

PALMA PICTURES
THE MEDITERRANEAN PRODUCTION CENTER, S.L.

Annual Accounts and Management Report
at December 31, 2024

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PALMA PICTURES T.M.P.C., S.L.
Balance al 31 de diciembre de 2024 y 2023
(Expresado en euros redondeados a la unidad)

BALANCE SHEET	Notes	2024	2023
A) NON-CURRENT ASSETS		7,704,125	8,049,612
I. Intangible assets	5	509,553	708,656
1. Patents, licenses, trademarks and similar		386,235	576,937
2. Software		123,318	131,719
II. Property, plant and equipment	6	7,080,179	7,250,302
1. Land and buildings		6,253,527	6,422,356
2. Plant and other PP&E items		826,652	827,946
III. Long-term investments in Group companies and associates	7	92,600	65,600
1. Equity instruments		92,600	65,600
2. Loans to companies		-	-
IV. Long-term financial investments	7	21,793	21,793
2. Other financial assets		11,793	11,793
3. Debt securities		10,000	10,000
V. Deferred tax assets	11	-	3,261
B) CURRENT ASSETS		3,463,508	4,171,586
I. Inventories		173	106,703
1. Prepayments to suppliers		173	106,703
II. Trade and other receivables		1,260,912	1,323,622
1. Clients for sales and services rendered	7	317,198	305,928
2. Clients - Group companies		88,894	6,429
4. Personnel	11	(12,608)	
5. Current tax assets	11	27,721	74,248
6. Other receivables from Public Administrations	11	839,707	937,017
III. Short-term financial investments	7	86,972	45,216
1. Equity instruments		10,490	10,490
5. Other financial assets		76,482	34,726
IV. Cash and cash equivalents	8	2,115,451	2,696,045
1. Cash		2,115,451	2,696,045
TOTAL ASSETS (A+B)		11,167,634	12,221,198

PALMA PICTURES T.M.P.C., S.L.
Balance sheet at December 31, 2024 and 2023
(In euros rounded to the nearest unit)

BALANCE SHEET	Notes	2024	2023
A) EQUITY		5,753,800	5,788,281
A.1) Equity		5,692,094	5,744,325
I. Share capital	9	3,400,000	3,400,000
1. Issued capital		3,400,000	3,400,000
II. Reserves	9	2,560,352	2,560,352
1. Legal and statutory		504,908	504,908
2. Other reserves		2,055,444	2,055,444
III. Result for previous years		(216,027)	-
IV. Result for the year	3	(52,231)	(216,027)
A.2) Valuation adjustments		(216)	(216)
A.3) Grants, donations and legacies	9	61,922	44,172
B) NON-CURRENT LIABILITIES		2,206,948	2,597,471
I. Long-term liabilities	10	965,422	1,266,973
1. Bank borrowings		952,990	1,223,598
2. Finance leases		12,432	43,375
II. Deferred tax liabilities	11	1,241,526	1,330,498
C) CURRENT LIABILITIES		3,206,886	3,835,446
I. Short-term provisions	12.3	-	27,366
II. Short-term borrowings	10	1,337,624	1,663,273
1. Bank borrowings		270,877	433,542
2. Finance leases		30,944	20,585
3. Other financial liabilities		1,035,803	1,209,146
		9,000	9,000
IV. Trade creditors and other accounts payable	10	1,860,262	2,135,807
1. Suppliers		371,541	758,806
2. Suppliers, Group companies and associates		-	-
3. Personnel (remunerations pending payment)		295,708	74,065
4. Current tax liabilities	11	140,948	23,516
5. Other payables to Public Administrations	11	604,483	546,036
6. Prepayments from clients	11	447,582	733,384
TOTAL EQUITY AND LIABILITIES (A+B+C)		11,167,634	12,221,198

PALMA PICTURES T.M.P.C., S.L.
Income statement at December 31, 2024 and 2023
(In euros rounded to the nearest unit)

INCOME STATEMENT	Notes	2024	2023
A) CONTINUING OPERATIONS			
1. Revenue	12.1	25,111,704	20,578,684
a) Sales		-	-
b) Services rendered		25,111,704	20,578,684
3. Supplies	12.2		
a) Consumption of goods for resale			
4. Other operating income		15,727	16,158
5. Personnel expenses	12.3	(8,379,550)	(7,050,824)
a) Wages, salaries, et al		(6,682,670)	(5,571,296)
b) Social security costs		(1,696,880)	(1,479,528)
6. Other operating expenses		(16,178,506)	(13,233,938)
a) External services		(16,091,858)	(13,148,882)
b) Taxes		(72,893)	(80,155)
c) Losses, impairment and variation of provisions for commercial transactions		(13,755)	(4,601)
d) Other extraordinary revenue		-	(300)
7. Depreciation and amortisation	5 & 6	(532,280)	(528,410)
8. Grants released to non-financial assets and other grants		3,423	3,423
9. Impairment losses and gains on disposal of assets (loss)		(18,195)	15,633
10. Other results		58,881	(3,320)
A.1) OPERATING PROFIT (1+2+3+4+5+6+7+8+9)		81,203	(202,594)
11. Finance income		7,519	9,343
a) From marketable securities and other financial instruments		7,519	9,343
a 2) In third parties		7,519	9,343
12. Finance costs		(83,786)	(81,489)
a) Third-party borrowings		(83,786)	(81,489)
13. Translation differences		(503)	(1,035)
A.2) FINANCE RESULT (10+11+12)		(76,771)	(73,181)
A.3) RESULT BEFORE TAX (A.1+A.2)	7.2	4,432	(275,775)
14 Income tax		(56,663)	59,748
A.4) RESULT FOR THE YEAR (A.3+13)	3	(52,231)	(216,027)

PALMA PICTURES T.M.P.C., S.L.
Statement of changes in equity corresponding to the year ending
December 31, 2024 and 2023 (In euros rounded to the nearest unit)

A) Statement of changes in equity for the year ended December 31, 2024 and 2023

	Note	2024	2023
A) Result of the Profit and Loss account		(52,231)	(216,027)
Income and expenses carried directly to equity			
Grants, donations and legacies		-	-
Tax effect arising from change of tax rate		-	-
B) Total income and expenses carried directly to equity		-	-
Transfers to profit and loss account			
Grants, donations and legacies	9.4	(4,564)	(4,564)
Tax effect	8.4	1,141	1,141
C) Total transfers to profit and loss account		(3,423)	(3,423)
TOTAL RECOGNISED INCOME AND EXPENSES (A+B+C)		(55,654)	(219,450)

PALMA PICTURES T.M.P.C., S.L.
Statement of changes in equity corresponding to the year ending
December 31, 2024 and 2023 (In euros rounded to the nearest unit)

B) Statement of total changes in equity for the year ended December 31, 2024 and 2023

2024	Subscribed capital (Note 9)	Legal reserve (Note 9)	Available reserves (Note 9)	Results from previous years	Results for the year (Note 3)	Value adjustments	Grants received (Note 9)	TOTAL
BALANCE AT JANUARY 1, 2024	3,400,000	504,908	2,055,444	-	(216,027)	(216)	44,172	5,788,281
Total recognised income and expenses	-	-	-	-	(52,231)	-	(3,423)	(55,654)
Other equity variations	-	-	-	(216,027)	216,027	-	21,173	21,173
Value adjustments	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	3,400,000	504,908	2,055,444	(216,027)	(52,231)	(216)	61,922	5,753,800
2023	Subscribed capital (Note 9)	Legal reserve (Note 9)	Available reserves (Note 9)	Results from previous years	Results for the year (Note 3)	Value adjustments	Grants received (Note 9)	TOTAL
BALANCE AT JANUARY 1, 2023	3,400,000	423,206	1,938,146	(268,024)	817,024	-	47,595	6,357,947
Total recognised income and expenses	-	-	-	-	(216,027)	-	(3,423)	(219,450)
Other equity variations	-	81,702	467,298	268,024	(817,024)	-	-	-
Distribution of dividends	-	-	(350,000)	-	-	-	-	(350,000)
Value adjustments	-	-	-	-	-	(216)	-	(216)
BALANCE AT DECEMBER 31, 2023	3,400,000	504,908	2,055,444	-	(216,027)	(216)	44,172	5,788,281

PALMA PICTURES T.M.P.C., S.L.
Cash flow statement for the years ended
December 31, 2024 and 2023 (In euros rounded to the nearest unit)

	Notes	2024	2023
CASH FLOWS OF OPERATING ACTIVITIES			
Result for the year before tax		4,432	(275,775)
Adjustments to results		595,953	603,639
Amortisation/Depreciation (+)	5, 6	532,280	528,410
Variation of provisions (-)		(27,366)	-
Grants (+/-)		(3,423)	(3,423)
Results for withdrawal and disposal of assets (+/-)		18,195	(15,633)
Finance income (-)		(7,519)	(9,343)
Finance expenses (+)		83,786	81,489
Exchange differences (+/-)		-	1,035
Variation of fair value of financial instruments (+/-)		-	(216)
Other results (+/-)		-	21,320
Changes in current capital		(270,264)	(1,073,403)
(Increase)/Decrease in Inventories		106,530	(19,753)
(Increase)/Decrease in Debtors and other accounts receivable		16,183	331,647
Increase/(Decrease) in Other current assets		-	26,054
Increase/(Decrease) in Creditors and other accounts payable		(392,977)	(1,411,351)
Other non-current assets and liabilities (+/-)		-	-
Other cash flows from operating activities		(76,267)	(72,146)
Interest payments (-)		(83,786)	(81,489)
Proceeds from interest (+)		7,519	9,343
Collections (payments) for income tax (+/-)	11	-	-
Cash flows from operating activities		253,854	(817,685)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments (-)		(273,522)	(685,182)
Group companies and associates		(27,000)	(20,600)
Property, plant and equipment	6, 9.4	(196,044)	(503,627)
Intangible assets	5	(406)	(4,375)
Other financial assets		(26,556)	(5,391)
Business unit		(23,516)	(151,189)
Proceeds from disinvestments (+)		45,101	-
Group companies and associates		-	-
Property, plant and equipment		-	-
Business unit		45,101	-
Cash flows from investing activities		(228,422)	(685,182)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and payments from equity instruments		21,173	-
Grants, donations and legacies received (+)		21,173	-
Proceeds and payments from financial liability instruments	10	(627,200)	553,087
Issue of bank borrowings		-	996,817
Bank borrowings (+)		-	987,817
Borrowings with Group companies and associates (+)		-	9,000
Return and amortisation of		(627,200)	(443,730)
Bank borrowings (-)		(627,200)	(443,730)
Payments for dividends and remuneration of other equity instruments		-	(350,000)
Payments for dividends (-)		-	(350,000)
Cash flows from financing activities		(606,027)	203,087
NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS		(580,594)	(1,299,780)
Cash and cash equivalents at January 1	8	2,696,045	3,995,825
Cash and cash equivalents at December 31	8	2,115,451	2,696,045

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

1. THE COMPANY'S ACTIVITY

PALMA PICTURES HOLDING, S.L., which was formed in Spain for an indefinite period on November 29, 2005, changed its name in 2007 to PALMA PICTURES THE MEDITERRANEAN PRODUCTION CENTER, S.L.U. (hereinafter the Company), which was the name of its subsidiary acquired by merger, effective as of January 1, 2007. The 2007 annual accounts contain all the legally required information regarding said merger.

According to the Register of Companies, the Company's business activities are, among others, film and video production services and the direction, organisation and human and material resources for the filming of said films and videos.

The registered office of the Company is C/Siurells, Nº 4, 07141 Marratxí, Mallorca, Balearic Islands.

2. BASIS OF PRESENTATION

The annual accounts have been prepared in accordance with the General Chart of Accounts approved by Royal Decree 1514/2007, dated November 16, which has been modified on various occasions, most recently through Royal Decree 7/2024, dated December 20, and their development standards, as well as prevailing mercantile law.

The figures shown in these annual accounts are presented in euros, rounded off to the nearest unit, unless otherwise indicated.

2.1 True and fair view

The accompanying annual accounts have been prepared from the Company's auxiliary accounting records in accordance with prevailing accounting legislation to give a true and fair view of its equity, financial position and results. The cash flow statement has been prepared to reliably present the origin and use of monetary assets such as cash and cash equivalents.

These annual accounts have been prepared by the Directors of the Company and will be submitted for approval by the shareholders in their General Meeting. It is expected that they will be approved without modification. The 2023 annual accounts were approved by the Shareholders at their General Meeting on March 27, 2024.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

2.2 Comparison of information

In accordance with mercantile legislation, for comparative purposes, the 2024 balance sheet, profit and loss account, statement of changes in equity and cash flow statement, include, in addition to the 2024 figures, those of 2023. The Notes to the Accounts also include quantitative information from 2023, except in those cases where an accounting standard specifically states that it is unnecessary.

2.3 Going concern principle

At December 31, 2024, the Company has positive working capital amounting to 256,621 euros (positive for an amount of 336,140 euros at December 31, 2023). Since its future business prospects, together with the available credit lines, will allow the necessary results and cash flows to be obtained to fulfil the Company's commitments and payment obligations for the next twelve months, the Company Directors have prepared the annual accounts based on the going concern principle.

2.4 Critical issues concerning the assessment of uncertainty

The Directors have prepared the Company's annual accounts using estimates to determine the carrying amount of certain assets, liabilities, income and expenses and the breakdown of contingent liabilities. These estimates have been made based on the best information available at year-end. Nonetheless, given the uncertainty inherent to them, future events may occur which oblige their modification in the following years. Where necessary said modifications would be undertaken prospectively. The key assumptions regarding the future, in addition to other relevant information regarding the uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

Impairment of non-current assets

The valuation of non-current assets, different from financial assets, requires estimates to be made in order to determine their fair value, to assess possible impairment. In order to determine the fair value, the Company's Directors estimate future cash flows expected from the assets or cash-generating units in which they are included and use an appropriate discount rate to calculate the present value of these cash flows. Future cash flows depend on the budgets for the following five years being met and the discount rates depend on the interest rate and the risk premium related to each cash-generating unit.

Deferred tax assets

Deferred tax assets are recognised for all taxable temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that the Company will have taxable profit available which will allow the application of these assets. The Directors make significant estimates to determine the amount of deferred tax assets that can be recognised, taking into account the amounts and dates on which the future taxable profit will be obtained and the reversion period of the taxable temporary differences.

3. DISTRIBUTION OF RESULTS

The appropriation of results proposed by the Directors, pending approval by the shareholders in their general meeting, is as follows, in euros :

Euros	2024	2023
Basis of distribution		
Income statement balance	(52,231)	(216,027)
	(52,231)	(216,027)
Distribution		
To legal reserve		
To losses from previous years	(52,231)	(216,027)
To voluntary reserves		
	(52,231)	(216,027)

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

4. VALUATION CRITERIA

The main recognition and measurement accounting policies applied in the preparation of these annual accounts are the following.

4.1 Intangible assets

Intangible assets are stated at acquisition or production cost, as applicable, less any accumulated amortisation and any possible impairment losses. An intangible asset is only recognised as such if it is probable that it will generate future profit for the Company and if its cost can be reliably valued.

Acquisition or production cost includes financial expenses related to specific or generic financing accrued before those assets which require more than a year to be ready for use have been put into use.

Intangible assets have a finite useful life and are systematically amortised during their estimated useful life and their recoverability is analysed in the case of events or changes which indicate that the carrying value may not be recoverable. The amortisation methods and periods applied are reviewed at year-end and, where applicable, adjusted on a prospective basis.

The amortisation of intangible assets is performed according to the following criteria:

- The Brand - corresponds to the difference generated in the 2007 merger between the acquisition cost of the absorbed company and its notional book value, less the capital gains relating to the tangible fixed assets and increased by the amount of the deferred taxes arising from the merger operation all based on an appraisal performed by an independent expert. The brand is amortised using the straight-line method over a twenty-year period starting from the merger date, January 1, 2007, as this is the period in which the Directors consider that it will generate profits for the Company (See Note 5).
- The software applications, which are acquired from third parties, are amortised using the straight-line method over the five-year period in which they are expected to be in use. Software maintenance costs are carried to expenses when incurred.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

4.2 Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost, less accumulated depreciation and possible impairment losses. Costs incurred to renovate, expand or improve property, plant and equipment are attributed to the asset as greater value to the extent that they imply an increase in capacity, productivity or length of useful life and as long as it is possible to reasonably know or estimate the carrying value of the assets, which, due to having been substituted, must be withdrawn from the inventory.

Acquisition or production cost includes financial expenses related to financing accrued before those assets which require more than a year to be ready for use have been put into use.

The Company depreciates property, plant and equipment on the straight-line method, distributing the cost between the estimated years of useful life.

Assets	% Annual amortisation
Buildings and constructions	2-3
Machinery	12
Other installations	5.5
Furniture and fittings	5-7
Data processing equipment	12.5
Vehicles	12.5
Other assets	5.5

At each financial year end the Company reviews the residual values, useful lives and depreciation methods of PP&E and if appropriate adjusts them on a prospective basis.

4.3 Impairment of non-financial assets

The Company assesses 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 there is any indication of impairment, and in any case, for intangible assets with indefinite useful lives, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of fair value less cost to sell and value in use. When the carrying amount is higher than the recoverable amount, the asset is considered to be impaired. Value in use, is the present value of the expected future cash flows using risk-free market rates, adjusted by the risks specific to the asset.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

Impairment loss and its reversion are recognised in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist, except those relating to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset.

4.4 Leases

Leases are considered to be financial leases when, based on the economic terms of the arrangement, all risks and rewards incidental to ownership of the leased item are substantially transferred to the Company. All other lease arrangements are classified as operating leases.

Company as lessee

Assets acquired under financial lease arrangements are recognised, based on their nature, at the fair value of the leased item or, if lower, the present value at the commencement of the lease of the minimum lease payments, including the purchase option, recognising a financial liability for the same amount. The calculation of the minimum agreed payments does not include contingent instalments, the cost of the services and taxes recoverable by the lessor. Lease payments are apportioned between finance charges and reduction of the lease liability. The total financial charge of the contract is carried to results for the year in which it is accrued, applying the effective interest rate method. These assets are depreciated, impaired, and derecognised using the same criteria applied to assets of a similar nature.

Operating lease payments are recognised as expenses in the income statement when accrued.

4.5 Inventories

Inventories are valued at acquisition cost, production cost or fair value. In general, for those goods whose acquisition or production cost is not individually identifiable, the weighted average cost will be used. Irreversible losses are withdrawn from inventories.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

4.6 Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and temporary purchases of assets which fulfil all the following requirements:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date, or they can be cancelled at any time without penalisation.
- The risk of change in value is insignificant.
- They are part of the Company's standard cash management strategy.

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.

4.7 Financial assets

4.7.1 Recognition and measurement

Upon initial recognition, the Company classifies all financial assets under one of the categories listed below, determining the applicable initial and subsequent valuation methods:

- Financial assets at fair value through profit and loss
- Financial assets at amortised cost
- Financial assets at fair value through equity
- Financial assets at cost

Financial assets at amortised cost

The Company classifies a financial asset under this category even when it is part of a negotiation in an organised market, if it fulfils the following conditions:

- The Company maintains the investment under a management model which has the objective of receiving cash flows arising from the execution of the contract.

Management of a financial assets portfolio to obtain contractual cash flows does not necessarily imply that all the instruments must be held to maturity; the financial assets can be considered to be managed with this objective even when there have been sales or are expected to be sales in the future. To that effect, the Company considers the frequency, the amount and the timetable of sales in previous years, the reasons for these sales and the expectations regarding the activity of future sales.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

- On specific dates, the contractual characteristics of the financial asset give rise to cash flows that are only principal and interest payments, i.e. cash flows are inherent to an ordinary or common loan, agreement, but the loan agreed could be interest-free or at a below-market interest rate.

This condition is presumed to be met in the case of a bond or simple loan with a specified maturity date whereby the Company receives a floating interest rate, which could be subject to a cap. Conversely, this condition is presumed not to be met in the case of instruments that are convertible into equity instruments of the issuer, loans that pay an inverse floating rate (i.e. the interest rate has an inverse relationship to market interest rates) or those in which the issuer may defer interest payments if payment would affect its solvency, without the deferred interest accruing additional interest.

In general, this category includes credits from trade operations (“commercial clients”) and credits from non-trade operations (“other debtors”).

Financial assets classified under this category are initially valued at fair value which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs, i.e. inherent transaction costs are capitalised.

Nonetheless, those credits arising from trade operations which mature in less than a year and do not have a contracted interest rate, as well as credits to personnel, the dividends receivable and called-up payments on equity instruments which are expected to be received in the short-term, are valued at face value when the effect of not updating the cash flows is not significant.

Following initial recognition, these financial liabilities are measured at amortised cost. Accrued interest is recognised in the income statement (financial income) using the effective interest rate method.

Credits maturing in less than one year that, as already mentioned, are initially valued at face value, will still be valued at said amount, unless they have been impaired.

In general, when the contractual cash flows of a financial asset at amortised cost are modified due to the issuer’s financial difficulties, the Company analyses whether or not an impairment loss should be recognised.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

Financial assets at cost

Under this category the Company always includes:

- Equity investment in group companies, multigroup companies and associates (in the individual financial statements).
- Equity loans with contingent interest payments, either because a fixed interest rate or a floating rate contingent on compliance with a milestone by the borrower (e.g. obtaining profits) is agreed or because it is calculated exclusively by reference to the borrower's financial performance.
- Any other financial asset that was initially classified in the fair value through the income statement portfolio when it is not possible to obtain a trustworthy estimate of the fair value.

The investments included in this category are initially valued at cost, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs, i.e. inherent transaction costs are capitalised.

In the case of investments in Group companies, if an investment were to exist before its classification as a group company, a multigroup company or an associate, the accounting value that it would have had immediately before the company being considered as such, would be considered as a cost of said investment.

The subsequent value is also at cost less, where applicable, the accumulated amount of impairment adjustments.

Contributions made as a result of a joint accounts agreement or similar are valued at cost, increased or decreased by the profit or loss, respectively, corresponding to the company as a non-managerial participant less, where applicable, the accumulated amount of any impairment loss.

This same criterion is applied in the case of equity loans with contingent interest payments, either because a fixed interest rate or a floating rate contingent on compliance with a milestone by the borrower (e.g. obtaining profits) is agreed or because it is calculated exclusively by reference to the borrower's financial performance. If, as well as a contingent interest an irrevocable fixed interest is agreed, the latter is recognised as financial revenue depending on its accrual. Transaction costs are charged, on a straight-line basis to profit and loss for the duration of the equity loan.

PALMA PICTURES T.M.P.C., S.L.
Notes to the Annual Accounts for the year ended December 31, 2024
(In euros rounded to the nearest unit)

4.7.2 Derecognition of financial assets

The Company derecognises a financial asset when:

- The rights to receive cash flows from the asset have expired. Accordingly, an asset is derecognised when it has matured, and the Company has received the corresponding amount.
- The Company has transferred its rights to receive cash flows from the financial asset. In this case, the financial asset is derecognised when all the risks and rewards of the asset are substantially transferred. Specifically, in sales transactions with a repurchase agreement, factoring and securitisation, the financial asset is derecognised once the Company's exposure has been compared, before and after the transfer, to the variation in the amounts and in the schedule of the net cash flows of the asset transferred and it is deduced that the risks and benefits have been transferred.

Following the analysis of the risks and benefits, the Company derecognises the financial assets when the asset's risks and benefits have been substantially transferred. The transferred asset is derecognised, and the Company recognises the result of the transaction: the difference between the consideration received net of the attributable transaction costs (considering any new asset obtained less any assumed liability) and the carrying value of the financial asset, plus any accumulated amount that has been directly recognised in equity.

4.7.3 Impairment of financial assets

At least at each reporting date, the Company assesses whether there is any objective evidence that a financial asset, or group of financial assets with similar risk characteristics assessed on a collective basis, is impaired as a result of one or more events that occurred after initial recognition that result in a reduction or delay in the estimated future cash flows due to debtor insolvency.

Where such evidence exists, the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the future cash flows, including any cash flows from enforcement of collateral and personal guarantees expected to be generated by the asset discounted at the effective interest rate calculated at initial recognition. For floating-rate financial assets, in accordance with the contractual terms, the effective interest rate at the reporting date is used. The Company uses formula-based approaches or statistical methods to determine impairment losses in a group of financial assets.

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Impairment losses and reversals thereof where the amount of the impairment loss decreases due to an event occurring after recognition are recognised as expenses and income, respectively, in profit or loss. The reversal is limited to the carrying amount of the asset that would have been recognised at the reversal date had no impairment loss been recognised.

The Company uses the instrument's market value as a substitute for the present value of future cash flows, provided that this value is sufficiently reliable to be considered representative of the amount the Company could recover.

For assets at fair value through equity, where there is objective evidence that the asset is impaired, accumulated losses recognised in equity for a decrease in fair value are recognised in profit or loss.

4.8 Financial liabilities

4.8.1 Recognition and measurement

The Company classifies all its financial liabilities, at initial recognition, into one of the categories listed below:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortised cost

The Company classifies all its financial liabilities in this category except those that must be measured at fair value through profit or loss.

In general, this category includes payables from trade transactions ("Trade payables") and payable from non-trade transactions ("Other payables").

Equity loans that have the characteristics of a basic lending agreement are also included in this category, but the loan agreed could be interest-free or at a below-market interest rate.

Financial liabilities classified in this category are measured initially at fair value. In the absence of evidence to the contrary, this is assumed to be the transaction price, which is equivalent to the fair value of the consideration received adjusted by directly attributable transaction costs. These are costs inherent in the transaction, which are capitalised.

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Nonetheless, trade payables falling due within one year for which there is no contractual interest rate and called-up equity holdings expected to be settled in the short term are measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

They are measured subsequently at amortised cost. Accrued interest is recognised in profit or loss (finance cost) using the effective interest rate method.

Nonetheless, payables falling due within one year measured at the nominal amount, in accordance with the preceding section, continue to be measured at that amount.

Contributions made as a result of joint account contracts or similar are measured at cost plus or minus the gain or loss, respectively, attributable to the non-managerial participants.

The same criteria are applied to equity loans with contingent interest payments, either because a fixed interest rate or a floating rate contingent on compliance with a milestone by the borrower (e.g. obtaining profits) is agreed or because it is calculated exclusively by reference to the borrower's financial performance. Finance costs are recognised in profit or loss on an accrual basis, while transaction costs are recognised in profit or loss based on financial criteria or, if this does not apply, a straight-line basis over the term of the profit participating loan.

4.8.2 Derecognition of financial liabilities

The Company derecognises a financial liability when one of the following circumstances arises:

- The obligation under the liability is extinguished because the payment to cancel the debt has been made to the creditor (through cash payments or other goods or services), or because the debtor legally exempts the Company from any responsibility for the liability.
- Own financial liabilities are acquired, although it may be to reallocate them in the future.
- There is an exchange of debt instruments between a lender and a borrower, as long as there are substantially different conditions, recognising the new liability that arises; in the same way a substantial modification of the current conditions of a financial liability is recognised, as indicated for debt restructuring.

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Derecognition of financial liabilities is undertaken as follows: the difference between the carrying amount of the financial liability (or the portion of it which has been derecognised) compensation paid, including any attributable transaction costs, which must also include any new asset transferred other than cash or liability assumed, is recognised in the income statement in the year to which it relates.

4.9 Provisions and contingencies

Provisions with undetermined amounts and cancellation dates are recognised in the balance sheet as provisions when the Company has a present obligation (derived from a contract through its explicit or implicit terms, legislation or other operation of law), as a result of past events and it is probable that a quantifiable outflow of resources will be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount that an entity would rationally pay to settle the obligation or to transfer it to a third-party recognising provision discount adjustment as a finance cost as they accrue. No discounts are made on those 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 of the liability corresponding to each moment.

4.10 Income tax

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in the income statement, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity.

Deferred income tax is recognised for the temporary differences at the balance sheet date 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 temporary differences is included in “Deferred tax assets” or “Deferred tax liabilities” on the balance sheet, as applicable.

Deferred tax liabilities are recognised for all temporary differences, except where disallowed by prevailing tax legislation.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carry forwards, to the extent that it is probable that future taxable profit will be available against which these assets may be used, except where disallowed by prevailing tax legislation.

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At each financial year end, the Company assesses the deferred tax assets recognised and those that have not yet been recognised. Based on this analysis, the Company derecognises the asset recognised previously if it is no longer probable that it will be recovered, or it recognises any deferred tax asset that had not been recognised previously, provided that it is probable that future taxable profit will be available against which these assets may be used.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover or settle the deferred tax asset or liability.

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

4.11 Income and expenses

In accordance with the accruals principle, income is recognised when control is transferred and expenses are recognised when they occur, regardless of when actual payment or collection occurs.

In order to recognise revenue, the Company follows a process consisting of the following successive stages:

- a) Identify the contract (or contracts) with the client, understood to be an agreement between two or more parties creating rights and enforceable obligations.
- b) Identify the obligation or obligations to be complied with in the contract, representing the commitments of transferring goods or rendering services to a client.
- c) Determine the price of the transaction or consideration of the contract to which the Company expects to have a right in exchange for the transfer of goods or the rendering of services agreed upon with the client.
- d) Allocate the transaction price to the obligations to be fulfilled, depending on the individual sale prices of each item or service other than those included in the contract or, where applicable, following an estimate of the sale price when it cannot be independently observed.
- e) Recognise income from ordinary activities when the company fulfils a committed obligation through the transfer of an asset or the rendering of a service; compliance that occurs when the client obtains control of said asset or service, in such a way that the amount of the revenue from ordinary activities recognised will be the amount allocated to the satisfied contractual obligation.

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i. Recognition

The Company recognises revenue arising from a contract when control of the committed goods and services is transferred to the client (i.e. the obligation/s to be fulfilled).

For each identified obligation to be fulfilled, at the beginning of the contract, the Company determines whether the commitment assumed is fulfilled over time or at a specific moment.

Revenue arising from the commitments fulfilled over time are recognised depending on their degree of progress towards the complete fulfilment of the contractual obligations, as long as the Company has reliable information in order to measure the degree of progress.

In the case of contractual obligations that are fulfilled in a specific moment, revenue arising from their execution are recognised on said date. The costs incurred in the production or manufacturing of a product are recognised as inventories.

ii. Compliance of the obligation over time

The Company transfers the control of an asset over time when one of the following criterion is fulfilled:

- a) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the entity performs.
- b) The Company creates or enhances an asset that the customer controls as the activity is undertaken.
- c) The entity develops a specific asset for the client without an alternative use and has an enforceable right to payment for performance completed to date.

Indicators of compliance of the obligation at a specific moment in time

In order to identify the specific moment when the client obtains control of the asset, the Company considers the following indicators:

- a) The client assumes the significant risks and rewards inherent to ownership of the asset.
- b) The Company transfers physical possession of the asset.
- c) The client receives the asset in accordance with the contractual specifications.
- d) The Company has a collection right for transferring the asset.
- e) The client owns the asset.

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iii. Valuation

Ordinary revenue arising from the sale of goods and the rendering of services is measured at its monetary value or, where applicable, at the fair value of the offsetting entry received or to be received. The offsetting entry is the price agreed for the assets to be transferred to the client, deducting the amount of any discount, price reduction or similar, that the Company may grant, as well as the interest included in the nominal amount of the credits.

4.12 Transactions in foreign currency

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognised in the income statement of the year in which they occur.

4.13 Environmental assets and liabilities

Costs incurred in the acquisition of systems, equipment and installations whose aim is the elimination, limitation or control of the possible impact of the normal development of the Company's activity on the environment, are considered to be investments. Other expenses related to the environment which are not related to the acquisition of assets are considered to be expenses for the year.

4.14 Transactions with related parties

Transactions with related parties are recorded in accordance with the abovementioned valuation criteria.

Since the cost of transactions with related parties are adequately borne, the Company Directors consider that there is no risk of significant tax liabilities arising.

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4.15 Indemnities for dismissal

In accordance with prevailing labour legislation, the Company is obliged to pay indemnities to those employees who terminate their contracts under certain conditions. Indemnities for dismissal subject to reasonable quantification are recognised as an expense for the year in which a valid expectation exists, created by the Company before the affected third parties.

4.16 Grants

Grants are recognised as non-repayable when the requirements established for receiving them are met and are recognised directly in equity, net of the corresponding tax effect.

Grants received to finance specific expenses are released to the income statement in the year in which the financed expenses are incurred.

Grants received to acquire property; plant and equipment are released to income in proportion to the depreciation charged for the related assets.

4.17 Classification of current and non-current assets and liabilities

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 normal 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, to be sold or settled within one year; if they are held for trading or are cash and cash equivalents the use of which is not restricted. The normal operating cycle for all the activities is of less than a year.

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5. INTANGIBLE FIXED ASSETS

The breakdown and movement of intangible fixed assets are as follows:

Euros

2024	Balance at January 1,	Additions and charges	Transfers	Balance at December 31
Cost				
Software	229,450		-	236,939
Brands	3,828,024	406	-	3,820,940
	4,057,474	406	-	4,057,879
Accumulated amortisation				
Software	(97,731)	(8,401)		(113,621)
Brands	(3,251,087)	(191,108)		(3,434,705)
	(3,348,818)	(199,509)	-	(3,548,326)
Carrying value	708,656	(199,103)	-	509,553

2023	Balance at January 1,	Additions and charges	Transfers	Balance at December 31
Cost				
Software	225,075	4,375	-	229,450
Brands	3,828,024	-	-	3,828,024
	4,053,099	4,375	-	4,057,474
Accumulated amortisation				
Software	(89,330)	(8,401)	-	(97,731)
Brands	(3,059,989)	(191,098)	-	(3,251,087)
	(3,149,319)	(199,499)	-	(3,348,818)
Carrying value	903,780	(195,124)	-	708,656

The brand relates to the difference between the notional book value of the acquired Company decreased by the capital gains on property, plant & equipment and increased by the amount of deferred taxes deriving from the merger mentioned in Note 1. Said amount, which is not tax deductible, is amortised using the straight-line method over a twenty-year period starting on January 1, 2007, which is the merger date, as the Directors consider that this is the period in which it will generate profits.

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The cost and accumulated amortisation of the brand at January 1, 2008, include a total of 772,753 and 38,638 euros, respectively, relating to deferred taxes which, in accordance to the 2007 General Accounting Plan, must be recognised on the transition date. Said deferred taxes are related to the capital gain following the merger mentioned in Note 1. In accordance with the valuations performed, said deferred tax has been recorded as a greater value of the brand.

Fully amortised intangible assets amount to 308,668 euros (308,668 euros in 2023).

6. PROPERTY, PLANT & EQUIPMENT

The breakdown and movement of the accounts under this heading are as follows:

Euros	Balance at January 1, 2024	Additions and provisions	Disposals	Transfers	Balance at December 31, 2024
2024					
Cost					
Land	3,462,307	-	-		3,462,307
Buildings	7,490,103	-	-		7,490,103
Technical plant and machinery	2,693,415	129,230	(37,953)		2,784,692
Other PP&E items	1,035,220	3,884	-		1,039,104
Vehicles	912,686	45,150	-		957,836
Data processing equipment	353,955	17,779	-		371,734
Other tangibles	314,216	-	-		314,216
	16,261,902	196,043	(37,953)	-	16,419,992
Accumulated amortisation					
Buildings	(4,530,054)	(168,830)	-		(4,698,884)
Technical plant and machinery	(2,152,851)	(90,385)	4,557		(2,238,679)
Other PP&E items	(926,581)	(9,134)	-		(935,715)
Vehicles	(874,199)	(45,477)	-		(919,676)
Data processing equipment	(283,129)	(13,048)	-		(296,177)
Other tangibles	(244,786)	(5,896)	-		(250,682)
	(9,011,600)	(332,771)	4,557	-	(9,339,813)
Carrying value	7,250,302	(136,728)	(33,395)	-	7,080,179

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Euros	Balance at January 1, 2023	Additions and provisions	Disposals	Transfers	Balance at December 31, 2023
2023					
Cost					
Land	3,462,307	-	-	-	3,462,307
Buildings	7,490,103	-	-	-	7,490,103
Technical plant and machinery	2,384,873	395,185	(86,643)	-	2,693,415
Other PP&E items	1,009,117	26,103	-	-	1,035,220
Vehicles	866,336	46,350	-	-	912,686
Data processing equipment	318,496	35,459	-	-	353,955
Other tangibles	313,686	530	-	-	314,216
	15,844,918	503,627	(86,643)	-	16,261,902
Accumulated amortisation					
Buildings	(4,361,224)	(168,830)	-	-	(4,530,054)
Technical plant and machinery	(2,149,289)	(87,838)	84,276	-	(2,152,851)
Other PP&E items	(917,581)	(9,000)	-	-	(926,581)
Vehicles	(829,035)	(45,164)	-	-	(874,199)
Data processing equipment	(270,946)	(12,183)	-	-	(283,129)
Other tangibles	(238,890)	(5,896)	-	-	(244,786)
	(8,766,965)	(328,911)	84,276	-	(9,011,600)
Carrying value	7,077,953	174,716	(2,367)	-	7,250,302

At December 31, 2024, the land and building balances include capital gains amounting to 2,075,813 and 2,522,335, respectively (2,075,813 and 2,676,764 euros in 2023), resulting from the merger mentioned in Note 1, and based on two independent appraisals conducted in 2006. Said capital gains are not tax deductible. For this reason, the corresponding amortisation charge has been increased in the taxable basis for each year.

At December 31, 2024, totally depreciated property, plant and equipment amount to 6,025,481 euros (5,800,522 euros in 2023).

Land and buildings are mortgaged with the guarantee of two similar loans which are detailed in Note 10.1.

The Company has contracted insurance policies which cover the carrying value of the Property, Plant and Equipment.

In this year and in previous years, grants related to Property, Plant & Equipment were received, as is mentioned in Note 9.5.

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7. FINANCIAL ASSETS

The breakdown of financial assets at December 31 is as follows:

Euros	Equity Instruments		Credits and others		Total	
	2024	2023	2024	2023	2024	2023
Non-current financial assets						
Investments in Group companies	92,600	65,600	-	-	92,600	65,600
Long-term financial investments	-	-	21,793	21,793	21,793	21,793
	92,600	65,600	21,793	21,793	114,393	87,393
Current financial assets						
Trade and other receivables (*)	-	-	393,484	312,357	393,484	312,357
Current financial investments	10,490	10,490	76,482	34,726	86,972	45,216
	10,490	10,490	469,966	347,083	480,456	357,573
TOTAL	103,090	76,090	491,759	368,876	594,849	444,966

* Excluding balances with Public Administrations

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7.1 Investments in Group companies

At December 31, 2024, these financial assets are classified as Financial Assets at cost.

The breakdown of financial investments in Group companies is as follows:

Euros	2024	2023
NW Mallorca 2017, S.L.U.	3,000	3,000
Living the Dream Company, S.L.U.	3,000	3,000
Finca Producciones SPA, S.L.	3,000	3,000
Ten Cents Films S.L.U.	3,000	3,000
White Lines Films, S.L.	3,000	3,000
Off The Rails Films, S.L.	3,000	3,000
Nosotros Productions, S.L.	3,000	3,000
Last Letter Films, S.L.U.	3,000	3,000
Chica Morena Productions, S.L.	3,000	3,000
Picada Productions, S.L.	3,000	3,000
Batalla Productions, S.L.	3,000	3,000
YRF Project, 67 S.L.	3,000	3,000
Hustle Spain, S.L.	3,000	3,000
Palomino Films, S.L.	3,000	3,000
Tesoro Enterrado S.L.	3,000	3,000
Grupo Galera 2022 S.L.	4,800	4,800
Inversiones Centollo 2022, S.L.	4,800	4,800
Proyect Empr Agora S.L.	5,000	5,000
Jasmine Productions, S.L.	3,000	3,000
Project 72 Film	3,000	3,000
Red Stone Films S.L.	3,000	-
Black Iron Films S.L.	3,000	-
Sirio Films S.L.	3,000	-
Eris Films S.L.	3,000	-
Ceres Films S.L.	3,000	-
Alasila Films S.L.	3,000	-
Copernicus Films S.L.	3,000	-
Aquarius Films S.L.	3,000	-
Carina Films S.L.	3,000	-
	92,600	65,600

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The main figures of the Group companies are as follows:

2024 Euros	%	Share capital	Reserves	Results from previous years	Profit (losses) for the year (*)	Total Equity
NW Mallorca 2017, S.L.U.	100%	3,000	-	-	54,027	54,027
Living the Dream Company, S.L.U.	100%	3,000	10,600	(13,353)	(127)	120
Finca Producciones SPA, S.L.	100%	3,000	19,545	(21,534)	-	1,012
Ten Cents Films S.L.U.	100%	3,000	1,048	(2,832)	244	1,461
White Lines Films, S.L.	100%	3,000	10,753	(1,848)	(128)	11,777
Off The Rails Films, S.L.	100%	3,000	10,591	(21,328)	(85)	(7,821)
Nosotros Productions, S.L.	100%	3,000	14,807	(1,003)	(110)	16,694
Last Letter Films, S.L.U.	100%	3,000	10,074	(1,166)	(123)	11,785
Chica Morena Productions, S.L.	100%	3,000	103,486	(106,486)	(128)	(128)
Picada Productions, S.L.	100%	3,000	8,980	(10,214)	(25)	1,741
Batalla Productions, S.L.	100%	3,000	6,039	(1,772)	(228)	7,039
YRF Project, 67 S.L.	100%	3,000	982	(8,817)	7,116	2,281
Hustle Spain, S.L.	100%	3,000	14,592	(14,641)	(658)	2,292
Palomino Films, S.L.	100%	3,000	7,328	(3,609)	(9,170)	(2,451)
Tesoro Enterrado S.L.	100%	3,000	-	(4,929)	(12)	(1,941)
Grupo Galera 2022 S.L.	100%	3,000	-	4,271	(4,609)	2,662
Inversiones Centollo 2022, S.L.	100%	3,000	-	3,000	(16,527)	(10,526)
Proyect Empr Agora S.L.	100%	3,000	-	(6,930)	(24,555)	(28,485)
Jasmine Productions, S.L.	100%	3,000	-	(2,181)	1	820
Project 72 Film	100%	3,000	-	(59)	n/d	n/d
Red Stone Films S.L.	100%	3,000	-	-	n/d	n/d
Black Iron Films S.L.	100%	3,000	-	-	-	3,000
Sirio Films S.L.	100%	3,000	-	-	-	3,000
Eris Films S.L.	100%	3,000	-	-	n/d	n/d
Ceres Films S.L.	100%	3,000	-	-	n/d	n/d
Alasila Films S.L.	100%	3,000	-	-	n/d	n/d
Copernicus Films S.L.	100%	3,000	-	-	25,937	28,937
Aquarius Films S.L.	100%	3,000	-	-	-	3,000
Carina Films S.L.	100%	3,000	-	-	-	3,000

(*) Last available information: Result for the year at December 31, 2024

n/d: Data unavailable, although a result of approx. 0 is estimated for the year.

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2023 Euros	%	Share capital	Reserves	Results from previous years	Profit (losses) for the year (*)	Total Equity
NW Mallorca 2017, S.L.U.	100%	3,000	92	(105)	(969)	2,019
Living the Dream Pictures, S.L.U.	100%	3,000	10,600	(14,243)	(986)	(1,629)
Finca Producciones SPA, S.L.	100%	3,000	19,545	(23,096)	3,622	3,071
Ten Cents Films, S.L.U.	100%	3,000	1,048	3,594	(409)	7,234
White Lines Films, S.L.	100%	3,000	10,753	(850)	(999)	11,904
Off The Rails Films, S.L.	100%	3,000	-	(8,330)	(2,208)	(7,538)
Nosotros Productions, S.L.	100%	3,000	3,297	11,510	(1,003)	16,804
Last Letter Films, S.L.U.	100%	3,000	4,142	5,769	(1,002)	11,909
Chica Morena Productions, S.L.	100%	3,000	103,486	(107,632)	(1,036)	(2,181)
Picada Productions, S.L.	100%	3,000	8,980	(9,994)	(20)	1,966
Batalla Productions, S.L.	100%	3,000	-	6,039	(1,727)	7,312
YRF Project, 67 S.L.	100%	3,000	(934)	1,917	(8,817)	(4,835)
Hustle Spain, S.L.	100%	3,000	14,592	(5,596)	(9,045)	2,951
Palomino Films, S.L.	100%	3,000	-	7,328	(10,974)	(646)
Tesoro Enterrado, S.L.	100%	3,000	-	(1,428)	4,865	6,437
Grupo Galera 2022, S.L.	100%	3,000	-	4,271	(1,697)	5,573
Inversiones Centollo 2022, S.L.	100%	3,000	-	-	137,614	140,614
Proyect Empr Agora, S.L.	100%	3,000	-	(5,589)	331	(2,258)
Jasmine Productions, S.L.	100%	3,000	-	-	2,855	5,855
Project 72 Film, S.L.	100%	3,000	-	-	(462)	2,538

The Company has not recognised value adjustments in those participations in which the Equity is lower than the carrying value, since it is estimated that, in future years, the subsidiaries will generate profit for a greater amount than the losses accumulated at December 31, 2024.

The Company NW MALLORCA 2017, S.L.U. was constituted in 2017 to undertake a television project. In 2023, the company name was changed to Tinta Azul Film, S.L.U. This company remained active in 2024.

LIVING THE DREAM PICTURES, S.L.U. was constituted in 2017 under another name (PAN Y VINO PRODUCTIONS, S.L.U.) which was changed in February 2018. In 2023, the company's name changed again to Roble Líquido Film, S.L. This company remained active in 2024.

FINCA PRODUCCIONES SPA, S.L. was constituted on May 16, 2018. This company was constituted in order to undertake a project throughout 2018, 2019 and 2020. This company has been active in 2024.

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TEN CENTS FILMS, S.L.U. was constituted on July 17, 2018. This company was constituted in order to undertake a project throughout 2018 and 2019. The company has been active in 2024.

WHITE LINES FILMS, S.L. was constituted on November 29, 2018. This company was constituted in order to undertake a project in 2019. In 2024, the company has remained dormant.

OFF THE RAILS FILMS, S.L. was constituted on December 12, 2018. This company was constituted in order to undertake a project in 2019. In 2024, the company has remained dormant.

NOSOTROS PRODUCTIONS, S.L. was constituted on June 4, 2019. This company was constituted in order to undertake a project in 2019. In 2024, the company has remained dormant.

LAST LETTER FILMS, S.L.U. was constituted on September 13, 2019. This company was constituted in order to undertake a project in 2019. In 2024, the company has remained dormant.

CHICA MORENA PRODUCTIONS, S.L.U. was constituted on June 13, 2019. This company was constituted in order to undertake a project in 2019. In 2024, the company has remained dormant.

PICADA PRODUCTIONS, S.L.U. was constituted on January 21, 2020. This company was constituted in order to undertake a project in 2021. In 2024, the company has remained dormant.

BATALLA PRODUCTIONS, S.L.U. was constituted on February 6, 2020. This company was constituted in order to undertake a project in 2022. The company has been active in 2024.

YRF PROJECT 67, S.L. was constituted on April 13, 2021. This company was constituted in order to undertake a project which started in 2021. The company has been active in 2024.

HUSTLE SPAIN S.L. was constituted on April 22, 2021. This company was constituted in order to undertake a project which started in 2021. The company has been active in 2024.

PALOMINO FILMS S.L. was constituted on November 3, 2021. This company was constituted in order to undertake a project in 2022. The company has been active in 2024.

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TESORO ENTERRADO S.L. was constituted on December 16, 2021. This company was constituted in order to undertake a project in 2022. The company has been active in 2024.

GRUPO GALERA 2022 S.L. was constituted on July 19, 2022. This company was constituted to undertake a project started in 2022. In 2024, the company has been active.

INVERSIONES CENTOLLO 2022, S.L. was constituted on August 4, 2022. This company was constituted to undertake a project started in 2022. In 2024, the company has been active.

PROYECTOS EMPRESARIALES ÁGORA, S.L. was constituted on November 16, 2022. This company was constituted to undertake a project started in 2022. In 2024, the company has been active.

JASMINE PRODUCTIONS, S.L. was constituted on June 2, 2023. This company was constituted to undertake a project started in 2023. In 2024, the company has been active.

PROJECT 72 FILM, S.L. was constituted on June 2, 2023. This company was constituted to undertake a project started in 2023. In 2024, the company has been active.

RED STONE FILMS S.L. was constituted on January 1, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has been active.

BLACK IRON FILMS S.L. was constituted on January 1, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has remained dormant.

SIRIO FILMS S.L. was constituted on November 12, 2024. The company's corporate purpose is advertising and marketing production, digital content creation and web development, as well as film and television production.. In 2024, the company has remained dormant.

ERIS S.L. was constituted on July 17, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has been active.

CERES S.L. was constituted on September 2, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has been active.

COPERNICUS FILMS S.L. was constituted on September 2, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has been active.

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AQUARIUS FILMS S.L. was constituted on September 2, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has remained dormant.

CARINA FILMS S.L. was constituted on September 2, 2024. This company was constituted for the production of advertising spots and marketing. In 2024, the company has remained dormant.

The Company is exempt from preparing annual accounts for the group of which it is the Parent Company, as specified in the Standards for the Preparation of Consolidated Annual Accounts.

7.2 Trade and other receivables

At December 31, 2024, these financial assets are classified as Financial Assets at amortised cost.

Trade debt

The breakdown at December 31 is as follows:

	2024	2023
Clients for sales and services rendered	317,198	305,928
Clients, Group companies and associates	88,894	6,429
Personnel	(12,608)	-
Total	393,484	312,357

Value adjustments

The “Clients for sale and services rendered” balance is presented net of impairment adjustments. Movement for said adjustments has been as follows:

(Euros)	2024	2023
Opening balance	-	-
Net charges	-	-
Write-offs	-	-
Final balance	-	-

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8. CASH AND CASH EQUIVALENTS

The breakdown of this heading at December 31 is as follows:

Euros	2024	2023
Cash	10,061	16,661
Current accounts	2,105,390	2,679,384
Total	2,115,451	2,696,045

Current accounts and other cash equivalents bear the market interest rates commonly established for this type of accounts and assets.

Cash and cash equivalents have no bank restrictions.

9. EQUITY

9.1 Subscribed capital

The share capital at December 31, 2024, consists of 3,400,000 registered shares with a par value of 1 euro each, fully subscribed and paid up. All the shares have the same political and economic rights. The Company is not listed.

The only shareholder, who is not an individual and holds more than 10% of the Company's share capital, is Zallaz, S.A. with a 50.50% participation (50.50% in 2023).

9.2 Legal reserve

As per Spanish mercantile law, the Company is required to transfer 10% of the profits for the year to a legal reserve until said reserve reaches an amount equal to at least 20% of the share capital. This reserve is non-distributable and may only be used to offset losses should no other reserves be available.

9.3 Other reserves

The amount recorded in this caption is freely distributable, subsequent to the offset of losses.

9.4. Distributed dividends

At their meeting on November 23, 2023, the Shareholders approved the distribution of a dividend charged to reserves, amounting to 350,000 euros. In 2024, no dividends have been distributed.

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9.5 Grants

The breakdown of this account is as follows:

2024 (euros)	Balance at January 1	Additions	Transfers to Profit and Loss	Balance at December 31
Cost:				
Grants for purchase of assets	43,001	21,173	(3,423)	60,751
Grants for purchase of assets 2010	79	-	-	79
Grants for purchase of assets 2011	1,092	-		1,092
Total	44,172	21,173	(3,423)	61,922

2023 (euros)	Balance at January 1	Additions	Transfers to Profit and Loss	Balance at December 31
Cost:				
Grants for purchase of assets	46,424	-	(3,423)	43,001
Grants for purchase of assets 2010	79	-	-	79
Grants for purchase of assets 2011	1,092	-		1,092
Total	47,595	-	(3,423)	44,172

In previous years, the Company received a non-refundable grant for an initial amount of 163,000 euros which is released to results at 3% on a yearly basis as it was intended for the acquisition of Property, Plant & Equipment items.

In 2010 and 2011, grants were obtained amounting to 12,176 and 15,602 euros respectively, for the acquisition of property, plant and equipment. Both are carried to income by the straight-line method over 10 years, as this is the depreciation period of the elements acquired with the grants.

In 2017, a capital grant amounting to 13,582 euros (10,187 euros net of tax) was received for an investment in solar panels.

In 2019, a grant was received from the CAIB (Balearic Islands Autonomous Community) for an amount of 3,907 euros, for the indefinite contracting of an employee with disabilities.

In 2024, a capital grant was received for the purchase of assets, amounting to 21,173 euros.

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10. FINANCIAL LIABILITIES

At December 31, 2024, financial liabilities are classified as Financial liabilities at amortised cost.

At December 31, the breakdown of financial liabilities is as follows:

Euros	Bank borrowings		Others		Total	
	2024	2023	2024	2023	2024	2023
Non-current financial liabilities:						
Financial liabilities at amortised cost or cost	952,990	1,223,598	12,432	43,375	965,422	1,266,973
	952,990	1,223,598	12,432	43,375	965,422	1,266,973
Current financial liabilities:						
Financial liabilities at amortised cost or cost	270,877	433,542	2,190,578	2,804,986	2,461,455	3,238,528
TOTAL	1,223,867	1,657,140	2,203,010	2,848,361	3,426,877	4,505,501

The breakdown of the financial liabilities balance at December 31, is as follows:

Euros	2024	2023
Non-current liabilities:		
Bank borrowings	952,990	1,223,598
Other non-current liabilities	12,432	43,375
	965,422	1,266,973
Current liabilities:		
Bank borrowings	270,877	433,542
Other borrowings	1,066,747	1,229,731
Borrowings with Group companies and associates	9,000	9,000
Suppliers	371,541	758,806
Suppliers, Group companies and associates	-	-
Personnel (remunerations pending payment)	295,708	74,065
Prepayments	447,582	733,384
	2,461,455	3,238,528

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10.1 Bank borrowings

The breakdown of bank borrowings is as follows:

	Initial amount	Balance at 31.12.24	Balance at 31.12.23	Formalisation date	Maturity
Mortgage loan Bankia	1,438,524	440,056	530,554	30.12.2014	31.12.2029
Mortgage loan B. March	1,470,235	512,934	623,537	30.12.2014	01.01.2030
Loan Banco Santander	200,000	-	3,524	31.01.2020	30.01.2025
ICO Loan Banco Santander	1,000,000	-	65,983	07.04.2020	06.04.2025
Total long-term borrowings		952,990	1,223,598		
Mortgage loans - short term		65,983	195,619		
Bank loans -short term		204,894	237,923		
Total short-term borrowings		270,877	433,542		
Total bank borrowings		1,223,867	1,657,140		

The interest rate of loans is referenced to the Euribor rate.

Moreover, the Company has one credit line with Santander and another with La Caixa, with limits of 1,000,000 and 700,000 euros, respectively. None of these credit lines have been drawn down at closing. The La Caixa credit line was renewed in January 2025 until January 2026 and the Banco Santander credit line matures in December 2025. Moreover, the Company has a credit line with Banca March, with a limit of 250,000 euros, of which no amount has been drawn down at December 31, 2024. This credit line matures in April 2025.

The breakdown of the maturity of the bank borrowings is as follows:

At 31.12.24	2025 (Current)	2026	2027	2028	2029	Remainder	Total non-current
Bank loans	270,877	218,620	221,015	223,436	225,620	64,298	952,990
At 31.12.23	2024 (Current)	2025	2026	2027	2028	Remainder	Total non-current
Bank loans	433,542	270,877	218,620	221,015	223,436	289,650	1,223,598

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The information regarding the nature and extent of risks arising from financial instruments is as follows:

- As a result of the development of its activity and operations, the Company is exposed to financial risks, mainly arising from interest rates, since the risk from exchange rates is minimum. To be specific, the Company is exposed to an interest rate risk arising from financing in euros, basically at a variable interest rate.
- The Company is financed by loans with a variable interest rate. At December 31, 2024, the Company does not use derivative financial instruments since it considers that the effect and fluctuations arising from other currencies different from the euro are not significant.
- The Company manages the risk of a temporary cash shortage through the supervision of its cash budget, which takes into account the maturity of financial investments, assets, liabilities and the operations' cash flow projections.

10.2 Information on average payment period to suppliers

Information relating to the average payment period to suppliers is as follows:

	2024	2023
(Days)		
Average payment period to suppliers	87.62	54.28
Ratio of paid transactions	28.90	26.51
Ratio of transactions pending payment	263.02	249.38
(Euros)		
Total payments made	2,712,548	2,935,236
Total pending payments	908,144	417,809
Monetary volume of invoices paid in a period less than the maximum established in arrears regulations	2,453,776	2,596,748
Percentage represented by the payments lower than said maximum of the total payments performed	95.91%	91.84%
(Number of invoices)		
Invoices paid in a period less than the maximum established in arrears regulations	1,567	1,580
Percentage of total invoices	92.88%	90.38%

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11. SITUACIÓN FISCAL

The breakdown of assets and liabilities at December 31 is as follows:

Euros	2024	2023
Deferred tax assets	-	3,261
Current tax assets	27,721	74,248
Other receivables from Public Administrations	839,707	937,017
	867,428	1,014,526
Deferred tax liabilities	1,241,526	1,330,498
Current tax liabilities	140,948	23,516
Other payables to Public Administrations	604,483	546,036
	1,986,957	1,900,050

As of January 1, 2014, Palma Pictures T.M.P.C., S.L. together with its subsidiary, Pathfinder Media, S.L.U., was subject to the special consolidated tax regime. Since said subsidiary was liquidated in 2017, the Company is now declaring tax individually again.

Profit, which is determined according to tax legislation, is subject to a 25% tax rate on the tax base. Certain deductions can be performed on the resulting quota.

Under prevailing Spanish tax law, tax returns may not be considered final until they have either been inspected by tax authorities or until the inspection period has expired. The Company is open to inspection for the applicable taxes for the last four years.

The Company Directors consider that, in the case of an inspection, no significant tax contingencies could arise from possible differing interpretations of the tax regulations applicable to the transactions undertaken by the Company.

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11.1 Corporate Income Tax calculation

The reconciliation of net income and expenses for the year with tax results for the years 2024 and 2023 is as follows:

Euros	Income Statement			Income and expenses directly charged to equity			
	Increases	Decreases	Total	Increases	Decreases	Total	TOTAL
2024							
Income and expenses balance before tax			4,432			-	4,432
Permanent differences:							
Non-deductible expenses	45,530		45,530	-	-	-	45,530
Penalties and other non-deductible expenses	8,489		8,489	-	-	-	8,489
Provisions	166,000		166,000	-	-	-	166,000
Donations	8,311		8,311	-	-	-	8,311
Temporary differences:							
Arising in previous years							
Amortisation assets' capital gains	343,929		343,929	-	-	-	343,929
Amortisation of assets (2001-2007)	5,977		5,977	-	-	-	5,977
Reversal free amort. employment maintenance	5,985		5,985	-	-	-	5,985
TD Reversal amortisation limitation 2013 and 2014 (ART. 7 LAW 16/2012)		(13,045)	(13,045)	-	-	-	(13,045)
Taxable income (prior)			575,609			-	575,609

Euros	Income Statement			Income and expenses directly charged to equity			TOTAL
	Increases	Decreases	Total	Increases	Decreases	Total	
2023							
Income and expenses balance before tax			(275,775)			-	(275,775)
Permanent differences:							
Non-deductible expenses	34,424		34,424	-	-	-	34,424
Donations	1,170		1,170	-	-	-	1,170
Temporary differences:							
Arising in previous years							
Amortisation assets' capital gains	343,929		343,929	-	-	-	343,929
Amortisation of assets (2001-2007)	6,095		6,095	-	-	-	6,095
Reversal free amort. employment maintenance	5,985		5,985	-	-	-	5,985
TD Reversal amortisation limitation 2013 and 2014 (ART. 7 LAW 16/2012)		(13,045)	(13,045)	-	-	-	(13,045)
Taxable income (prior)			102,783			-	102,783

Amortisation of assets' cash surpluses

In 2024 and 2023, this account relates to amortisation of surpluses related to the various assets which, by their nature, are not tax-deductible and are detailed in Notes 5 and 6.

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Amortisation/Depreciation

In 2024 and 2023, these balances relate to the reversal of the accelerated depreciation of property, plant and equipment for tax purposes.

The reconciliation between the expense/(income) for the Corporate Income Tax and the result of multiplying the tax rates applicable to the total recognised income and expenses is as follows:

Euros	2024			2023		
	Income statement	Equity	Total 2024	Income statement	Equity	Total 2023
Income and expenses for the year before tax	4,432	-	4,432	(275,775)	-	(275,775)
Notional tax charge (tax rate 25%)	1,108	-	1,108	(68,944)	-	(68,944)
Non-deductible expenses	57,082	-	57,082	8,899	-	8,899
Quota deductions	(1,527)	-	(1,527)	(652)	-	(652)
Positive adjustment	-	-	-	949	-	949
Expense/(income) tax effect	56,663	-	56,663	(59,748)	-	(59,748)

The breakdown of the Corporate Income Tax expense/(income) is as follows:

Euros	2024		Total 2024	2023		Total 2023
	Income statement	Equity		Income statement	Equity	
Current taxes	142,375	-	142,375	25,044	-	25,044
Deferred taxes	(85,712)	-	(85,712)	(85,741)	-	(85,741)
Positive adjustment	-	-	-	949	-	949
Total	56,663	-	56,663	(59,748)	-	(59,748)

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The breakdown of payable or receivable Corporate Tax is as follows:

(Euros)	2024	2023
Current tax	142,375	25,044
Withholdings	(1,426)	(1,528)
Prepayments		
Total Income Tax payable/(receivable)	140,948	23,516

11.2 Deferred tax assets and liabilities

The breakdown and movement of the various items which make up deferred tax assets and liabilities are as follows:

Euros				
Variations reflected in				
2024	Opening balance	Income statement	Equity	Closing balance
Deferred tax assets				
Limitation amortisation 2019 and 2020	3,261	(3,261)		-
	3,261	(3,261)	-	-
Deferred tax liabilities				
Depreciation property, plant & equipment	27,065	(1,494)	-	25,571
Cash gains on assets	1,287,353	(85,982)	-	1,201,371
Non-refundable grants	16,080	(1,496)	-	14,584
	1,330,498	(88,972)	-	1,241,526
Euros				
Variations reflected in				
2023	Opening balance	Income statement	Equity	Closing balance
Deferred tax assets				
Limitation amortisation 2019 and 2020	6,522	(3,261)		3,261
	6,522	(3,261)	-	3,261
Deferred tax liabilities				
Depreciation property, plant & equipment	28,590	(1,525)	-	27,065
Cash gains on assets	1,373,335	(85,982)	-	1,287,353
Non-refundable grants	17,576	(1,496)	-	16,080
	1,419,501	(89,003)	-	1,330,498

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12. INCOME AND EXPENSES

12.1 Income

The distribution of the Company's turnover corresponding to normal activities, by category, is as follows:

Euros	2024	2023
Income from rendering of services	24,615,167	19,934,602
Income from Photo shoots	496,537	644,082
Total	25,111,704	20,578,684

12.2 Supplies

The breakdown of consumption of goods in the Income statement is as follows:
:

Euros	2024	2023
Purchases and supplies	-	-
Total	-	-

12.3 Personnel Expenses

The breakdown of personnel expenses stated in the Income Statement is as follows:

Euros	2024	2023
Wages, salaries and similar		
Wages and salaries	6,499,170	5,571,296
Indemnities	183,500	-
	6,682,670	5,571,296
Welfare expenses		
Social Security	1,656,817	1,419,369
Other welfare expenses	40,064	60,159
	1,696,880	1,479,528
Total	8,379,550	7,050,824

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12.4 External services

The breakdown of external services is as follows:

(Euros)	2024	2023
Leases (Note 6.6)	1,883,897	1,439,204
Repairs and maintenance	93,831	48,202
Independent professional services	2,414,359	1,939,780
Transport	178,143	147,395
Insurance premiums	129,094	104,472
Bank services	5,607	5,639
Advertising, publicity and public relations	47,558	49,597
Supplies	425,594	396,614
Other services	10,913,775	9,017,980
	16,091,858	13,148,882

13. INFORMATION ON ENVIRONMENTAL ISSUES

The Company's Directors consider that potential contingencies that may arise with respect to environmental issues are sufficiently covered by the liability insurance policies subscribed.

No expenses for this concept have been incurred during in either 2024 or 2023.

14. POST-BALANCE SHEET EVENTS

There have been no post-balance sheet events which significantly affect these annual accounts.

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15. TRANSACTIONS WITH RELATED PARTIES

Related parties in 2024 and 2023 and the nature of their relationship are as follows:

	Nature of relationship
Zallaz, S.A.	Direct Parent Company
Other partners	Shareholders
NW Mallorca 2017, S.L.U.	Group company
Living the dream, S.L.U.	Group company
Finca Producciones SPA, S.L.	Group company
Ten Cents Films, S.L.U.	Group company
White Lines Films, S.L.	Group company
Off The Rails Films, S.L.	Group company
Nosotros Productions, S.L.	Group company
Last Letter Films, S.L.U.	Group company
Chica Morena Productions, S.L.	Group company
Picada Productions, S.L.	Group company
Batalla Productions, S.L.	Group company
YRF Project, 67 S.L.	Group company
Hustle Spain, S.L.	Group company
Palomino Films, S.L.	Group company
Tesoro Enterrado S.L.	Group company
Grupo Galera 2022 S.L.	Group company
Inversiones Centollo 2022, S.L.	Group company
Proyect Empr Agora S.L.	Group company
Jasmine Productions, S.L.	Group company
Project 72 Film, S.L.	Group company
Red Stone Films S.L.	Group company
Black Iron Films S.L.	Group company
Sirio Films S.L.	Group company
Eris Films S.L.	Group company
Ceres Films S.L.	Group company
Alasila Films S.L.	Group company
Copernicus Films S.L.	Group company
Aquarius Films S.L.	Group company
Carina Films S.L.	Group company
Directors	Board members
Top management	Management

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15.1 Related parties

Balances and transactions with related companies are as follows:

2024	Accounts receivable	Accounts payable	Current borrowings with Group companies and associates	Sales and services rendered	Purchases and services received
NW Mallorca 2017, S.L.U.	44,787	-	-	223,001	-
Living the dream, S.L.U.	-	-	-	318,611	-
Finca Producciones SPA, S.L.	-	-	-	53,425	-
Ten Cents Films S.L.U.	26	-	-	27,225	-
Off The Rails Films, S.L.	4,235	-	-	-	-
Last Letter Films, S.L.U.	1,486	-	-	-	-
Chica Morena Productions, S.L.	664	-	-	-	-
Grupo Galera 2022 SL	-	-	(3,000)	-	-
Inversiones Centollo 2022	13,915	-	(3,000)	35,169	-
Proyect Empr Agora S.L.	16,783	-	(3,000)	16,783	-
Project 72 Film S.L.	-	-	-	251,382	-
Eris Films S.L.	9,156	-	-	53,961	-
Ceres Films S.L.	-	-	-	384,695	-
Alasila Films S.L.	-	-	-	6,738	-
Copernicus Films S.L.	(2,158)	-	-	8,420	-
Aquarius Films S.L.	-	-	-	-	-
Carina Films S.L.	-	-	-	-	-
	88,894	-	(9,000)	1,379,409	-

2023	Accounts receivable	Accounts payable	Current borrowings with Group companies and associates	Sales and services rendered	Purchases and services received
NW Mallorca 2017, S.L.U.	17	-	-	-	-
Living the dream, S.L.U.	-	-	-	-	-
Finca Producciones SPA, S.L.	-	-	-	961,199	-
Ten Cents Films S.L.U.	27	-	-	23,143	-
White Lines Films, S.L.	-	-	-	-	-
Off The Rails Films, S.L.	4,235	-	-	-	-
Nosotros Productions, S.L.	-	-	-	-	-
Last Letter Films, S.L.U.	1,486	-	-	-	-
Chica Morena Productions, S.L.	664	-	-	-	-
Picada Producciones, S.L.	-	-	-	-	-
Tesoro Enterrado	-	-	-	8,625	-
PALOMINO FILMS	-	-	-	44,000	-
GRUPO GALERA 2022 SL	-	-	(3,000)	8,500	-
Batalla Productions, S.L.	-	-	(3,000)	194,014	-
Hustle Spain, S.L.	-	-	(3,000)	449,230	-
YRF Project 67 ,S.L.	-	-	-	13,500	-
	6,429	-	(9,000)	1,708,961	-

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15.2 Directors and top management

No remuneration was accrued by Board Members who do not hold executive positions in 2024 or 2023.

Remuneration accrued in the year by top management, including a Board Member, has amounted 585,882 (690,995 euros in 2023).

In accordance with Article 229 of the Spanish Corporation Law, the Directors have declared that they hold no positions which would imply a conflict of interest with the Company.

At December 31, 2024 and 2023, the Company had no pension plans or life insurance policies for previous or present Board members. Moreover, with the exception of a credit of 5,000 euros given to a director in 2022 (Note 7), at December 31, 2024 and 2023, no other advances or credits were granted to top management or to Board members and no obligations were assumed on their behalf as security.

During 2023, civil liability insurance premiums have been paid to the directors for potential responsibilities which may arise during the performance of their work for an amount of 2,409 euros (2,409 euros in 2023).

16. OTHER DISCLOSURES

a) The details of the employees in 2024 and 2023 by category is shown below:

	Number of employees at year-end			Average number of employees at year-end
	Male	Female	Total	
2024				
Senior Managers	7	7	14	12
Heads of Department	8	8	16	21
Clerks	6	4	10	16
Auxiliary staff	6	19	25	54
Total	27	38	65	104

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	Number of employees at year-end			Average number of employees at year-end
	Male	Female	Total	
2023				
Senior Managers	7	-	7	9
Heads of Department	9	6	15	16
Clerks	9	16	25	45
Auxiliary staff	4	2	6	29
Labourers	1	-	1	-
Total	30	24	54	97

The Company has two employees with a registered disability of over 33% (One person in 2023).

b) Audit fees

The audit fees for these 2024 Annual Accounts amount to 16,935 euros (16,345 euros in 2023). Moreover, the fees paid for other services rendered by the Company auditors and other companies which are part of the Firm, amount to 21,836 euros (14,832 euros in 2023).

17. GUARANTEES WITH THIRD PARTIES

The Company has no guarantees with third parties which could have a significant negative impact on the Company.

18. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These annual accounts are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

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1.- Business trend and Company's situation, together with a description of the main risks and uncertainties affecting the Company

2024 has been a year of transition. Although the Guild and Actors' strikes concluded by the end of 2023, the uncertainty that followed - along with ongoing mergers and acquisitions - left a clear mark on 2024.

In film, while the number of projects increased compared to 2023, both the volume and duration of those projects were lower. However, several high-profile productions, such as *Young Sherlock*, began in 2024 and are expected to wrap in 2025.

Advertising delivered stronger results, with growth in both the number of projects and topline revenue. Notably, there was a significant increase in new commissioners, rising from 2 projects in 2023 to 11 in 2024. Although overall advertising activity surpassed that of 2023, there was a temporary slowdown in Q3, which was more than offset by an unusually strong performance toward the end of the year. The only area that showed less momentum compared to the rest was PH.

It's important to highlight that 2024 was also a year of deep restructuring, impacting nearly every department. A total of 42 headcount changes (terminations and hires) took place, compared to 22 in the previous year. Of these, 15 were Level 1 or Level 2 roles within the company hierarchy. Additionally, there were five long-term leaves. While the initial impact of these changes was considerable - culturally and financially - the organisation is now better positioned to adapt to the evolving global audiovisual landscape and the disruptive emergence of AI.

Several strategic initiatives were launched this year and are expected to reach their full potential in 2025.

Palma Pictures remains a benchmark for international productions in Spain, and we anticipate its role will become even more significant in 2025.

2.- Post-balance sheet events

Our commercial activity has been stronger than last year across all fronts, with several TV series and drama productions launched in 2024 and scheduled for completion in 2025. The year began with particularly strong momentum in publicity, and the entertainment division is showing great promise with new and exciting projects on the horizon.

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3.- Company's foreseeable evolution

We are already seeing higher-than-usual activity at the start of 2025. We expect this year to be one of growth and diversification, with a potential expansion of our service offerings in the film sector and the anticipated introduction of new, cutting-edge facilities at our studio. These upgrades will enhance both efficiency and appeal, making our premises even more attractive for clients looking to shoot in Spain.

4.- Research and development activities conducted by the Company

As part of our broader strategy of modernisation and digital transformation, we launched Payhawk in December 2024 — a key step in positioning ourselves ahead of the competition and fully aligned with state-of-the-art innovation in financial and operational management. In parallel, we initiated an ERP selection process, evaluating leading platforms including SAP, Microsoft Dynamics, and Oracle NetSuite. Following a thorough assessment, we began the implementation of Oracle NetSuite in March 2025.

This transformation is further reinforced by the adoption of Cledara, a software subscription management tool, the company-wide integration of Microsoft 365, and the migration from legacy servers to cutting-edge cloud infrastructure.

Together, these initiatives form a robust digital backbone that will significantly enhance our productivity, streamline operations, and place us in a strong position for sustainable growth and innovation in 2025 and beyond.

5.- Acquisition of own shares

The Company has not acquired any own shares during the year.

6.- Environmental information

The main task is the ongoing implementation and supervision of our environmental programme. The cornerstone of this programme is the continued maintenance and improvement of our Environmental Management System, in accordance with ISO 14001:2004 and European Regulation (EC) No 1221/2009 on the Eco-Management and Audit Scheme (EMAS). In 2025, we were officially granted EMAS certification.