less any tax relief and tax credits, considering changes in recognised deferred tax assets and liabilities during the year. The corresponding tax expense is recognised in the income statement for the period, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is recognised in equity, and in the initial accounting for the business combinations in which it is recorded as the other equity items of the acquired business.

Deferred taxes are recognised on all timing differences at the date of the balance sheet between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of timing differences is included in the heading “Deferred tax assets” or “Deferred tax liabilities” on the balance sheet, as applicable.

The Company recognises deferred tax liabilities for all taxable timing differences, except where disallowed by the tax legislation in force.

The Company recognises deferred tax assets for all deductible timing differences, carryforward of unused tax credits and unused tax losses, insofar as it is probable that the tax Group of which it is head, has future taxable profits against which these assets may be used, except where disallowed by the tax legislation in force.

In the case of business combinations in which deferred tax assets were not recognised separately in the initial accounting because they did not meet the recognition criteria, deferred tax assets that are recognised within the measurement period and that arise from new information about facts and circumstances that existed at the acquisition date will represent an adjustment to the amount of the related goodwill. After the abovementioned valuation period, or as a result of new information regarding matters and circumstances that did not exist at the acquisition date, they are written off or recognised directly in equity, depending on the applicable accounting policy.

At the end of each financial year, the Company assesses the deferred tax assets recognised and those that have not been previously recognised. Based on this analysis, the Company derecognises the asset previously recognised if it is no longer probable that it will be recovered, or it recognises any deferred tax asset that had not been previously recognised, provided that it is probable that the Company or the tax group to which it belongs will have future taxable profits to enable them to be applied.

Deferred tax assets and liabilities are valued at the tax rate expected to apply to the period in which they are reversed, as required by approved tax laws and in the manner in which it reasonably expects to recover or settle the asset or liability by way of deferred tax. The adjustments of the values of deferred tax assets and liabilities are allocated to the income statement for the period, except to the extent that deferred tax assets and liabilities were charged and credited directly to equity. Deferred tax assets and liabilities are valued without taking into account the effect of the financial discount.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, irrespective of the expected date of realisation or settlement.

3.13 Business combinations

Business combinations, understood as operations in which the Company acquires control of one or more businesses, are recognised using the purchase method. Under the purchase method, assets acquired, and liabilities assumed are recognised, at the acquisition date, at fair value, provided that this value can be reliably measured. In addition, the difference between the cost of the business combination and the value of these assets and liabilities is recognised, in the income statement for the period, as goodwill, when the difference is positive, or as income, when the difference is negative. The criteria contained in the section on intangible assets of Notes apply to goodwill.

Provisional values are used to measure business combinations when the necessary valuation process has not been completed prior to the financial year end. These values should be adjusted within a year from the date of acquisition. Adjustments recognised to complete the initial valuation are made retroactively, thus the resultant values are those which would have been stated initially had the information been available, and therefore the comparative figures are adjusted.

The cost of a business combination is determined by the sum of:

- a) The fair values on the acquisition date of the assets received, the liabilities incurred or assumed, and the equity instruments issued by the buyer. Nonetheless, when the fair value of the business acquired is more reliable, this value is used to estimate the fair value of the compensation paid.
- b) The fair value of any contingent compensation which depends on future events or the fulfilment of certain conditions. Such compensation must be recognised as an asset, a liability or equity depending on its nature.

Under no circumstances is the cost of the business combination to include expenses related to the issuing of equity instruments or financial liabilities exchanged for assets acquired; which shall be accounted for in accordance with the provisions of the financial instrument rules.

Other fees paid to legal advisors or other professionals involved in the transaction are recorded as an expense in the income statement for the period. Under no circumstances are internal expenses generated as a result of any of these concepts to be included in the cost of the business combination. Likewise, those incurred by the acquiring entity related to the business combination are not to be included.

Generally, unless there is a more reliable valuation, the fair value of equity instruments or financial liabilities which are provided as compensation for a business combination is the quoted price if these instruments are quoted on an active market. If this is not the case, in the specific case of a merger and division, the fair value is the value given to the shares or participation in the acquiring company when determining the corresponding exchange ratio.

When the carrying amount of the assets provided by the buyer as compensation is not the same as their fair value, if applicable, the related difference is recognised in the income statement for the period.

3.14 Related-party transactions

The Company carries out all its related-party transactions at market value. Additionally, the transfer prices are adequately supported, which is why the Company's directors consider that there are no significant risks in this respect from which future liabilities may arise.

In merger transactions, the elements part of the business acquired are measured according to the value stated in the Group's Consolidated Financial Statements.

If no Consolidated Financial Statements exist, or if the Consolidated Financial Statements were prepared according to IFRS, rather than Spanish GAAP, acquired assets are carried at the amount at which they are stated in the transferring company's Individual Annual Accounts.

3.15 Environmental issues

In view of the business activities carried out by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific environmental disclosures have been included in these Notes to the Interim Balance Sheet.

3.16 Termination benefits

In accordance with employment legislation in force, the Company is required to pay indemnities to employees who are dismissed in certain circumstances. Reasonably quantifiable indemnity payments are recognised as an expense in the year in which the Company creates a valid expectation on the part of the affected third parties that the dismissals will occur.

4. Property, plant and equipment

The breakdown and movements in property, plant and equipment in the 10-month period ending on 31 October 2022 and in the financial year 2021 are as follows:

2020	01.01.22	Additions	Disposals	Transfers	31.10.22
Cost					
Land	14,970	-	-	-	14,970
Buildings	40,880	154	(10)	2	41,026
TV equipment, plant and tools	103,414	700	(1,247)	125	102,992
Furniture and fixtures	4,542	33	(12)	-	4,563
Computer hardware	19,674	634	(855)	960	20,413
Other PP&E	597	11	(19)	-	589
Property, plant, and equipment under construction	1,015	185	-	(1,087)	113
Total	185,092	1,717	(2,143)	-	184,666
Accumulated depreciation					
Buildings	(31,087)	(662)	3	-	(31,746)
TV equipment, plant and tools	(91,523)	(3,869)	1,240	-	(94,152)
Furniture and fixtures	(3,535)	(183)	12	-	(3,706)
Computer hardware	(15,402)	(1,603)	854	-	(16,151)
Other PP&E	(492)	(31)	18	-	(505)
Total	(142,039)	(6,348)	2,127	-	(146,260)
Net carrying amount	43,053				38,406
2021	01.01.21	Additions	Disposals	Transfers	31.12.21
Cost					
Land	14,970	-	-	-	14,970
Buildings	40,837	43	-	-	40,880
TV equipment, plant and tools	103,578	1,279	(2,614)	1,171	103,414
Furniture and fixtures	4,525	49	(32)	-	4,542
Computer hardware	17,879	864	(955)	1,886	19,674
Other PP&E	596	36	(35)	-	597
Property, plant, and equipment under construction	2,444	1,832	-	(3,261)	1,015
Total	184,829	4,103	(3,636)	(204)	185,092
Accumulated depreciation					
Buildings	(30,284)	(803)	-	-	(31,087)
TV equipment, plant and tools	(88,206)	(5,928)	2,611	-	(91,523)
Furniture and fixtures	(3,333)	(233)	31	-	(3,535)
Computer hardware	(14,728)	(1,623)	949	-	(15,402)
Other PP&E	(491)	(35)	34	-	(492)
Total	(137,042)	(8,622)	3,625	-	(142,039)
Net carrying amount	47,787				43,053

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

The additions produced in the 10-month period ending on 31 October 2022 and in the financial year 2021 are primarily due to the acquisition of technical installations and computer hardware acquired for the continued development of the Company.

The disposals produced in the 10-month period ending on 31 October 2022 and in the financial year 2021 primarily relate to idle and fully depreciated assets that the Company has eliminated from its balance sheet. Disposals in the 10-month period ending on 31 October 2022 have led to a loss of 16 thousand euros (11 thousand euros in 2021).

The additions produced in the property, plant, and equipment under construction in the 10-month period ending on 31 October 2022 and in the financial year 2021 mainly included the purchase of technical installations used to transform the studios, as well as high-definition mobile units.

The amounts of fully depreciated assets still in use at 31 October 2022 and 31 December 2021 are as follows:

	<u>31/10/2022</u>	<u>31/12/2021</u>
Computer hardware	12,746	12,604
Buildings	15,086	14,602
TV equipment, plant and tools	79,642	70,307
Other PP&E	406	414
Furniture and fixtures	2,426	2,307
	<u>110,306</u>	<u>100,234</u>

The Company has taken out insurance policies to cover the possible risks to which its property, plant, and equipment are subject and related claims which might be filed. These policies are considered to adequately cover the related risks.

5. Intangible assets

The composition and movements of the intangible assets in the 10-month period ending on 31 October 2022 and in the financial year 2021 were as follows:

2022	01.01.22	Additions	Disposals	Transfers	31.10.22
Cost					
Cuatro signal transmission license	85,000	-	-	-	85,000
Merger goodwill	287,979	-	-	-	287,979
Trademarks and trade names	160,000	-	-	-	160,000
Audiovisual property rights	251,842	48,732	-	572	301,146
Master copies and Customs	3	-	-	-	3
Dubbing and other work	21,268	4,187	-	-	25,455
Coproduction rights	2,139	-	-	-	2,139
Fiction series rights	1,604,933	19,290	-	60	1,624,283
Distribution rights	6,632	-	-	-	6,632
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	35	201	-	(60)	176
Documentary rights	-	5,249	-	-	5,249
Prepayments, audiovisual property rights	139	634	-	(572)	201
Prepayments, fiction rights	-	353	-	-	353
Computer software in progress	419	686	-	(549)	556
Software	25,599	284	(1,186)	549	25,246
Total	2,446,527	79,616	(1,186)	-	2,524,957
Accumulated depreciation					
Cuatro signal transmission license	(51,000)	(7,084)	-	-	(58,084)
Merger goodwill	(172,788)	(23,998)	-	-	(196,786)
Trademarks and trade names	(88,000)	(6,667)	-	-	(94,667)
Audiovisual property rights	(182,806)	(44,073)	-	-	(226,879)
Master copies and Customs	(3)	-	-	-	(3)
Dubbing and other work	(18,521)	(3,445)	-	-	(21,966)
Coproduction rights	(2,139)	-	-	-	(2,139)
Fiction series rights	(1,554,108)	(34,632)	-	-	(1,588,740)
Distribution rights	(6,632)	-	-	-	(6,632)
Other auxiliary services (distribution)	(539)	-	-	-	(539)
Documentary rights	-	(3,261)	-	-	(3,261)
Software	(23,446)	(1,363)	1,185	-	(23,624)
Total amortization	(2,099,982)	(124,523)	1,185	-	(2,223,320)
Impairment losses	(8,630)	-	5,629	-	(3,001)
Total	(2,108,612)	(124,523)	6,814	-	(2,226,321)
Net carrying amount	337,915				298,636

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

2021	01.01.21	Additions	Disposals	Transfers	31.12.21
Cost					
Cuatro signal transmission license	85,000	-	-	-	85,000
Merger goodwill	287,979	-	-	-	287,979
Trademarks and trade names	160,000	-	-	-	160,000
Audiovisual property rights	278,989	60,044	(88,386)	1,195	251,842
Master copies and Customs	3	-	-	-	3
Dubbing and other work	18,805	2,822	(359)	-	21,268
Coproduction rights	2,139	-	-	-	2,139
Fiction series rights	1,568,715	35,460	-	758	1,604,933
Distribution rights	8,859	-	(2,227)	-	6,632
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	172	171	(198)	(110)	35
Documentary rights	-	-	-	-	-
Prepayments, audiovisual property rights	1,243	91	-	(1,195)	139
Prepayments, fiction rights	648	-	-	(648)	-
Computer software in progress	479	606	-	(666)	419
Software	24,703	342	(316)	870	25,599
Total	2,438,273	99,536	(91,486)	204	2,446,527
Accumulated depreciation					
Cuatro signal transmission license	(42,500)	(8,500)	-	-	(51,000)
Merger goodwill	(143,990)	(28,798)	-	-	(172,788)
Trademarks and trade names	(80,000)	(8,000)	-	-	(88,000)
Audiovisual property rights	(198,553)	(72,638)	88,385	-	(182,806)
Master copies and Customs	(3)	-	-	-	(3)
Dubbing and other work	(15,502)	(3,379)	360	-	(18,521)
Coproduction rights	(2,139)	-	-	-	(2,139)
Fiction series rights	(1,524,623)	(29,485)	-	-	(1,554,108)
Distribution rights	(8,859)	-	2,227	-	(6,632)
Other auxiliary services (distribution)	(539)	-	-	-	(539)
Documentary rights	-	-	-	-	-
Software	(22,186)	(1,575)	315	-	(23,446)
Total amortization	(2,038,894)	(152,375)	91,287	-	(2,099,982)
Impairment losses	(19,877)	(750)	11,997	-	(8,630)
Total	(2,058,771)	(153,125)	103,284	-	(2,108,612)
Net carrying amount	379,502				337,915

The additions relate mainly to the acquisition of audiovisual rights for future broadcasts. The disposals mainly relate to transmission rights which have expired, and which have been fully amortised; hence the Company derecognises these from its balance sheet. Also, during the 10-month period ending on 31 October 2022 other intangible assets were disposed of amounting to a 1-thousand-euro loss (199 thousand euro in 2021).

Outstanding provisions in the 10-month period ending on 31 October 2022 and in 2021 correspond to the net carrying amount of rights which, while expiring later than the year end, do not feature in the channels future broadcasting plans at the date of preparation. Should one of the Company's channels exercise these broadcasting rights, the provision corresponding to the broadcast would be reversed and the right would be amortised for the amount of the reversal. This would not have an impact on the income statement for the period.

Of the total amount recognised under the heading audiovisual property rights classified as non-current assets at 31 October, 2022, the consumption percentage for the 12 months subsequent to year end will be approximately 63% (75% in 2021).

At 31 October, 2022, there are firm commitments to acquire Audio-Visual Property Rights commencing on or after 1 November, 2022 for a total amount of 34,052 thousand US Dollars and 33.374 thousand euros. Advances were paid in respect of these firm Audio-Visual Property Rights purchase commitments, which at 31 October, 2022 totalled 201 thousand euros.

At 31 December, 2021 there are firm commitments to acquire Audio-Visual Property Rights commencing on or after 1 January, 2021 for a total amount of 46,861 thousand US Dollars and 35,104 thousand euros. Advances were paid in respect of these firm Audio-Visual Property Rights purchase commitments, which at December 31, 2021, totalled 139 thousand euros.

Furthermore, at 31 October, 2022, advances for Fiction Series have been paid out amounting to 353 thousand euros. At 31 December 2021 there have been no advances paid out for this concept.

The amounts of fully amortised assets still in use at 31 October 2022 and at 31 December 2021 are as follows:

	<u>31/10/2022</u>	<u>31/12/2021</u>
Software	22,018	20,761
Coproduction rights	2,139	2,139
Distribution rights	6,632	6,632
Fiction series rights	1,588,740	1,554,108
Dubbing and other work	16,313	16,250
Master copies and Customs	3	3
Other auxiliary services	539	539
	<u>1,636,384</u>	<u>1,600,432</u>

The amounts related to intangible asset items acquired from Group companies and associates in the 10-month period ending on 31 October 2022 totalled 15,301 thousand euros (24,387 thousand euros in 2021).

Impairment test for goodwill and intangible assets with indefinite useful lives

At 31 October 2022 and in 2021, goodwill was amortised as well as the signal transmission license amounting to 23,998 and 7,083 thousand euros and 28,798 and 8,500 thousand euros, respectively. Under the application of Royal Decree 602/2016 of 2 December, this amortisation corresponds to 10% (annually) of the value of goodwill and the license.

At 31 October 2022 the Company, based on the impairment test performed at 2021-year-end, did not detect any indications of impairment in goodwill or in the license. The impairment test was performed by comparing the recoverable value of the cash generating unit where the goodwill and intangible assets are assigned with the book value of said cash generating unit.

The cash-generating unit is the free-to-air television business, being the only one identified in the Company.

This impairment test was performed at the beginning of 2022 on the basis of the 2021 results and estimating successive years from 2022 onwards. No updates have been made to these projections since they were made, as their conclusions are considered to remain valid and given the ample slack resulting from the aforementioned test.

In addition, at the time of the takeover bid launched by Mediaset España's Parent Company in March 2022 (see Note 12), the Company's Board of Directors commissioned a Fairness Opinion from two reputable investment banks, the results of which showed a business value higher than the book value of the business-generating unit.

The projections and estimates were based on future discounted cash flows and when preparing these projections, the main variables and assumptions made were as follows:

- Macroeconomic context: based on the macroeconomic projections published by external sources of recognised creditworthiness taking into account the most likely foreseeable recovery scenarios.
- Technological and regulatory environment: No significant regulatory or technological changes that could materially affect the advertising market or audiences for free-to-air television are foreseen or considered in the projections although the start of HBBTV's business development has been contemplated in the years under consideration.
- Competitive environment: a business as usual scenario is expected, without relevant structural changes in the sector and with stability in audience levels and in the evolution of the television advertising market. This estimate takes into account both those made by official bodies and other recognised external sources and also considering historical trends. Specifically, the granting of new licenses and an increase in the number of channels for existing operators are not contemplated and, as regards the new content distribution platforms, these belong primarily to pay TV and, therefore, without having relevant influence on the free-to-air TV sector.

The projections cover the period until 2025 and for the flows not contemplated therein, the perpetual income has been estimated using increases of 0% in line with those used in the sector. On the other hand, the estimated cash flows are discounted at a rate in-line with the current market valuations in terms of the risk-free rate and the specific situation of the sector. In this sense, the discount rate after taxes used ranges from 7.5% to 8.5%, also with those used in the sector.

Sensitivity to changes in hypotheses

The Management considers that, with the information available at this time, no reasonable and probable change in any of the key hypotheses handled in the simulation would suppose that the net book value of the unit exceeded its recoverable value given that there is a significant safety margin regarding the book value.

6. Non-current investment in Group Companies and Associates

The breakdown and movements in non-current investments in group companies and associates in the 10-month period ended 31 October 2022 and in the financial year 2021 were as follows:

2022	01.01.22	Additions	Disposals	Transfers	31.10.22
Cost					
Equity instruments	404,176	-	-	-	404,176
Impairment losses	(296,098)	-	2,141	-	(293,957)
Total equity instruments	108,078	-	2,141	-	110,219
Receivables from group companies	21,500	-	-	-	21,500
Total group companies (Note 7)	21,500	-	-	-	21,500
	129,578	-	2,141	-	131,719
2021	01.01.21	Additions	Disposals	Transfers	31.12.21
Cost					
Equity instruments	408,812	-	(4,636)	-	404,176
Impairment losses	(314,063)	-	17,965	-	(296,098)
Total equity instruments	94,749	-	13,329	-	108,078
Receivables from group companies	27,685	-	(6,185)	-	21,500
Total group companies (Note 8)	27,685	-	(6,185)	-	21,500
	122,434	-	7,144	-	129,578

In the 10-month period ended 31 October 2022, the reversal of the impairment at Conecta 5 Telecinco, S.A. (Sole-Shareholder Company) in the amount of 2,121 thousand euros is primarily recorded, in accordance with the equity of this Company at 31 October 2022.

In the above movement, the following items are recorded in 2021:

The reversals of part of the impairment losses on the shareholdings in Conecta 5 Telecinco, S.A. (Sole-Shareholder Company) and Advertisement 4 Adventure, S.L. (Sole-Shareholder Company) amounting to 6,590 and 11,375 thousand euros, respectively.

Similarly, on 20 December, 2021, part of the dividend distributed by Publiespaña S.A. (Sole-Shareholder Company) amounting to 4,636 thousand euros corresponded to profits generated prior to the acquisition of the company by Mediaset España Comunicación, S.A. this amount was recorded as a reduction in the value of the stake in this company.

6.1 Description of investments in group companies and associates

The information related to financial investments in group companies and associates is as follows:

Company	31.10.22 Direct equity interest (%)	31.12.21 Direct equity interest (%)	Activity
Group companies and associates:			
Publiespaña, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exclusive advertising concessionaire, Mediaset España
Grupo Editorial Tele 5, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exploitation of rights, production and distribution of publications.
Conecta 5 Telecinco, S.A.U. Ctra. de Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Exploitation of audiovisual content on the Internet
Mediacinco Cartera, S.L.U Ctra. de Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Financial management and intermediation services
Advertisement 4 Adventure, S.L.U. Ctra. de Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Shareholding in other companies
Producción y Distribución de Contenidos Audiovisuales Mediterráneo, S.L.U. (*) Ctra. de Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Management of the Group's audiovisual rights
Grupo Audiovisual Mediaset España Comunicación, S.A.U.(**) Ctra. de Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Film production

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Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

Information relating to the period of 10 months ending on 31.10.22

Company	Net Value on the year ended at 31.10.22	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total net equity	Operating profit (loss)	Dividends distributed during 2022
Publiespaña, S.A.U.	39,800	100	601	12,374	44,618	57,593	58,905	6,109
Grupo Editorial Tele 5, S.A.U.	120	100	120	2,823	1,719	4,662	2,290	1,616
Conecta 5 Telecinco, S.A.U.	12,182	100	62	3,408	8,712	12,182	11,372	6,591
Mediacinco Cartera, S.L.U.	35,938	100	50	35,868	20	35,938	(1)	-
Advertisement 4 Adventure, S.L.U.	15,996	100	55	13,339	3,226	16,620	(93)	2,500
Producción y D. C. Audiovisuales Mediterráneo, S.L.U.	5,598	100	341	29,467	8,119	37,927	2,909	-
Grupo Audiovisual Mediaset España Comunicación, S.A.U.	585	100	60	1,982	1	2,043	-	-
	110,219							

The above data for these companies have not been audited.

Information relating to the year ended 31.12.21

Company	Net Value on the year ended at 31.12.21	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total net equity	Operating profit (loss)	Dividends distributed during 2021
Publiespaña, S.A.U.	39,800	100	601	(37,626)	56,190	19,165	74,543	55,322
Grupo Editorial Tele 5, S.A.U.	120	100	120	2,823	1,616	4,559	2,231	4,204
Conecta 5 Telecinco, S.A.U.	10,061	100	62	3,408	6,591	10,061	7,841	-
Mediacinco Cartera, S.L.U. (*)	35,918	100	50	35,869	(1)	35,918	(2)	-
Advertisement 4 Adventure, S.L.U.	15,996	100	55	3,482	13,295	16,832	(102)	-
Producción y D. C. Audiovisuales Mediterráneo, S.L.U.	5,598	100	341	23,489	5,978	29,808	1,889	-
Grupo Audiovisual Mediaset España Comunicación, S.A.U. (*)	585	100	60	1,939	43	2,042	57	-
	108,078							

(*) Unaudited data

None of the group companies or associates are listed on the Stock exchange.

The breakdown of the net book value of the long-term loans extended to the group companies at 31 October, 2022 and at 31 December 2021 is as follows:

	Thousands of euros	
	31/10/2022	31/12/2021
Telecinco Cinema, S.A.U.	21,500	21,500
	21,500	21,500

The interest rate applicable to the long-term loans granted is the EURIBOR one month plus a spread of 250 basis points.

6.2 Description of main movements

6.2.1 Equity instruments

a) Main movements during the 10-month period ending on 31 October 2022:

There have been no movements during this period

b) Main movements in the year ending on 31 December 2021:

Return of capital contributions in Publiespaña, S.A.U.

On 20 December 2021 part of the dividend distributed by Publiespaña S.A. (Sole-Shareholder Company) totalling 4,636 thousand euros corresponded to profits generated prior to the acquisition of the company by Mediaset España Comunicación, S.A. Said amount was recorded as a reduction in the value of the stake in this company.

6.2.2 Non-current loans to Group companies

Loan granted to Telecinco Cinema, S.A.U.

At 31 October, 2022, and 31 December, 2021, the loan amounted to 21,500 thousand euros. The fixed maturity of this loan is December 31, 2023.

Participating loan to Conecta 5 Telecinco, S.A.U.

In 2021 the company cancelled the participating loan that it had with Conecta 5 Telecinco, S.A.U for the amount of 6,000 thousand euros.

6.3 Impairment testing

Conecta 5 Telecinco, S.A.U.

The Company adjusted the valuation based on the investee's net equity at 31 October, 2022, the total impairment being 589 thousand euros (2,710 thousand euros in 2021).

Advertisement 4 Adventure, S.L.U.

The Company adjusted the valuation based on the investee's net equity at year-end 2021, reversing the provision previously made. At 31 October 2022, the Company has not made any provision.

7. Financial Instruments

7.1 Financial Assets

Financial assets corresponding to long term investments in equity instruments of the group companies and associated companies have been described in Note 6.

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Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

The composition of the financial assets at 31 October 2022 and at 31 December 2021 is as follows:

(Thousands of euros)	Equity instruments		Credits, derivatives, and others		Total	
	31/10/2022	31/12/2021	31/10/2022	31/12/2021	31/10/2022	31/12/2021
Non-current financial assets						
Financial assets at amortised cost	-	-	21,500	21,500	21,500	21,500
Financial assets at cost	110,219	108,078	10	15	110,229	108,093
Assets at fair value with changes in equity	211,336	430,352	4,093	2,094	215,429	432,446
Total	321,555	538,430	25,603	23,609	347,158	562,039
Current financial assets						
Assets at fair value with changes in income statements	-	-	1,557	545	1,557	545
Financial assets at amortised cost	-	-	592,638	487,110	592,638	487,110
Financial assets at cost	-	-	118	336	118	336
Total	-	-	594,313	487,991	594,313	487,991
Total	321,555	538,430	619,916	511,600	941,471	1,050,030

These amounts are included in the following Interim Balance Sheet items:

(Thousands of euros)	Total	
	31/10/2022	31/12/2021
Non-current financial assets		
Non-current financial investments		
Equity instruments	211,336	430,352
Derivatives	4,093	2,094
Other investments	10	15
Investments in group companies and associates		
Equity instruments (Note 6.1)	110,219	108,078
Loans to Group companies (Note 17)	21,500	21,500
Total	347,158	562,039
Current financial assets		
Derivatives	1,557	545
Trade and other receivables (Note 9)	162,569	211,658
Investments in group companies and associates (Note 17)	30,197	50,276
Financial investments	118	336
Cash and cash equivalents (Note 11)	399,872	225,176
Total	594,313	487,991
Total	941,471	1,050,030

Non-current financial assets

a) Investments in equity and derivatives

The investment in ProSiebenSat.1 Media SE is treated as an Equity Instrument over which neither control nor significant influence is exercised and changes in fair value are recognised in equity, adjusted for tax effects.

In 2021, the Company acquired 8 million shares of ProSiebenSat.1 (3.43% of its share capital) on the market for a total amount of 103,911 thousand euros, which, together with the two previous acquisitions in 2019 (12,815,000 shares) and 2020 (9,902,500 shares) respectively, brings the Company's total stake in the German operator to 13.18% of its share capital.

While the two previous acquisitions were carried out through a hybrid banking structure involving partial financing of the purchase and a derivative instrument ("collar") to hedge security value fluctuations, as well as through direct cash disbursements, the 2021 acquisition was carried out without any third-party financing.

The shares subject to investment are valued according to the listed value at each year-end, which at 31 October 2022 amounts to a total value of 211,336 thousand euros (430,352 thousand euros at 31 December 2021), and the fair value of the derivatives is updated at each year-end according to the report received from an independent third party, which at 31 October 2022 amounted to 4,093 thousand euros (2,094 thousand euros at 31 December 2021).

Changes in the fair value of the derivatives included in the two financing contracts are recognised directly in equity adjusted for tax effects.

The following is a breakdown of the value of the Company's hedging derivatives on share price fluctuations at 31 October 2022 and 31 December 2021:

At 31 October 2022:

	Type	Initial Value	Valuation adjustment	Cancelation	Tax effect	Fair Value Non-current
Derivatives on financial investments	Hedge of listed values	2,094	1,999	-	(17)	4,093

At 31 December 2021:

	Type	Initial Value	Valuation adjustment	Cancelation	Tax effect	Fair Value Non-current
Derivatives on financial investments	Hedge of listed values	30,428	2,639	(33,067)	(247)	-
Derivatives on financial investments	Hedge of listed values	5,237	(3,143)	-	1,275	2,094

At 31 October 2022, a total of 4,951,250 shares out of a total holding of 30,717,500 shares are hedged by the derivative.

Current Financial Assets

a) Derivatives

The Company uses derivatives to hedge its risks against foreign-currency fluctuations on the purchase of audiovisual property rights made in the year. It also hedges against foreign currency risk on commercial transactions with customers. These exchange rate derivatives are classified as held for trading, with changes in fair value in profit and loss account.

The following is a breakdown of the notional values of the foreign exchange financial derivatives that the Company maintains in force at 31 October, 2022.

ASSETS	Notional / Expiration date up to 1 year	Amount in USD (thousands)		Fair Value k\$
		Dollars k\$	Exchange rate (€/€)	
Purchase of unmatured currency:				
Purchase of dollars in euros	11,273	12,833	0.9914	1,557
Sales of dollars in euros	-	-	-	-
Net	11,273	12,833	0.9914	1,557

A breakdown of the notional values of the Company's outstanding foreign exchange financial derivatives as at 31 December 2021 is presented below.

ASSETS	Notional / Expiration date up to 1 year	Amount in USD (thousands)		Fair Value k\$
		Dollars k\$	Exchange rate (€/€)	
Purchase of unmatured currency:				
Purchase of dollars in euros	12,121	14,421	1.1326	545
Sales of dollars in euros	-	-	-	-
Net	12,121	14,421	1.1326	545

Foreign currency hedges on rights contracts are measured as the difference between the present value of the foreign currency hedge at the forward rate for the contract and the value of the foreign exchange hedge at the year-end exchange rate.

b) Other current financial assets

	Thousands of euros	
	31/10/2022	31/12/2021
Current financial assets		
Loans and other receivables (Note 9)	162,569	211,658
Loans to group companies (Note 17)	30,197	50,276
Deposits given and prepayments	118	336
Cash and cash equivalents (Note 11)	399,872	225,176
	592,756	487,446

Current loans to group companies

Short-term loans to group companies are primarily:

Reciprocal credit facilities: interest rates on these loans are EURIBOR plus a market spread.

Tax credits: also included under this heading are tax credits with Group companies stemming from the tax consolidation. The breakdown of these balances can be found in Note 17.

7.2 Financial liabilities

The breakdown of financial liabilities at 31 October 2022 and at 31 December 2021 is as follows:

(Thousands of euros)	Bank borrowings		Derivatives and others		Total	
	31/10/2022	31/12/2021	31/10/2022	31/12/2021	31/10/2022	31/12/2021
Non-current financial liabilities						
Financial liabilities at amortised cost	24,375	24,375	8	8	24,383	24,383
Hedging derivatives	-	-	7,706	36,095	7,706	36,095
	24,375	24,375	7,714	36,103	32,089	60,478
Current financial liabilities						
Financial liabilities at amortised cost	-	-	327,025	289,336	327,025	289,336
Hedging derivatives	-	-	174	13,579	174	13,579
	-	-	327,199	302,915	327,199	302,915
	24,375	24,375	334,913	339,018	359,288	363,393

These figures are included in the balance sheet as follows:

(Thousands of euros)	Total	
	31/10/2022	31/12/2021
Non-current financial liabilities		
Other financial liabilities		
Bank Borrowings	24,375	24,375
Other financial liabilities	8	8
Derivatives	7,706	36,095
Total	32,089	60,478
Current financial liabilities		
Borrowings	-	40
Derivatives	174	13,579
Other financial liabilities		
Bank Borrowings	-	19,668
Other financial liabilities	55,926	46,123
Borrowings from group companies and associates	168,040	124,107
Trade and other payables	103,059	99,398
Total	327,199	302,915

a) Bank borrowings and derivatives

These items include the total amount of financial loans related to the acquisition of the investment in Prosieben Sat1 (see Note 7.1), which at 31 October 2022 amounted to a total of

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(In thousands of euros)

24,375 thousand euros (24,375 thousand euros at 31 December 2021) as well as the fair value of the liability position of the non-current derivatives entered into for an amount of 7,706 thousand euros at 31 October 2022 (36,095 thousand euros at 31 December, 2021). The maturity established in this transaction is fixed in the long term.

During 2021, these operations were partially repaid in advance with a total pay-out of 197,224 thousand euros.

In addition, the outstanding amount of an early cancellation of 33,247 thousand euros was transferred to current bank borrowings and settled in January 2022.

The following is a breakdown of the Company's outstanding hedging derivatives at 31 October, 2022 and 31 December 2021:

At 31 October 2022:

	Type	Initial Value	Valuation adjustment	Cancelation	Tax effect	Fair Value Non-current liabilities
Derivatives on financial investments	Hedge of listed values	36,095	(28,389)	-	(533)	7,706

At 31 December 2021:

	Type	Initial Value	Valuation adjustment	Cancelation	Tax effect	Fair Value Non-current liabilities
Derivatives on financial investments	Hedge of listed values	23,589	30	(23,619)	(288)	-
Derivatives on financial investments	Hedge of listed values	70,667	(34,572)	-	(17,038)	36,095

At 31 October 2022, the Company maintains credit lines of 195,000 thousand euros (260,000 thousand euros at 31 December 2021) with an interest rate of EURIBOR plus a market spread in line with the Company's solvency.

The maturities of these credit lines are distributed throughout 2023. As of 31 October, 2022 and 31 December 2021 there are no balances available from said credit lines.

b) Borrowings from Group companies and associates

The interest rate on these borrowings is EURIBOR plus a market spread. Loans to group companies consist of swap facilities. Also included under this heading are current payables for income tax payable with group companies stemming from the tax consolidation and rights

suppliers of the group companies and associates. Note 17 provides the breakdown of these balances.

c) Others

The breakdown at 31 October, 2022 and 31 December, 2021 is as follows:

	<u>31/10/2022</u>	<u>31/12/2021</u>
Other non-current financial liabilities	8	8
Trade and other payables	103,059	99,398
Other current financial liabilities	55,926	46,123
	<u>158,993</u>	<u>145,529</u>

Other financial liabilities mainly consist of current borrowings from suppliers of audiovisual rights.

d) Current derivative financial instruments

The Company carries out derivative transactions to hedge currency risk on the purchases of audiovisual property rights in the year and when necessary to hedge currency risk on trade transactions in other currencies with customers, which are recognised in the Company's balance sheet. As required by the corresponding measurement and recognition policy, these derivatives are classified as held for trading.

Below is the breakdown of the notional amounts of Company's exchange rate derivatives at October 31, 2022.

LIABILITIES	Notional amount / Maturity up to 1 year	Amount in thousands		Fair value k€
		Dollars k\$	Exchange rate (€/€)	
Purchase of unmatured currency:				
Purchase of dollars in euros	-	-	-	-
Sale of dollars in euros	1,493	1,659	0.9914	(174)
Net	1,493	1,659	0.9914	(174)

A breakdown of the notional amounts of the financial derivatives held by the Company at 31 December, 2021 is as follows.

LIABILITIES	Notional amount / Maturity up to 1 year	Amount in thousands		Fair value k€
		Dollars k\$	Exchange rate (€/€)	
Purchase of unmatured currency:				
Purchase of dollars in euros	-	-	-	-
Sale of dollars in euros	1,251	1,434	1,1326	(3)
Net	1,251	1,434	1,1326	(3)

The foreign currency derivatives associated with the property rights are measured at the difference between the present value of the quoted foreign currency hedge at the forward exchange rate in the contract and the value of the quoted foreign currency hedge at year end.

7.3 Risk management policy

The Company's operations are exposed to different basic categories of financial risk:

1. Credit risk

Credit risk exists when a potential loss may arise from the Company's counterparty not meeting its contractual obligations, i.e., the possibility that financial assets will not be recovered at their net book value within the established timeframe.

The maximum exposure to credit risk at 31 October, 2022 and 31 December, 2021 is as follows:

	Thousands of euros	
	31/10/2022	31/12/2021
Non-current loans to Group companies and associates	21,500	21,500
Non-current financial investments	215,439	432,461
Trade and other receivables	162,569	211,658
Current loans to Group companies and associates	30,197	50,276
Current financial investments	1,675	881
Cash and cash equivalents	399,872	225,176
	831,252	941,952

For the purposes of credit risk management, the Company differentiates between financial assets arising from operations and those arising from investments.

Operating activities

The majority of the balance of trade payables refers to operations with group companies and, therefore, are not considered as a risk.

The breakdown of trade receivables (group and third parties) at 31 October, 2022 and 31 December, 2021 is as follows:

	31/10/2022		31/12/2021	
	Nº of customers	Thousands of euros	Nº of customers	Thousands of euros
With a balance of more than 1,000 thousand euros	4	158,538	4	202,834
With a balance between 1,000 and 500 thousand euros	2	1,269	5	3,448
With a balance between 500 and 200 thousand euros	5	1,489	4	1,182
With a balance between 200 and 100 thousand euros	4	571	9	1,144
With a balance of less than 100 thousand euros	123	1,895	123	1,886
Total	138	163,762	145	210,494

The Company constantly monitors the age of its debt, and there were no significant risk situations at year end.

Investing activities

There is a Financial Risk Management Procedures Manual which sets forth the general criteria governing investments of the Company's Treasury surpluses, which, in broad terms, are as follows:

- They are made with institutions (whether domestic or foreign) of recognised financial solvency.
- They are placed in conservative products (bank deposits, debt repos, etc.) on which, in general, the repayment of the invested capital is guaranteed.
- Authorisations for the corresponding investments are limited by the powers granted to the company's senior executives and, in any event, are highly restricted (depending on the amount, the Chief Executive Officer, General Management and Operations Director and the Financial Director).
- Under ordinary circumstances, the longest term is 3 months, and the investments usually offer automatically available funds.

2. Market risk

Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices.

There are no significant financial risks associated with interest-rate movements. Nevertheless, and for illustrative purposes, the Company has conducted a test to determine the sensitivity of the Company's cash surpluses to certain interest rate modifications, excluding the long-term financial debt not affected by the interest rate.

The following assumption was used: taking the 1-month Euribor at December 31 October, 2022 and 31 December, 2021, as the benchmark, we applied a variation of -10 +50 basis points for 2022 and a variation of -10 + 50 basis points in 2021.

The sensitivity test shows that the impact of variations on the interest rates applied to the cash surpluses (excluding long-term financial debt), at 31 October and 31 December, would, in any event, not be significant and would exclusively affect the amount of financial income.

	<u>Reference Rate (Eur)</u>	<u>Cash Surpluses Net k€</u>	<u>Annual Interest k€</u>	<u>50 b.p.</u>	<u>Annual Interest k€</u>	<u>-10 b.p.</u>	<u>Annual Interest k€</u>
31-10-22	1,253	411,713	5,159	1,753	7,217	1,153	4,747
31-12-21	-0.583	275,748	(1,608)	-0.083	(229)	-0.683	(1,883)

The financial instruments exposed to EUR/USD exchange-rate risk, mainly consisting of future currency-purchase agreements made on the basis of the rights acquisitions, have undergone a sensitivity test at the year-end date.

The value shown in the balance sheet of these financial instruments has been adjusted by applying to the year-end exchange rate a symmetrical percentage change equal to the one-

year implicit volatility of the currency in question, published by Reuters (9.55% at 31 October, 2022 and 5.85% at 31 December 2021).

The sensitivity test shows that the variations on the year-end exchange rate would have had a direct impact on the result for the period, which in any case is not significant.

IMPORT EXCHANGE INSURANCE

31/10/2022			31/12/2021		
USD k\$	Exc. Rate	Differences k€	USD k\$	Exc. Rate	Differences k€
12,833	0.9914	1,557	14,421	1.1326	545
Sensitivity test					
12,833	0.8967	2,891	14,421	1.0658	1,337
12,833	1.0861	454	14,421	1.1994	(159)

EXPORT EXCHANGE INSURANCE

31/10/2022			31/12/2021		
USD k\$	Exc. Rate	Differences k€	USD k\$	Exc. Rate	Differences k€
1,659	0.9914	(174)	1,434	1.1326	(3)
Sensitivity test					
1,659	0.8967	(348)	1,434	1.0658	(81)
1,659	1.0861	(29)	1,434	1.1994	67

In order to hedge the risk of fluctuations in the price of Prosieben shares, the Company has contracted partial hedging transactions through a “collar” structure comprising simultaneous “put” and “call” options with the Bank, which makes it possible to limit fluctuations in the value of the shares within a range that plays both above and below the acquisition values and the limits of which define the values above which the options can be exercised.

At 31 October, 2022 the share reference price was 6.88 euros (14.01 euros at 31 December, 2021).

Assuming prices equivalent to 85% of the reference prices of the derivatives contracted for the acquisitions made, the values of the options would be modified up to levels which, in any case, would be compensated almost symmetrically by movements in the value of the shares hedged by these structures as they operate as a hedge against fluctuations in the latter, the same happening in the event that the share reached levels 15% above the prices of the derivatives contracted. In any case, changes in intrinsic value would have an impact on equity without any impact on the income statement for the period.

3. Liquidity risk

The Company’s financial structure is at a low liquidity risk, given the absence of financial leveraging and the recurrence of operational cash flow generated every year.

Liquidity risk would result in the Company having insufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Company’s objective is to maintain sufficient available funds to conduct its business.

The Company’s policies establish the minimum liquidity levels required at all times:

- Excess liquidity may only be invested in certain types of assets, the liquidity of which is guaranteed (see previous section on credit risk/investment activities).
- Credit lines are in place for an amount that guarantees the Company's ability to meet its operational needs, as well as the possibility of financing new investment projects in the short term. At 31 October, 2022, open credit lines amounted to 260,000 thousand euros (with the same amount available). At 31 December, 2021, the open credit lines amounted to 260,000 thousand euros (with the same amount available). The aforementioned lines are contracted in very competitive financial conditions considering the market situation, which endorses the Company's perceived solvency and solidity in the financial sphere.

The undiscounted contractual maturities of financial liabilities at 31 October, 2022 are as follows:

	Thousands of euros			Total
	Up to 6 months	Between 6 months - 1 year	Between 1-5 years	
Non-current borrowings	-	-	32,089	32,089
Current borrowings	56,100	-	-	56,100
Current borrowings from Group companies and associates	-	168,040	-	168,040
Trade and other payables	103,059	12,640	-	115,699
	159,159	180,680	32,089	371,928

The undiscounted contractual maturities of financial liabilities at 31 December 2021 are as follows:

	Thousands of euros			Total
	Up to 6 months	Between 6 months - 1 year	Between 1-5 years	
Non-current borrowings	-	-	60,478	60,478
Current borrowings	79,410	-	-	79,410
Current borrowings from Group companies and associates	-	124,107	-	124,107
Trade and other payables	99,398	-	-	99,398
	178,808	124,107	60,478	363,393

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

The undiscounted contractual maturities of the financial assets at 31 October, 2022 are as follows:

	Thousands of euros				Total
	Up to 6 months	Between 6 months - 1 year	Between 1-5 years	More than 5 years	
Non-current financial assets					
Loans to group companies (Note 17)	-	-	21,500	-	21,500
Derivatives (Note 7.1)	-	-	4,093	-	4,093
Deposits given and prepayments	-	-	-	10	10
Current financial assets					
Trade and other receivables (Note 9)	162,569	-	-	-	162,569
Loans to group companies (Note 17)	-	30,197	-	-	30,197
Deposits given and prepayments	-	1,675	-	-	1,675
	162,569	31,872	25,593	10	220,044

The undiscounted contractual maturities of the financial assets at December 31, 2021 were as follows:

	Thousands of euros				Total
	Up to 6 months	Between 6 months - 1 year	Between 1-5 years	More than 5 years	
Non-current financial assets					
Loans to group companies (Note 17)	-	-	21,500	-	21,500
Derivatives (Note 7.1)	-	-	2,094	-	2,094
Deposits given and prepayments	-	-	-	15	15
Current financial assets					
Trade and other receivables (Note 9)	211,658	-	-	-	211,658
Loans to group companies (Note 17)	-	50,276	-	-	50,276
Deposits given and prepayments	-	881	-	-	881
	211,658	51,157	23,594	15	286,424

8. Inventories

The balances under this heading at 31 October, 2022, and 31 December, 2021, are as follows:

	31/10/2022	31/12/21
Prepayments to program suppliers	30	30
In-house production programs	915	4,691
Total	945	4,721

9. Trade and other receivables

The breakdown of trade and receivables at 31 October, 2022, and 31 December, 2021, are as follows:

	31.10.22	31.12.21
Trade receivables	4,595	9,408
Receivables from Group companies and associates	157,906	201,086
Other receivables	-	1,104
Receivables from employees	68	60
Current income tax assets (Note 14)	27,766	18,522
Other Public Administration receivables	7,252	848
	197,587	231,028

Impairment losses:

The balance of trade receivables for sales and services is presented net of impairment adjustments. The movements during the 10-month period ending on 31 October, 2022, and during the financial year 2021 in these adjustments is as follows:

	Thousands of euros
Cumulative losses at January 1, 2021	4,182
Charge to the income statement	86
Amortisations net of allowances	(1,068)
Reversals net of allowances	(512)
Cumulative losses at December 31, 2021	2,688
Cumulative losses at January 1, 2022	2,688
Charge to the income statement	158
Amortisations net of allowances	(580)
Cumulative losses at 31 October, 2022	2,266

There are no customer balances for sales and services in foreign currencies at 31 October 2022 nor at 31 December, 2021.

10. Other current assets

The breakdown of this heading at 31 October, 2022, and 31 December, 2021, is as follows:

	Thousands of euros	
	31/10/2022	31/12/2021
Other current assets	3,517	5,502
	3,517	5,502

The amounts shown in this heading arise from the accrued retransmission rights pending broadcast.

11. Cash and cash equivalents

The breakdown of this heading at 31 October 2022 and 31 December 2021 is as follows:

	Thousands of euros	
	31/10/2022	31/12/2021
Cash	31	13
Short-term deposits	280,281	
Current account	119,560	225,163
	399,872	225,176

Current accounts earn market interest rates. Cash and cash equivalents are unrestricted.

The balance of short-term deposits corresponds to deposits with banks with a maturity of less than 3 months as well as accrued interest.

12. Capital and reserves

The movements in the Company's equity for the 10 month period ending on 31 October 2022 and during the financial year 2021 are as follows:

	Issued capital	Share premium	Legal reserve	Goodwill reserve	Voluntary reserves	Treasury shares and equity investments	Profit for the year	TOTAL CAPITAL AND RESERVES	Valuation adjustments	TOTAL NET EQUITY
BALANCE AT 01.01.2021	163,718	313,235	32,744	57,596	332,628	(94,038)	142,506	948,389	27,625	976,014
Total recognised income and expense	-	-	-	-	-	-	156,783	156,783	(28,351)	128,432
Transactions with shareholders and owners										
Dividend distribution	-	-	-	-	142,506	-	(142,506)	-	-	-
Capital Reduction	(7,135)	(86,668)	(1,427)	-	1,427	-	-	(93,803)	-	(93,803)
Transactions with own shares	-	-	-	-	(237)	94,038	-	93,801	-	93,801
BALANCE AT 31.12.2021	156,583	226,567	31,317	57,596	476,324	-	156,783	1,105,170	(726)	1,104,444
BALANCE AT 01.01.2022	156,583	226,567	31,317	57,596	476,324	-	156,783	1,105,170	(726)	1,104,444
Total recognised income and expense	-	-	-	-	-	-	66,007	66,007	(187,098)	(121,091)
Transactions with shareholders and owners										
Distribution of profit	-	-	-	-	156,783	-	(156,783)	-	-	-
BALANCE AT 31.10.2022	156,583	226,567	31,317	57,596	633,107	-	66,007	1,171,177	(187,824)	983,353

a) Issued capital

On 15 March 2022, MFE-MediaForEurope N.V. ("MFE"), Mediaset España Comunicación, S.A.'s main shareholder. ("MSE"), made a public offer for all of the Company's shares that it did not already hold. This offer consisting of a combined payment of €3.72 in cash and the exchange of 9 newly issued MFE Class A shares for every two MSE shares (equivalent to €1.86 and 4.5 MFE Class A shares for each MSE share) was authorised by the CNMV on 26 May 2022, this authorisation was made public by means of a relevant information notice published by the CNMV on its website on the same date (registration number 16495).

After reaching a cooperation agreement with MSE, the Offeror, through an insider communication dated 6 June 2022 (registration number 1471), announced its decision to improve the Offer by raising the payment to €4.32 in cash and 9 newly issued MFE Class A shares for every two MSE shares (equivalent to €2.16 and 4.5 MFE Class A shares for each MSE share). On 7 June 2022, MFE submitted the application for authorisation to amend the

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Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

Offer (together with the relevant documentation and the supplementary guarantees) to the CNMV, which authorised it on 9 June 2022, and was notified to the market by means of a notice of other relevant information published by the CNMV on its website on the same date (registration number 16719).

With this transaction closing in July 2022, MFE will own 82.92% of Mediaset España Comunicación, S.A.'s share capital.

At 31 October 2022, the Company's share capital consisted of 313,166,144 shares of 0.5 euros par value each (327,435,216 shares of 0.5 euros par value at 31 December 2020), represented by a book-entry system.

Share capital is fully subscribed and paid-up and the breakdown of ownership is as follows:

Shareholder	31.10.22	31.12.21
MFE-MediaForEurope, N.V.	82.90	55.69
Free float	17.10	44.31
Treasury shares	-	-
Total	100	100

All the shares making up the company's issued capital enjoy the same rights.

MFE-MediaForEurope N.V. (formerly Mediaset S.p.A.) is the international holding company based in the Netherlands and registered for tax purposes in Italy and controls the Company.

Share transfers are governed by the General Audiovisual Communication Law 13/2022, of 17 July.

Listing on the Stock Exchange:

The Company was admitted for listing on the Stock Exchange on 24 June, 2004. Its shares are traded on the Madrid, Barcelona, Bilbao, and Valencia Stock Exchanges.

b) Share premium

The share premium can be freely distributed, amounting to 226,567 thousand euros as of 31 October 2022 and 31 December, 2021.

c) Legal reserves

The companies are required to transfer 10% of each year's profit to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. This reserve cannot be distributed to shareholders and may only be used to offset losses in the income statement if no other reserves are available. At 31 October, 2022 and 31 December 2021, the legal reserve had reached the legally required minimum.

d) Goodwill reserve and other reserves

The Company has set aside a restricted Goodwill Reserve of 57,596 thousand euros.

The rest of the reserves are unrestricted.

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Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

e) Distribution of previous year's profit

During the general shareholders meeting on 20 April, 2022, the decision was made to distribute the 2021 profit:

	Thousands of euros
Profit for the year 2021	156,783
Voluntary Reserves	156,783
Total	156,783

f) Treasury shares and equity investments

On January 24, 2019, the CNMV was informed of the agreement by the Board of Directors to execute a treasury share buyback plan for a maximum amount of 200 million euros with the aim of reducing the Company's capital stock. On June 7, 2019, the CNMV was informed of the completion of the Treasury Share Buyback Plan previously mentioned.

During the 10-month period ending 31 October 2022, there have been no movements in this heading, with the Company holding 2 treasury shares.

The movement in this heading in 2021 was as follows:

	Thousands of euros				
	Balance 31.12.20	Additions	Amortization	Disposals	Balance 31.12.21
Treasury shares	94,038	723	93,802	959	-

The change in the number of shares during the year is detailed below:

	Number of shares				
	Balance 31.12.20	Additions	Amortization	Disposals	Balance 31.12.21
Treasury shares	14,269,073	145,780	14,269,072	145,779	2

The decrease in the number of treasury shares during 2021 was mainly due to the capital reduction approved by the General Shareholders' Meeting on 14 April 2021.

g) Value adjustments

The value adjustments fully correspond to the changes in fair value of the investment held by the Company in equity instruments detailed in Note 7.

In the 10-month period ending on 31 October, 2022, a decrease in value amounting to 187,098 thousand euros was recorded (during 2021 a decrease of 28,351 thousand euros was recorded).

13. Provisions and other Contingent LiabilitiesNon-current provisions

At 31 October, 2022 and 31 December, 2021, the non-current provisions for liabilities and charges relate to pending lawsuits and appeals between the Company and third parties and

with long-term employee remuneration provisions. On the one hand, the provisions correspond to litigation that the Company faces and from which a probable outflow of resources is expected. In addition, it allocates the accrued portion of the long-term remuneration of the personnel corresponding to the medium-term incentive and loyalty plans referenced to the company's share value. On the other hand, the reversals and applications correspond to the resolution of the aforementioned litigation procedures. On the other hand, the reversals and applications correspond to the resolution of certain disputes mentioned above. Finally, the transfers correspond to the short-term classification of the amounts accrued by the incentive and loyalty plan (Note 16) that will be paid in 2023.

The composition and movements under "Provisions" during the 10-month period ending on 31 October 2022 and during 2021 are as follows:

	31/10/2022				
(Thousands of euros)	Opening balance	Allowances	Reversals/ Applications	Transfers	End balance
Non-current provisions					
Provision for outstanding litigation	11,886	3,814	(3,939)	-	11,761
Long-term incentive and loyalty plans provision	160	182	(12)	(38)	292
	12,046	3,996	(3,951)	(38)	12,053

	31/12/2021				
(Thousands of euros)	Opening balance	Allowances	Reversals/ Applications	Transfers	End balance
Non-current provisions					
Provision for outstanding litigation	11,397	5,872	(2,024)	(3,359)	11,886
Long-term incentive and loyalty plans provision	599	228	-	(667)	160
	11,996	6,100	(2,024)	(4,026)	12,046

For all litigation, the Company's Directors and its advisors assess the risk and, where the risk of an outflow of resources is probable and the economic effects can be quantified, appropriate provisions are made.

Personnel

During the 10-month period ending on 31 October 2022 a provision of 246 thousand euros was allocated within a Loyalty Plan for Senior Executives (228 thousand euros in 2021) (Note 16).

Contingencies/Litigation

PROCEDURES REGARDING THE LATE SUBMISSION OF THE ACTION PLAN IN THE TELECINCO/CUATRO ACQUISITION.

In 2011, the National Competition Commission (currently the National Commission for Markets and Competition (CNMC) handed down a resolution on dossier SNC/0012/11) sanctioning Mediaset España with a fine of 3,600 thousand euros.

This resolution was appealed before the Audiencia Nacional (National Court) as part of ordinary civil lawsuit 474/2011. On 8 January, 2013, the Court issued a judgement rejecting the appeal and upholding the fine.

The said judgement was appealed (Recurso de Casación) before the Supreme Court. On 21 September, 2015 the Supreme Court issued a Judgement which annulled the contested judgement and ordered the proceedings to be returned to the CNMC so that it could issue a new decision proportionate to the alleged and justified infringement.

On 12 May 2016, the CNMC issued a new resolution reducing the penalty initially imposed to 1,676 000 euros. That resolution was the subject of a new contentious-administrative appeal to the National Court, since it was considered that this sanction, in addition to not being duly motivated, had been adopted without giving Mediaset a hearing, remained disproportionate to the infringement committed and not respecting the legal deadlines, leading to its expiry.

This appeal was dismissed by the National Court in its ruling of 23-4-18 on the basis of the same arguments it had already used in its ruling of 8 January 2013 (Ordinary Procedure 474/2011), cited above.

That judgement was the subject of Appeal No. 5246/18, which, after being admitted to proceedings on 19 November 2018, was dismissed by the Supreme Court in its judgement dated 30 September 2019.

On 14 November 2019, Mediaset España filed an appeal for protection (Recurso de Amparo) against the decision of 12 May 2016, as well as against the aforementioned decisions of the National Court on 23 April 2018 and the Supreme Court on 30 September 2019, for having seriously infringed Mediaset España's procedural guarantees. This appeal was dismissed in its decision on 16 March 2021.

Given that, at the time, the National Court (Audiencia Nacional) denied the precautionary suspension of the payment of the aforementioned penalty, the Company proceeded to provision its amount in the Interim Balance Sheet. In 2021, the CNMC issued a notice of payment, which has been the subject of an economic-administrative claim on the grounds that the Administration's action to claim this payment is time-barred; the suspension of its enforcement has also been requested pending resolution of the lodged appeal.

PROCEEDINGS RELATED TO MEDIASET ESPAÑA COMUNICACIÓN, S.A.'S SUPPOSED FAILURE TO COMPLY WITH THE TELECINCO-CUATRO ACQUISITION COMMITMENTS.

On 6 February, 2013, the National Competition Commission currently the National Commission for Markets and Competition (CNMC) handed down a resolution on Dossier SNC/0024/12 Mediaset (the "resolution"), in which it declares that Mediaset España failed to comply with certain commitments and obligations established in the C-0230/09 Telecinco/Cuatro acquisition dossier; a fine of 15,600 thousand euros was given.

In particular, the resolution states that Mediaset España failed to comply with four of the twelve commitments upon which the Telecinco/Cuatro acquisition was authorised [commitments (ii), (iii), (vi) and (xii)], as well as different requirements for providing information to the CNMC regarding these commitments.

In the CNMC's view, the commitments established certain restrictions for Mediaset España in order to neutralize or compensate for potential anti-trust issues arising from the transaction.

The commitments were subsequently unilaterally developed by the CNMC with an Action Plan that was unilaterally imposed on the Company, made an exorbitant interpretation of the commitments, to the point of substantially modifying their original content, both in terms of advertising and content acquisition. Thus, for example, the "interpretation" considered that the duration of contracts for acquiring content should be calculated commencing on their signing date, rather than when the rights commenced in each case.

Mediaset España however, did not fail to comply with any of its commitments with the CNMC.

Therefore, Mediaset España appealed in due time and form to the National Court, which subsequently suspended of the fine, and the process is still continuing in this court, it has not yet issued a resolution on the matter.

Meanwhile, in its judgements dated 15 December, 2014 and 2 November, 2015 in the appeals 2038/2012 and 2354/2013 respectively, the Supreme Court partially upheld the two contentious-administrative appeals filed against the Action Plan, thereby annulling in both cases the portion leading to the alleged infringement and corresponding sanction. Therefore, regardless of the outcome of the appeal against the sanction, both judgements annul it; in any case, it should be recalculated.

The Interim Balance Sheet at 31 October 2022 does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this liability will materialise.

PROCEEDINGS RELATED TO MEDIASET ESPAÑA COMUNICACIÓN, S.A.'S FAILURE TO COMPLY WITH THE TELECINCO-CUATRO ACQUISITION COMMITMENTS.

On 17 September, 2015, the Council of the National Commission for Competition (the current National Commission for Markets and Competition (CNMC) handed down a resolution on Dossier SNC/0036/15 Mediaset (the "resolution"), in which it found that Mediaset España had failed to comply with one of the commitments of the Telecinco/Cuatro acquisition, and therefore set a fine of 3,000 thousand euros.

Specifically, based on the Resolution, Mediaset España supposedly did not comply with the terms of the commitment (ii) in 2013, as it allegedly linked the sale of Telecinco and Cuatro advertising space in a formal or de facto manner.

However, Mediaset España did not fail to comply with the above commitment, as there is not proof beyond a reasonable doubt that the conduct in question is tantamount to an infraction; Mediaset's sales figures for the period demonstrated that none of the alleged infractions took place. Reports prepared by external advisors conclude that Publiespaña did not fail to meet its commitments, nor has it violated anti-trust laws.

Therefore, Mediaset España appealed the resolution in time and substance before the National Court, and the process is ongoing in this court, it has not yet issued a resolution on the matter.

Given that, at the time, the National Court denied the precautionary suspension of the payment of the aforementioned penalty, the CNMC issued the appropriate notice of payment in respect

thereof, and payment has been made; however, the Directors and their advisors are confident that they will obtain a favourable court ruling that will annul or at least substantially reduce the amount of the aforementioned penalty that has already been paid.

MADRID COURT OF FIRST INSTANCE Nº 6: ORDINARY PROCEEDINGS Nº 1181/10.

The Company filed a lawsuit of ordinary proceedings on 19 November, 2010 against the content supplier ITV requesting that the contract by which it obtained the license to use the PASAPALABRA format be declared null and void, as well as two other contracts related to it: one for the provision of library programs and the other for the development of television formats.

ITV contested that the claim be dismissed and also filed a counterclaim requesting that the Company be ordered to pay them the contract transaction included in the said three contracts as well as an indemnity for damages and losses.

On 3 February, 2014, the Court issued a Judgement dismissing the claim while partially upholding the counterclaim, declaring that the Company had not complied with the three agreements reached with ITV, and that it infringed certain rights of that company, ordering the Company to pay the amounts claimed in the counterclaim, which were subsequently paid (around 15 million euros, of which 5.4 million corresponded to the Pasapalabra format contract).

Subsequently, on 20 September, 2016, the Audiencia Provincial de Madrid (Madrid Appellate Court) partially upheld the Recurso de Apelación (appeal in second instance) filed by the Company, nearly halving the amount of the indemnity that it had originally been ordered to pay in the first instance; the resolution considered that the two contracts signed in conjunction with the contract related to the Pasapalabra format had not been breached. The amount payable by the Company to continue using the program's format subsequent to termination of the contract was not yet decided.

This Judgement was appealed by both parties to the Supreme Court which only allowed the appeal lodged by Mediaset, dismissing that lodged by ITV's representative.

Subsequently, the Supreme Court issued a Judgement on 30 September, 2019 and rejected the appeal filed by Mediaset, and the Judgement given by the Audiencia Provincial de Madrid (Madrid Appellate Court) on September 20th, 2016, referred to above, became final.

The Supreme Court considers that the criterion to be followed for the purposes of calculating the compensation to be paid by Mediaset to ITV for the post-contractual use of the Pasapalabra format is that of the benefit obtained by Mediaset from the use of that format and not that of the hypothetical royalty that ITV should have received for the grant of a user's license.

Such compensation must be established at the enforcement of the judgement stage, by means of a specific legal procedure.

On 3 March 2022, two and a half years after the judgment handed down by the Supreme Court, the company received the notice of the "Enforcement Action" related to the judgement of the Court of First Instance of 3 February 2014, which ordered Mediaset to pay ITV compensation for the profits obtained as a result of the use of the format and title of the programme

Pasapalabra. The proceedings that gave rise to the filing of this enforcement action are currently being processed.

The methods adopted by ITV to calculate the compensation claimed are based on a complete lack of knowledge of how the television advertising market works in Spain and are flawed in a way that totally discredits the conclusions reached, such as: the recognition that the calculation was based on data which do not correspond to reality; that advertising revenue was calculated on the basis of theoretical rates; that all advertising revenue generated in the time slot in which the programme Pasapalabra was broadcast should be considered to be revenue generated by that programme; and, finally, the confusion between format and programme, considering them to be one and the same; among many others.

The serious conceptual and calculation flaws on which ITV's enforcement proceedings are based, together with Mediaset España's well-founded position in these proceedings, supported by internal calculation analyses reviewed by independent third party experts in the field, give rise to the expectation that the compensation finally established by the competent court will be in line with the amounts that Mediaset España has already recorded in the Interim Balance Sheet at 31 October 2022.

PROCEDURE RELATING TO THE DISCIPLINARY PROCEEDINGS CONCERNING THE ALLEGED INFRINGEMENT BY ATRESMEDIA AND MEDIASET OF ART. 1 OF THE ANTI-TRUST LAW AND ART. 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION.

On 21 February, 2018, Mediaset España was notified by the National Commission for Markets and Competition (CNMC) of the initiation of disciplinary proceedings (S/DC/617/17) for the alleged infringement of Article 1 of the Anti-Trust Law and article 101 of the Treaty on the Functioning of the European Union (TFEU), considering that certain contracting conditions on television advertising established by Mediaset España and Atresmedia could unjustifiably restrict the functioning of the market.

On 4 January, 2019, the CNMC notified Mediaset España of the Statement of Facts (Pliego de Concreción de Hechos) of the said proceedings, which was based on series of premises and certain accusations that lacked any factual and legal basis were made; as it was stated in the arguments submitted by the Company on 6 February, 2019.

On 7 February, 2019, the Competition Directorate (DC) of the CNMC, in accordance with the provisions of Article 39 of the Regulation on Defence of Competition, agreed to initiate the proceedings leading to the conventional termination of the disciplinary proceedings in question.

On 29 April 2019, the Competition Directorate agreed to reject the commitment proposals submitted by Mediaset España (and Atresmedia), thereby putting an end to the conventional termination procedure. The said agreement was subject of an appeal for reversal, which was rejected by a decision dated 23 May 2019. On 29 May 2019, Mediaset España filed a contentious-administrative appeal against this decision, which is currently being processed.

Without waiting for the resolution of this process, the CNMC proceeded with the disciplinary proceedings, which were concluded by a decision dated 12 November 2019, in which Mediaset España, as well as Atresmedia, were found to have infringed Article 1 of the Anti-trust Law and Article 101 of the TFEU by implementing contract conditions for television advertising that allegedly could unjustifiably restrict the market's performance, thus imposing sanctions on both

companies which, in the case of Mediaset España, totalled 38,979 thousand euros, together with the halting of the allegedly infringing conduct

However, the aforementioned disciplinary resolution is unfounded and lacks any evidence, since, fundamentally, Mediaset España has never coordinated its commercial advertising policy with Atresmedia, nor do either of the two companies hold a dominant position in the television advertising market that could be abused.

It is considered that the relevant market to be taken into account for the latter purposes cannot continue to be the television advertising market, but rather the much wider audiovisual advertising market, which comprises not only television operators but all audiovisual operators, including, therefore, those operating in the digital field. (internet, OTT's, etc.).

Furthermore, the decision is also defective in other respects, namely: a failure to properly consider the market structure, an erroneous legal basis, a total absence of proof regarding the alleged effects and an error in the classification of the conduct, as well as numerous basic defects in the investigation carried out by the Competition Authority's investigative body.

On 13 January 2020, within the period established by law, Mediaset España filed a contentious-administrative appeal with the Audiencia Nacional (National Court) against the aforementioned decision and requested its immediate suspension, both in relation to the order to halt the conduct sanctioned and to the payment of the fine imposed.

By Order dated 4 September 2020, the Audiencia Nacional agreed to suspend the payment of the sanction imposed as a precautionary measure, but not the order to cease the conduct sanctioned. For that reason, Mediaset España appealed against that order, which was dismissed by an order dated 17 November 2020, which in turn was appealed in cassation before the Supreme Court dismissed it by a Court Order dated 19 May 2021.

As for the contentious-administrative appeal, it is still being processed, and no decision has yet been handed down.

The serious defects noted, together with the solid factual, legal and economic grounds provided, which are supported by reports from independent experts, make it possible to trust that the decision will be annulled in court. Therefore, the Interim Balance Sheet at 31 October, 2022 does not include any provision in relation to this contingency, since the directors and their advisers consider that the risk of this liability finally materialising is unlikely.

PROCEDURE BROUGHT BEFORE THE COMMERCIAL COURT NO. 1 OF ALICANTE (EUROPEAN UNION TRADEMARK COURT NO. 1 OF SPAIN) NUMBER 000401/2014-CR.

In its decision (the "Decision") dated 4 March 2019, the EU Trademark Court No. 1 of Spain, substantially upheld the accumulated claims filed by ITV Global Entertainment Limited ("ITV") against Mediaset España Comunicación, S.A. ("Mediaset") in 2014 and 2016, and dismisses the counterclaim filed by Mediaset against ITV in respect of the latter claim.

In its claims, ITV sought recognition as owner of the European Union trademark PASAPALABRA (the "EUTM"), and that Mediaset España should stop using it, together with compensation for its improper use.

Meanwhile, Mediaset España requested that ITV's claims were rejected and that its counterclaim was upheld. The counterclaim sought the annulment of the registration of the EUTM in the name of ITV and, the recognition of Mediaset España's ownership of said EUTM given its contribution towards creating a good reputation of the trademark over the last fourteen years.

The Court decided that ITV was the owner of the EUTM, despite recognizing in the Judgement itself that it derives directly from the previous trademark PASSAPAROLA, which was created by RTI (Mediaset Italia)/Einstein Multimedia, without any intervention from ITV, and therefore, this circumstance implies that the registration of the EUTM by ITV was only the result of an act of bad faith.

Following the recognition of ITV as the EUTM holder, the ruling ordered Mediaset España to pay 8,702,290 euros in compensation for the improper use of the EUTM since 2009. The said ruling was the subject of an appeal within the established period, which was resolved by the Alicante Provincial Court in a ruling on 16 January 2020. Although this ruling rejected Mediaset's claim regarding the ownership of the Pasapalabra trademark, it considered that, given that the title of the format and the trademark fall under the same name (Pasapalabra), ITV could not duplicate its compensation by adding the compensation from the procedure in the Commercial Court No. 6 of Madrid (Procedure 1181/10), mentioned above, to that resulting from the procedure in the Alicante Trademark Court. For this reason, two important points of the appeal were annulled in the judgement:

- It completely annuls the order for compensation for the entire period from 3 August, 2009 (date ITV applied for the trademark) to 1 February, 2016 (date when registration of the trademark was granted), on the ground that the "reasonable compensation" to which ITV would be entitled has already been satisfied by the compensation established for that same period in the proceedings before the Madrid Court.
- And, in relation to the compensation that would correspond to the period between 2 February, 2016 and the cessation of broadcasting the Pasapalabra program, it ordered that the resulting amount be reduced by the amount which, for the commercialisation of the format during said period, must be paid as compensation in the enforcement procedure in the Madrid Court.

A Cassation Appeal has been filed before the Supreme Court against this judgement, which is currently pending resolution.

Mediaset considers that compensation can only be paid if there is damage, which does not exist in this case, as it would have been covered by the compensation resulting from the 1181/10 procedure in the aforementioned Court of First Instance in Madrid. Furthermore, if the licensing policy followed by ITV is adhered to, it only charges a single amount per format, title and trademark, therefore the trademark payment would already be included, again, in the above-mentioned compensation.

Therefore, the Interim Balance Sheet at 31 October 2022 does not include any provision in relation to this contingency, as the directors and their advisors consider that it is unlikely that this liability will eventually materialise.

14. Taxes

Under current tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired.

The Company has the following items and periods open for inspection:

<u>Item(s)</u>	<u>Periods</u>
Income tax	2018 to 2021
Value added tax	2017 to 2021
Withholding non-resident income tax	2017 to 2021
Annual transaction statement	2017
Withholdings/Payments on account/Professionals	2017 to 2021
Consolidated statement of intra-regional delivery and acquisition of assets	2017 to 2021

Value-added tax

Since 2010, the Company has been applying the Special Regime for Groups of Entities as regulated by Chapter IX, Title IX of Law 37/1992. As a result, it has presented consolidated VAT (Group 0092/10), which comprises:

- Mediaset España Comunicación, S.A., as the parent Company.
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Netsonic, S.L.U.
- Conecta 5 Telecinco, S.A.U.
- Grupo Audiovisual Mediaset España Comunicación, S.A.U.
- Megamedia Televisión, S.L.U.

In 2021, Megamedia Televisión, S.L.U. joined the group.

Presenting consolidated VAT generates a short-term payable to Group companies for the tax effect (Note 17). The Company as of July 1, 2017, due to the changes introduced in the Regulation of the Value Added Tax by the R.D. 596/2016 of 2 December for the modernisation, improvement and promotion of the use of electronic means in the management of the Value Added Tax (VAT), passed to a new VAT book-keeping system that is carried out through the State Tax Administration Agency's (AEAT) Website and which is called Immediate Information Supply (SII).

The breakdown of balances relating to income tax assets and liabilities at 31 October 2022 and 31 December 2021 is as follows:

	Thousands of Euros	
	31/10/2022	31/12/2021
Deferred tax liabilities	(460)	(1,570)
Deferred tax liabilities	(460)	(1,570)
VAT	(9,693)	(13,455)
Personnel income tax withholdings	(1,762)	(2,794)
Social Security	(1,423)	(1,293)
Levy to finance RTVE	-	(6,104)
Others	238	(14)
Other payables to public administrations	(12,640)	(23,660)
Deferred tax assets	30,562	26,866
Unused tax deductions and relief	19,857	22,880
Deferred tax assets	50,419	49,746
Income tax	27,766	18,522
Other Public Administration receivables	7,252	848
Income tax (Note 9)	35,018	19,370

14.1 Company tax calculation

The calculation of the Corporate Income Tax refund is as follows:

	Thousands of euros
	31/10/2022
Taxable income:	42,476
Tax payable: (25%)	10,619
Tax payable contributed by subsidiaries in tax consolidation	18,393
Deductions and rebates, companies filing consolidated taxes	(11,604)
Withholdings	(26,660)
Total income tax refund	(9,252)

	Thousands of euros
	31/12/2021
Taxable income:	106,482
Tax payable: (25%)	26,621
Tax payable contributed by subsidiaries in tax consolidation	21,406
Deductions and rebates, companies filing consolidated taxes	(24,123)
Withholdings	(42,425)
Total income tax refund	(18,522)

The receivable Corporate Income Tax is broken down as follows:

	Thousands of euros	
	31/10/2022	31/12/2021
Corporate income tax receivable 2022	9,252	-
Corporate income tax receivable 2021	18,514	18,522
Total	27,766	18,522

14.2 Deferred tax assets

The breakdown is as follows:

	Thousands of euros	
	31/10/2022	31/12/201
Deferred tax assets	30,562	26,866
Unused tax credits and rebates	19,857	22,880
	50,419	49,746

The detail and movements of the different items that comprise the deferred tax assets excluding the deductions pending application are as follows:

	Thousands of euros			
	Opening balance	Income Statement	Recognised in Equity	Opening balance
31/10/2022				
Deferred tax assets				
Impairment audiovisual rights	2,157	(1,408)	-	749
Rights management institutions	572	65	-	637
Deferred tax assets	581	(172)	-	409
Other provisions	1,690	(110)	-	1,580
Amort. Goodwill Merger/Licence	20,871	3,885	-	24,756
Value Update PUT/CALL Options Prosieben	995	-	1,436	2,431
	26,866	2,260	1,436	30,562
31/12/2021				
Deferred tax assets				
Impairment audiovisual rights	4,969	(2,812)	-	2,157
Rights management institutions	491	81	-	572
Deferred tax assets	788	(207)	-	581
Other provisions	1,870	(180)	-	1,690
Amort. Goodwill Merger/Licence	16,208	4,663	-	20,871
Value Update PUT/CALL Options Prosieben	18,328	-	(17,333)	995
	42,654	1,545	(17,333)	26,866

At 31 October 2022 the tax group offset tax losses carry forwards amounting to 1,037 thousand euros (3,828 thousand euros in 2021).

At 31 October, 2022 the Tax Group's tax loss carry-forwards to be offset amount to 803 thousand euros (1,854 thousand euros in 2021).

At 31 October 2022 unused tax credits for audiovisual productions amount to a total of 19,775 thousand euros (22,764 thousand euros at December 31, 2021) the Company has 15 years to recover them. The deduction breakdown is as follows:

	Thousands of euros	
	31/10/2022	31/12/2021
Pending deductions 2019	-	6,802
Pending deductions 2020	1,837	6,509
Pending deductions 2021	9,453	9,453
Pending deductions 2022	8,485	-
	19,775	22,764

The Company estimated the taxable profits which it expects to obtain over the coming years. Likewise, it has analysed the reversal period of taxable temporary differences. Based on this analysis, the Company has recognised deferred tax assets for tax credits and deductible temporary differences which it considers probable that they will be recoverable in the future.

14.3 Deferred tax liabilities

The breakdown and movements in the various items composing deferred tax liabilities are as follows:

	Thousands of euros			
	Opening balance	Income Statement	Recognised in Equity	Opening balance
31/10/2022				
Deferred tax liabilities				
Other	586	(177)	-	409
Value Update PUT/CALL Options Prosieben	984	-	(933)	51
	1,570	(177)	(933)	460
31/12/2021				
Deferred tax liabilities				
Other	677	(91)	-	586
Value Update PUT/CALL Options Prosieben	1,317	-	(333)	984
	1,994	(91)	(333)	1,570

The deferred tax liability mainly relates to taxable temporary differences arising from consolidation adjustments of the Tax Group.

15. Guarantee commitments to third parties

Taking into account the nature of the various guarantees, the detail at 31 October 2022 and 31 December 2021 is as follows:

Nature of guarantee	Miles de euros	
	31/10/2022	31/12/2021
Surely bonds for contracts, concessions and tenders	6,212	24,306
Payments into court	81,380	79,385
Guarantees provided as security to the tax authorities	2,056	-
	89,648	103,691

At 31 October, 2022 the Company has 6,212 thousand euros in guarantees required for its commercial activity (24,306 thousand euros at December 31, 2021).

The Company has provided a guarantee for the amount of 2,056 thousand euros to the State Tax Administration Agency for a case before the National Commission for Markets and Competition under case number 2016 VSNC/0012/11 (Note 13).

The Company submitted a 15,600 thousand euro guarantee with 6th panel of the Contentious-Administrative Division of the National High Court for the appeal against the administrative decision taken by the CNMV on February 6, 2013 (Dossier SNC/0024/12), by virtue of which Mediaset España was declared noncompliant with different commitments, thereby authorising the Telecinco/ Cuatro transaction; a fine was levied equal to the amount of the above guarantee (Note 13).

The Company submitted two guarantees amounting to 14,909 and 2,091 thousand euros, respectively to Madrid Commercial Court number 6, in compliance with the ruling handed down on December 22, 2014 in specific provisional enforcement procedures.

The Company has provided three guarantees for a total amount of 39,759 thousand euros before the 6th panel of the Contentious-Administrative Division of the National High Court for the appeal filed against the Resolution of the National Commission for Markets and Competition of 12 November 2019 in case S/DC/617/17 (Note 13).

There are other judicial guarantees amounting to 9,021 thousand euros.

16. Share-Based Payment Schemes

At 31 October, 2022, and 31 December 2021, a long-term incentive and loyalty Plan (PIF) has been registered, approved in 2021 and refers to the period 2021 to 2023. Such plan contemplates the attribution of free rights for the allocation of Company shares to senior executives and Executive Directors of Mediaset España Comunicación S.A., conditioned to the achievement of business objectives in the said period and to the maintenance of the employment relationship at the end of the maturity period. The rights have been attributed provided that the beneficiaries allocate a part of their annual ordinary variable remuneration to the Plan in question, this amount being supplemented by the employer.

The Plan is now in the maturity phase and cannot be exercised yet. They are included within the category of "Plans to be exercised through shares", that is, they involve the delivery of treasury shares that the company acquires from the market.

During the period ending 31 October 2022, PIF 2019, which ran from 2019 to 2021, has been fully exercised.

PIF data summary:

	<u>PIF (2019)</u>	<u>PIF (2021)</u>
Approval date (Shareholders Meeting)	10 April 2019	14 April 2021
Maturity period	01/01/19 - 31/12/21	01/01/21 - 31/12/23
Share delivery period	60 days following Shareholders Meeting 2022	60 days following Shareholders Meeting 2023

The movements of the long-term incentive and loyalty plans in force are as follows:

	<u>PIF 2019</u>	<u>PIF 2021</u>	<u>Total</u>
Rights assigned during 2019	138,115	-	138,115
Rights in force at December 31, 2019	138,115	-	138,115
Rights in force at December 31, 2020	138,115	-	138,115
Rights exercised in 2021	-	-	-
Rights assigned during 2021	-	195,696	-
Rights in force at December 31, 2021	138,115	195,696	333,811
Rights exercised in 2022	(138,115)	(7,502)	(145,617)
Rights in force at October 31, 2022	-	188,194	188,194

This plan is recorded at 31 October 2022 for an amount of 394 thousand euros of which 102 thousand euros are classified as short-term (160 thousand euros in 2021 recorded under the heading “Long-Term Remuneration Obligations to the personnel”).

These Incentive and Loyalty Plans have been recognised at Fair Value:

Plan 2021: 4.54€ per share

This Fair Value has been determined as the stock average of the shares in the 30 calendar days prior to the General Shareholders Meeting approving the Annual Accounts for the year prior to the allocation.

17. Related-Party Transactions

Related companies

The related parties with which the Company has outstanding balances at 31 October 2022 and 31 December 2021 are as follows:

Name	Nature of the link
Publimedia Gestión, S.A.	100% owned (1)
Alea Media, S.A.	40% owned (2)
Alma Productora Audiovisual, S.L.	30% owned (2)
Aninpro Creative, S.L.	51% owned (1)
Bulldog TV Spain, S.L.	30% owned (2)
Conecta 5 Telecinco, S.A.U.	100% owned
El Desmarque Portal Deportivo, S.L.	80% owned (2)
Fenix Media Audiovisual, S.L.	40% owned (2)
Grupo Audiovisual Mediaset España Comunicación, S.A.U.	100% owned
Grupo Editorial Tele5, S.A.U.	100% owned
Grupo Mediaset Italia	Shareholder
La Fábrica de la Tele, S.L.	30% owned (2)
Mediacinco Cartera, S.L.U.	100% owned
Megamedia Televisión, S.L.U.	100% owned (2)
P.D.C.A. Mediterráneo, S.L.U.	100% owned
Producciones Mandarina, S.L.	30% owned (2)
Publiespaña, S.A.U.	100% owned
Publimedia Gestión, S.A.U.	100% owned (1)
Supersport Televisión, S.L.	62.5% owned (2)
Telecinco Cinema, S.A.U.	100% owned (2)
Unicorn Content, S.L.	30% owned (2)

(1) Owned through Publiespaña, S.A.U.

(2) Owned through P.D.C.A. Mediterráneo, S.L.U.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

 Notes to the Interim Balance sheet at 31 October, 2022
 (In thousands of euros)

Balances held with the related parties detailed in the table above at 31 October 2022 and 31 December 2021:

	Trade receivables from group companies and associates (Note 9)		Suppliers, group companies and associates		Suppliers, right of group companies and associates		Non-current loans to group companies (Note 7.1)	
	31.10.22	31.12.21	31.10.22	31.12.21	31.10.22	31.12.21	31.10.22	31.12.21
Publiespaña, S.A.U.	151,962	194,320	275	139	-	-	-	-
Grupo Editorial Tele 5, S.A.U.	129	173	-	-	-	-	-	-
Telecinco Cinema, S.A.U.	93	634	-	-	-	-	21,500	21,500
Conecta 5 Telecinco, S.A.U.	1,839	633	349	-	-	-	-	-
Producciones Mandarina, S.L.	91	4	2,811	195	-	36	-	-
La Fábrica de la Tele, S.L.	51	3	10,382	5,835	688	-	-	-
Alea Media, S.A.	41	37	428	216	610	-	-	-
Megamedia Televisión, S.L.U.	89	138	625	927	-	-	-	-
Supersport Televisión, S.L.	69	162	559	107	-	-	-	-
Alma Productora Audiovisual, S.L.	9	13	1,231	1,179	-	-	-	-
Unicorn Content, S.L.	9	5	7,082	5,214	484	2,167	-	-
Bulldog TV Spain, S.L.	33	-	3,112	425	-	-	-	-
Advertisement 4 Adventure, S.L.U.	-	116	-	-	-	-	-	-
Fenix Media Audiovisual, S.L.	14	-	328	536	-	-	-	-
Aninpro Creative, S.L.	-	22	-	-	-	-	-	-
Prod. Aud. Mediterráneo, S.L.U.	3,477	4,826	-	-	-	-	-	-
Grupo Mediaset Italia	-	-	490	680	-	-	-	-
	157,906	201,086	27,672	15,453	1,782	2,203	21,500	21,500

	Current tax payable Group companies		Current liabilities with creditor Group companies	
	31.10.22	31.12.21	31.10.22	31.12.21
Publiespaña, S.A.U.	-	-	102,184	63,520
Grupo Editorial Tele 5, S.A.U.	-	-	3,504	1,405
Telecinco Cinema, S.A.U.	164	578	11,890	-
Conecta 5 Telecinco, S.A.U.	-	-	10,569	8,256
Advertisement 4 Adventure, S.L.U.	-	124	2	6,980
Publimedia Gestión, S.A.U.	-	1	-	-
Grupo Audiovisual Mediaset España Comunicación, S.A.U.	-	-	2,002	2,105
Mediacinco Cartera, S.L.U.	-	1	35,943	35,916
	164	704	166,094	118,182

	Current tax receivable, Group companies		Current assets with creditor Group companies	
	31.10.22	31.12.21	31.10.22	31.12.21
Publiespaña, S.A.U.	13,870	19,405	-	-
Grupo Editorial Tele 5, S.A.U.	573	539	-	-
Telecinco Cinema, S.A.U.	-	-	2,103	14,493
Conecta 5 Telecinco, S.A.U.	2,560	954	-	-
P.D.C.A. Mediterráneo, S.L.U.	687	348	3,433	10,709
Grupo Audiovisual Mediaset España Comunicación, S.A.U.	-	14	-	-
Megamedia Televisión, S.L.U.	532	595	-	-
Mediacinco Cartera, S.L.U.	7	-	-	-
Alea Media, S.A.	-	-	2,472	2,483
Advertisement 4 Adventure, S.L.U.	23	-	813	-
El Desmarque Portal Deportivo, S.L.	221	-	-	-
Producciones Telecinco, S.A.U. (in liquidation)	-	-	15	15
	18,473	21,855	8,836	27,700

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Notes to the Interim Balance sheet at 31 October, 2022

(In thousands of euros)

	Current payables to group companies due to tax effect (VAT)		Current loans to group companies due to tax effect (VAT) (Note 7.1)	
	31.10.22	31.12.21	31.10.22	31.12.21
Publiespaña, S.A.U.	-	3,008	2,386	-
Telecinco Cinema, S.A.U.	-	-	34	205
Grupo Audiovisual Mediaset España Comunicación, S.A.U.	-	10	-	-
Megamedia Televisión, S.L.U.	-	-	200	199
P.D.C.A. Mediterráneo, S.L.U.	-	-	46	51
Conecta 5 Telecinco, S.A.U.	-	-	222	266
	-	3,018	2,888	721

Directors and senior executives

In accordance with article 229.3 of the Ley de Sociedades de Capital (Spanish Companies Act), communication has not been received from any of the directors stating that they are in a situation of direct or indirect conflict with the interests of the Company in accordance with the provisions of the applicable legislation.

In the 10-month period ending on 31 October 2022, no individual has represented the Company on administrative bodies, as they have not been a legal entity managing any company.

None of the Board Members have received any compensation for belonging to other Boards of Directors of the group's companies.

At year end 2021 and at 31 October 2022, the Company has not granted any advance payments or loans to any of its Board Members.

Regarding the benefits arrangements, the Company has taken out life insurance covering disability or death and medical insurance for the CEO.

As was the case for the 2021 financial year, in 2022 no contribution has been made to pension plans or funds on behalf of any member of the Board of Directors.

c) Other information relating to the Board of Directors

During the 10-month period ending on 31 October 2022, amounts were paid for insurance premiums covering the civil liability of its directors for damage caused by acts or omissions in their position amounting to 87 thousand euros.

On 26 October 2022, the Chief Executive Officer, Mr Paolo Vasile, informed the Board of Directors of his decision to resign from his position on 31 December, 2022.

At its meeting on 8 November, 2022, the Board of Directors unanimously decided to make the following appointments:

- To appoint Mr Alejandro Salem as Chief Executive Officer of the Company.
- To appoint Mr. Massimo Musolino as Chief Executive Officer of the Company in charge of Operations Management.

- To delegate to the current Chairman, Mr Borja Prado, executive powers in the areas of External and Institutional Relations, Legal and Regulatory Affairs, Internal Audit, Compliance and Social Responsibility.

The aforementioned appointments will be effective as of 1 January 2023.

18. Significant events after the reporting date

From 31 October, 2022, to the date of preparation of this Interim Balance Sheet and the Notes thereto, no significant subsequent events have occurred.

19. Explanation added for translation to English

This balance sheet and its explanatory notes are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see note 2.1). Certain accounting practices applied by the Company that conform with that regulatory financial reporting framework may not conform with other generally accepted accounting principles and rules.

Madrid, 30 January 2023.