Audit Report on Financial Statements
issued by an Independent Auditor

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2020

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of PROMOTORA DE INFORMACIONES, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of PROMOTORA DE INFORMACIONES, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2020, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2020 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets

Description

As explained in notes 4.m) and 19.b) to the accompanying consolidated financial statements, during 2020 the Group canceled tax credits, generating higher tax expense amounting to 64,108 thousand euros, related primarily to the derecognition of tax credits of the consolidated tax group in Spain. The assessment of the recoverable amount of deferred tax assets requires that management make complex judgments about the future taxable profits of Group companies, based on a reasonable period and the expected level of profits, using financial projections and business plans.

Due to the high component of judgment associated with these estimates and the significance of the amounts involved, we determined this to be a key audit matter.

Our response

In this regard, our audit procedures included:

- Understanding the Group's policies and procedures for analyzing the recoverability of deferred tax assets, including an assessment of the design and implementation of the relevant controls.
- Checking that the projections used to evaluate the recoverability of the tax credit are consistent with the business plans approved by management and evaluating the reasonableness of the related hypotheses.
- Checking the adequacy of the assumptions used in the projections against prevailing tax regulations with the involvement of our tax specialists.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Measurement of goodwill and investments accounted for using the equity method

Description

As explained in Notes 6 and 8 to the accompanying consolidated financial statements, at December 31, 2020, the Group recognized goodwill totaling 112,501 thousand euros, investments accounted for using the equity method amounting to 24,679 thousand euros, and impairment losses amounting to 16,602 thousand and 10,411 thousand euros, respectively.

At least annually the Group perform impairment tests of goodwill and, when required, depending on the existence of indicators of impairment, other impairment test for the participations registered under the equity method. The purpose of this analysis is to conclude whether it is necessary to recognize an impairment loss against the aforementioned assets when the carrying amount is higher than the recoverable amount. To determine the recoverable amount, Group management tests for impairment using the discounted free cash flow method.

Due to the high risk that some of these assets may be impaired, the relevance of the amounts involved and the fact that the analyses conducted by Group management require complex estimates and judgments, we determined the measurement of these assets to be a key audit matter.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures the Group applies to assessing impairment of goodwill and investments accounted for using the equity method to estimate the recoverable amount, including evaluation of the design and implementation of relevant controls.
- Reviewing the models used by the Group´s Management, in collaboration with our valuation specialists, focusing particularly on the model's mathematical coherence, the reasonableness of projected cash flows, discount rates, long-term growth rates, as well as the consistency of these models with the business plans approved by the Group's government bodies. In performing our review, we interviewed the people in charge of preparing the models and utilized recognized external sources and other available information to contrast data.
- Reviewing the sensitivity analyses performed by Group management on the estimates made to determine the recoverable amount, in the event of changes in the relevant assumptions made.
- Reviewing projected financial information, analyzing the consistency and reasonableness of the various assumptions.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Sales of business lines and refinancing

Description

As explained in notes 1.b), 3, 10 and 17 to the accompanying consolidated financial statements, in 2020 the Prisa Group, through its subsidiary Vertix SGPS, S.A., sold the shares it held in Grupo Media Capital, SGPS, S.A. The related assets and liabilities were recognized at December 31, 2019 under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" amounting to 277 million and 161 million euros, respectively. Part of the proceeds received from the sale were used to partially repay the syndicated loan.

In addition, as explained in Note 1.b),3 and 17 to the accompanying consolidated financial statements, on December 31, 2020, Grupo Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), executed the agreement reached in October 2020 for the sale of Santillana's pre K-12 and K-12 business in Spain, valued at 465 million euros. Santillana's private and public activities in Latin America, which will continue to be managed by the Prisa Group, were excluded from this transaction. As a result, the refinancing agreement reached with certain financial creditors under the terms described in note 1.b) and 12.b), the effects of which were subject to the aforementioned sale transaction, was likewise executed.

Given that the sale and refinancing agreements described above constitute very significant transactions and have a material effect on the Group's consolidated financial statements, we determined the analysis of these transactions to be a key audit matter.

Our response

In this regard, our audit procedures included the following:

- Reviewing the documents pertaining to the agreements for the sale of the business lines and the refinancing carried out to gain an understanding of the transactions, checking that Group management had identified the obligations and commitments acquired and ensuring that they were measured and recognized correctly.
- Checking the accuracy of Group management's analysis to determine whether the refinancing transaction qualified as a modification of the existing financing or a new debt, in accordance with prevailing accounting regulations. Checking and comparing the qualitative and quantitative components of the new debt to the previous debt, as well as the conditions and guarantees granted, and analyzing the reasonableness of the related impact on the consolidated income statement.
- Involving our financial instruments experts in the audit to assist us in verifying that this transaction received the correct accounting treatment.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recognition of operating revenue

Description

As explained in notes 4.k) and 14, the Prisa Group's operating revenue of 701 million euros is mainly derived from sales related to books, training, and advertising. With regard to sales related to books and training, the Group is engaged in various facets of publishing and selling books, especially for the different levels and fields of education. These sales represent 52% of total operating revenue. Sales pertaining to books and training recorded during the year relate to a significant number of transactions carried out with different types of customers and terms of sale. The majority of sales take place during the school year. Advertising sales represent 36% of total operating revenue. These sales are generally highly fragmented and subject to different contractual terms and conditions which, among other variables, determine, where applicable, what discounts may be applied.

We determined this to be a key audit matter due to the diversity of the Company's transactions and the materiality of the amounts involved.

Our response

In this regard, our audit procedures included the following:

- Gaining an understanding of the processes established by management for recognizing revenue, including evaluating the design and implementation of relevant controls.
- Involving our internal information systems specialists in the computer systems and applications Group companies use to record these transactions.
- Conducting analytical tests including reviews of journal entries, analyzing correlations between revenue, receivables and cash accounts.
- Selecting a sample of transactions for which we obtained supporting documentation to ensure that the relevant amounts were accurate and recognized in the correct period.
- Performing substantive procedures on the operations cut-off, returns, as well as the Company's sales discounts policy.

- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Other questions

On April 30, 2020, other auditors issued their audit report on the consolidated annual accounts for the 2019 financial year, in which they expressed a favorable opinion.

Other information: consolidated management report

Other information refers exclusively to the 2020 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2020 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit, risk and compliance committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit, risk and compliance committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the audit, risk and compliance committee of the parent company 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 audit, risk and compliance committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit, risk and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of PROMOTORA DE INFORMACIONES, S.A. and subsidiaries for the 2020 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of PROMOTORA DE INFORMACIONES, S.A. are responsible for submitting the annual financial report for the 2020 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit, risk and compliance committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit, risk and compliance committee on March 23, 2021.

Term of engagement

The Ordinary General Shareholder´s meeting held on June 29, 2020 appointed us as auditors of the Group for the period of three years, starting from the year ended December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Antonio Vázquez Pérez
(Registered in the Official Register of Auditors under No. 8960)

March 23, 2021

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated Financial Statements together with Directors' Report for 2020

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated Financial Statements for 2020

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2020
(Thousands of euros)

ASSETS	Notes	Year 2020	Year 2019
A) NON-CURRENT ASSETS		**443,259**	**652,461**
I. PROPERTY, PLANT AND EQUIPMENT	5	155,464	190,728
II. GOODWILL	6	112,501	151,073
III. INTANGIBLE ASSETS	7	97,543	125,008
IV. NON-CURRENT FINANCIAL ASSETS	12a	10,493	20,665
V. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	24,679	48,711
VI. DEFERRED TAX ASSETS	19	42,563	116,250
VII. OTHER NON-CURRENT ASSETS		16	26
B) CURRENT ASSETS		**528,460**	**919,703**
I. INVENTORIES	9a	45,708	84,423
II. TRADE AND OTHER RECEIVABLES			
1. Trade receivables for sales and services	9b	252,120	373,339
2. Receivable from associates		3,797	4,149
3. Receivable from public authorities	19	24,883	34,192
4. Other receivables		23,698	33,038
5. Allowances	9b	(55,786)	(61,364)
		248,712	383,354
III. CURRENT FINANCIAL ASSETS	12a	7,718	4,740
IV. CASH AND CASH EQUIVALENTS	9c	221,879	166,580
V. ASSETS CLASSIFIED AS HELD FOR SALE	10	4,443	280,606
TOTAL ASSETS		**971,719**	**1,572,164**

EQUITY AND LIABILITIES	Notes	Year 2020	Year 2019
A) EQUITY	**11**	**(402,980)**	**(411,604)**
I. SHARE CAPITAL		70,865	666,131
II. OTHER RESERVES AND ACCUMULATED PROFIT FROM PRIOR YEARS		(516,048)	(913,209)
III. RESULT FOR THE YEAR ATTRIBUTABLE TO THE PARENT		89,737	(182,298)
IV. TREASURY SHARES		(1,530)	(2,591)
V. TRANSLATION DIFFERENCES		(92,275)	(49,393)
VI. NON- CONTROLLING INTERESTS		46,271	69,756
B) NON-CURRENT LIABILITIES		**948,543**	**1,331,843**
I. NON-CURRENT BANK BORROWINGS	12b	810,568	1,164,869
II. NON-CURRENT FINANCIAL LIABILITIES	12b	99,348	117,207
III. DEFERRED TAX LIABILITIES	19	16,840	24,993
IV. LONG-TERM PROVISIONS	13	19,195	22,139
V. OTHER NON-CURRENT LIABILITIES		2,592	2,635
C) CURRENT LIABILITIES		**426,156**	**651,925**
I. TRADE PAYABLES	25	191,454	270,523
II. PAYABLE TO ASSOCIATES		1,034	1,531
III. OTHER NON-TRADE PAYABLES	9d	39,656	52,591
IV. CURRENT BANK BORROWINGS	12b	102,746	50,188
V. CURRENT FINANCIAL LIABILITIES	12b	18,558	23,745
VI. PAYABLE TO PUBLIC AUTHORITIES	19	29,321	41,499
VII. CURRENT PROVISIONS	14	9,986	11,799
VIII. OTHER CURRENT LIABILITIES	9e	29,967	35,767
IX. LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	10	3,434	164,282
TOTAL EQUITY AND LIABILITIES		**971,719**	**1,572,164**

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated balance sheet at December 31, 2020.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR 2020
(Thousands of euros)

	Notes	Year 2020	Year 2019 (*)
Revenue		690,942	937,178
Other income		9,699	27,707
OPERATING INCOME	14-18	700,641	964,885
Cost of materials used		(105,931)	(145,430)
Staff costs	15	(268,007)	(309,563)
Depreciation and amortisation charge	5-7	(70,637)	(76,717)
Outside services	15	(250,882)	(357,973)
Change in allowances, write-downs and provisions	15	(11,730)	(13,700)
Impairment of goodwill	6	(16,602)	(866)
Impairment of assets		(5,961)	(7,205)
OPERATING EXPENSES		(729,750)	(911,454)
RESULT FROM OPERATIONS		(29,109)	53,431
Finance income		2,367	3,587
Finance costs		(83,022)	(75,809)
Changes in value of financial instruments		(46,072)	(5,439)
Exchange differences (net)		(2,098)	(3,980)
FINANCIAL RESULT	16	(128,825)	(81,641)
Result of companies accounted for using the equity method	8	(8,458)	2,676
RESULT BEFORE TAX FROM CONTINUING OPERATIONS	18	(166,392)	(25,534)
Expense tax	19	(81,071)	(52,752)
RESULT FROM CONTINUING OPERATIONS		(247,463)	(78,286)
Result after tax from discontinued operations	17	322,913	(94,532)
CONSOLIDATED RESULT FOR THE YEAR		75,450	(172,818)
Result attributable to non-controlling interests	11i	14,287	(9,480)
RESULT ATTRIBUTABLE TO THE PARENT		**89,737**	**(182,298)**
BASIC RESULT PER SHARE (in euros)	21	0.13	(0.27)
DILUTED RESULT PER SHARE (in euros)	21	0.13	(0.27)
- Basic result per share from continuing activities (in euros)	21	(0.33)	(0.13)
- Basic result per share from discontinuing activities (in euros)	21	0.46	(0.14)

(*) The consolidated income statement for 2019 has been restated for comparative purposes and in accordance with IFRS 5 to present the result of Santillana Spain as a discontinued operation and has not been audited.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated income statement for 2020.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME FOR 2020
(Thousands of euros)

	Year 2020	Year 2019
CONSOLIDATED PROFIT FOR THE YEAR	**75,450**	**(172,818)**
Items that may be reclassified subsequently to profit or loss	**(62,551)**	**(9,932)**
Translation differences	**(56,261)**	**(12,888)**
Profit/(Loss) for valuation	(56,823)	(12,718)
Amounts transferred to the profit and loss account	562	(170)
Other non-current financial assets at fair value	**-**	**397**
Profit/(Loss) for valuation	-	(18)
Amounts transferred to the profit and loss account	-	415
Tax effect	**-**	**(98)**
Entities accounted for using the equity method	**(6,290)**	**2,657**
TOTAL RECOGNIZED INCOME AND EXPENSE	**12,899**	**(182,750)**
Attributable to the Parent	28,701	(191,604)
Attributable to non-controlling interests	(15,802)	8,854

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of comprehensive income for 2020.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2020
(Thousands of euros)

	Share capital	Share premium	Reserves	Prior years´ accumulated profit	Treasury shares	Exchange differences	Accumulated profit for the Year	Equity attributable to the Parent	Non-controlling interests	Equity
BALANCE AT DECEMBER 31, 2018	**524,902**	**201,512**	**(636,059)**	**(87,692)**	**(2,856)**	**(40,918)**	**(269,347)**	**(310,458)**	**74,649**	**(235,809)**
Capital increase	141,229	52,668						193,897		193,897
Treasury share transactions (see note 11f)										
- Purchase and sales of treasury shares					(250)			(250)		(250)
- Reserves for treasury shares			(515)		515					
Distribution of 2018 results										
- Reserves			110,201	(379,548)			269,347			
Income and expense recognised in equity										
- Translation differences (Notes 11 g - 11 h)				(1,129)		(8,475)		(9,604)	(626)	(10,230)
- Result for 2019							(182,298)	(182,298)	9,480	(172,818)
- Measurement of financial instruments			(13)					(13)		(13)
- Rest of income and expense recognised in equity			311					311		311
Other			4,893	(177,838)				(172,945)	607	(172,338)
Changes in non controlling interest (Note 11i)										
- Dividends paid during the year									(11,480)	(11,480)
- Due to changes in scope of consolidation									48	48
- Due to changes in percentage of consolidation									(2,922)	(2,922)
BALANCE AT DECEMBER 31, 2019	**666,131**	**254,180**	**(521,182)**	**(646,207)**	**(2,591)**	**(49,393)**	**(182,298)**	**(481,360)**	**69,756**	**(411,604)**
Capital reduction (Note 11a and 11b)	(595,266)		595,266							
Treasury share transactions (Note 11f)										
- Delivery of treasury shares					58			58		58
- Purchase and sales of treasury shares					20			20		20
- Reserves for treasury shares			(983)		983					
Distribution of 2019 results										
- Reserves			(209,606)	27,308			182,298			
Income and expense recognised in equity										
- Translation differences (Note 11g-11h)				(18,154)		(42,882)		(61,036)	(1,515)	(62,551)
- Result for 2020							89,737	89,737	(14,287)	75,450
Other		(254,180)	254,651	2,859				3,330	(1,304)	2,026
Changes in non controlling interest (Note 11i)										
- Dividends paid during the year									(3,643)	(3,643)
- Due to changes in scope of consolidation									(2,736)	(2,736)
BALANCE AT DECEMBER 31, 2020	**70,865**	**0**	**118,146**	**(634,194)**	**(1,530)**	**(92,275)**	**89,737**	**(449,251)**	**46,271**	**(402,980)**

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2020.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR 2020
(Thousands of euros)

	Notes	Year 2020	Year 2019 (*)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	18	**(166,392)**	**(25,534)**
Depreciation and amortisation charge and provisions		104,704	98,446
Changes in working capital		**(1,691)**	**(49,906)**
Inventories	9a	28,106	(13,668)
Accounts receivable	9b	100,185	(62,329)
Accounts payable		(129,982)	26,091
Income tax recovered (paid)	19	(17,849)	(25,013)
Other profit adjustments		**135,386**	**72,028**
Financial results	16	128,825	81,641
Gains and losses on disposal of assets		(1,229)	(9,969)
Other adjustments		7,790	356
CASH FLOWS FROM OPERATING ACTIVITIES	18	**54,158**	**70,021**
Recurrent investments		**(45,411)**	**(61,571)**
Investments in intangible assets	7	(31,512)	(44,657)
Investments in property, plant and equipment	5	(13,899)	(16,914)
Investments in non-current financial assets		(921)	(350,248)
Proceeds from disposals		461,269	41,895
Other cash flow from investing activities		10,922	943
CASH FLOWS FROM INVESTING ACTIVITIES	18	**425,859**	**(368,981)**
Proceeds and payments relating to equity instruments		20	192,053
Proceeds relating to financial liability instruments	12b	93,354	85,189
Payments relating to financial liability instruments	12b	(427,997)	(16,041)
Dividends and returns on other equity instruments paid		(2,453)	(38,812)
Interest paid		(61,170)	(54,592)
Other cash flow from financing activities	12b	(39,406)	(36,594)
CASH FLOWS FROM FINANCING ACTIVITIES	18	**(437,652)**	**131,203**
Effect of foreign exchange rate changes		**(12,453)**	**43**
CHANGE IN CASH FLOWS FROM CONTINUING OPERATIONS	18	**29,912**	**(167,714)**
Cash flows from operating activities from discontinued operations		57,444	67,521
Cash flows from investing activities from discontinued operations		(34,354)	(18,678)
Cash flows from financing activities from discontinued operations		2,297	(9,642)
CHANGE IN CASH FLOWS FROM DISCONTINUED OPERATIONS	18	**25,387**	**39,201**
CHANGE IN CASH FLOWS IN THE YEAR		**55,299**	**(128,513)**
Cash and cash equivalents at beginning of year	9c	**166,580**	**295,093**
- Cash		107,610	250,360
- Cash equivalents		58,970	44,733
Cash and cash equivalents at end of period	9c	**221,879**	**166,580**
- Cash		168,712	107,610
- Cash equivalents		53,167	58,970

(*) The consolidated statement of cash flow for 2019 has been restated for comparative purposes and in accordance with IFRS 5 to present the cash flow of Santillana Spain as a discontinued operation and has not been audited.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of cash flow for 2020.

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Notes to the Consolidated Financial Statement for 2020

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR 2020

(1) GROUP ACTIVITIES AND PERFORMANCE

a) Group activities

Promotora de Informaciones, S.A. ("Prisa" or "the Company") was incorporated on January 18, 1972 in Madrid (Spain), and has its registered office in Madrid, at Gran Vía, 32. Its business activities include, inter alia, the exploitation of media in any format, including the publication of newspapers and educational material, the holding of investments in companies and businesses and the provision of all manner of services.

In addition to the business activities carried on directly by the Company, Prisa heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose the Group ("the Prisa Group" or "the Group"). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

The consolidated financial statements for 2019 were approved by the shareholders at the Annual General Meeting held on June 29, 2020 and are deposited in the Mercantile Register of Madrid.

The Group's consolidated financial statements for 2020 were authorized for issue by the Company's directors on March 23, 2021, for submission to the approval of the General Meeting of Shareholders, it being estimated that they will be approved without modification.

These consolidated financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in note 2d.

Shares of Prisa are admitted to trading on continuous market of the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia).

b) Evolution of the Group's equity and financial structure

During last year, the Administrators of Prisa took a number of measures to strengthen the Group's financial and asset structure, such as asset sale operations, capital increases and refinancing of its debt.

In November 2017 and in January 2018 a capital increase was approved by the Company by a total amount of EUR 563,220 thousand, which was subscribed in February 2018.

On June 29, 2018, the agreed refinancing with the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) came into effect, and included, among other aspects, the extension of the debt maturity date to November and December 2022. On this same date, the Company cancelled a debt amounting EUR 480,000 thousand with the proceeds from the cash capital increase described above.

On March 20, 2019, the Company agreed to carry out a capital increase amounting to EUR 199,824 thousand, which was fully subscribed in April 2019. This capital increase was used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L.

On May 14, 2020, Vertix, SGPS, S.A. (subsidiary fully owned by Prisa) sold to Pluris Investments, S.A. (Pluris) the shares amounting to 30.22% of share capital of Grupo Media Capital, SGPS, S.A. (Media Capital) for a price of EUR 10,500 thousand *(see notes 3 and 17)*.

On June 29, 2020, the Prisa´s General Shareholder Meeting agreed to reduce in share capital of the Parent Company in order to re-establish its equity balance *(see note 11)*. Therefore, on December 31, 2020, the Parent Company's equity is greater than two thirds of the capital stock, which is why it was in a situation of equity balance at that date.

On September 4, 2020, Prisa signed with a plurality of investors independent agreements for the sale of shares of Media Capital, which together represent the entire shareholding (64.47%) held by Prisa trough Vertix in the Portuguese company. On November 3, 2020, the sale of shares for a price of 36.9 million euros was completed *(see notes 3 and 17).*

On October 19, 2020, Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), signed an agreement with the Sanoma Corporation, a European learning and Finnish media company, for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12 segments ("Santillana Spain"). Santillana's activity in public and private markets in Latin America has been excluded from the transaction and will continue to be developed by Prisa through Santillana. On December 31, 2020, the transaction was closed at an enterprise value of EUR 465 million and a it meant a total cash obtained from the buyer of EUR 418 million (*see notes 3 and 17)*.

In October 2020, Prisa signed a lock-up agreement (the "Lock-up Agreement") which contained a term sheet that sets out, among other aspects, the essential terms on which the Group's syndicated financial debt restructured (the "Refinancing"). The Refinancing was conditioned on successfully completing the selling of certain Santillana K-12 and pre K-12 business assets in Spain and it was binding on all creditors owed the financial debt to be restructured. On December 31, 2020 the Refinancing came into effect, once the agreements reached with all of its creditors were concluded, among which were included, the culmination of the sale of Santillana Spain, as described above *(see note 12b)*.

The agreed Refinancing makes the Group's financial debt more flexible and provides it with a financial structure that enables it to meet its financial commitments, ensuring the Group's stability in the short and medium term.

The sale of the Spanish educational business and the Refinancing enable Prisa to focus, as a priority, on the management and enhancement of its two chief businesses, Education and Media, and to build these on firm and sustainable bases. This will accelerate Prisa's digital transformation, focused both on the development of Ed-Tech learning systems in Latin America and on subscription models in its Media businesses.

The emergence of COVID-19 (coronavirus) in China in January 2020 and its recent global expansion to a large number of countries has led to the viral outbreak, classified as a pandemic by the World Health Organization on March 11, 2020.

Considering the complexity of the markets due to their globalisation the consequences for the Group's businesses are uncertain, and will depend to a large extent on the development, extent of the pandemic in the coming months, the effectiveness of the current medical treatments and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

Therefore, at the date of authorized for issue of these consolidated financial statements, we have carried out an assessment and quantification of the impacts that COVID-19 had on the Group as of December 31, 2020. There is still a high level of uncertainty about its consequences in the short and medium term.

Therefore, the Directors and Management of the Group have assessed the situation based on the best information available. For the reasons referred to above, such information may be incomplete. As a result of this assessment, we highlight the following:

- Liquidity risk: The situation in the markets has caused an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Group has in place a Super Senior debt ("S*uper Senior Term & Revolving Facilities Agreement*") to meet operational needs for a maximum amount of EUR 188.5 million, of which EUR 80 million were drawn as of December 31, 2020. Likewise, the rest of subsidiaries of the Group have credit facilities with a limit amount of EUR 39.5 million as of December 31, 2020, of which, EUR 4.4 million were drawn on that date *(see note 12b)*. Therefore, as of December 31, 2020, the Group had undrawn credit facilities amounting to EUR 143.6 million, together with cash available of EUR 212 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

- Operational risk: the changing and unpredictable nature of events could lead to the emergence of a risk of interruption in the provision of services or sales. Therefore, the Group has established contingency plans aimed at monitoring and managing its operations at all times. To date, no notable incidents have been revealed.

- Risk of change in certain financial magnitudes: the factors referred to above have adversely affect the Group's advertising revenues and to sales of newspapers and magazines and sale of books and training, which can continue to lead a decrease in the relevant captions for the Group in the next consolidated financial statements, such as *"Revenue"*, *"Result from operations"* or *"Result before tax"*. In this regard, the Group has made an estimate of the impact of COVID-19 in 2020, which would entail a reduction in the Group's advertising revenue, from the income from the sale of newspapers and magazines and the income from book sales and training (excluding Santillana Spain) of approximately 32%, 20% and 18% respectively, in relation to the previous year. The Group's *"Result from operations"* in 2020 is expected to be reduced by the effect of COVID-19 by approximately 118% compared to 2019 (excluding for a comparable basis, the expense of Mediapro ruling and the result from operations of Santillana Spain in 2019).

  Therefore, the Group has implemented a contingency plan with the aim of minimizing the aforementioned effects, and continues to work on it during 2021. As of December 31, 2020, this contingency plan has resulted in cost savings, and therefore an improvement in the Group's profit from operations of EUR 49 million, and fixed cost savings for 2021 are estimated to be around EUR 30 million in relation to 2019 excluding severances and exchenge rate effect. However, it is not possible at this stage to reliably quantify the impact of COVID-19 in next financial statements, given the constraints and limitations already indicated.

  Likewise, COVID-19 could also have an adverse impact on key indicators for the Group, such as financial leverage ratios and compliance with financial ratios included in the financial agreements of the Group. In this sense, with the agreed Refinancing, the Group's financial debt is made more flexible and endowed with a financial structure that makes it possible to meet its financial commitments (including financial ratios (covenants)), ensuring the Group's stability in the short and medium term.

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets (goodwill, intangible assets, deferred tax assets, trade and other receivables, etc.) and on the need to recognize provisions or other liabilities. The appropriate analyses and calculations have been carried out which have allowed, where appropriate, those assets and liabilities to be re-measured with the information available to date. This has meant that at December 31, 2020 there have been significant changes in the estimates at the end of 2019 regarding recoverability of goodwill, investments accounted for using the equity method and tax credits, as described in notes 6, 8 and 19 respectively.

- Continuity risk (going concern): in the light of all the above factors, the Directors of the Group consider that the application of the going concern principle remains valid.

Finally, we highlight that the Group's Directors and Management are constantly monitoring the situation so as to successfully address any impacts, both financial and non-financial, that may arise.

As a consequence of the facts set out above, the Directors have applied the going concern principle.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

In accordance with said regulation, in the scope of application of IFRS, and in the preparation of these consolidated financial statements of the Group, the following aspects should be highlighted:

- The IFRSs are applied in the preparation of the consolidated financial information of the Group. The financial statements of individual companies that are part of the Group are prepared and presented in accordance with accounting standards in each country.

- In accordance with IFRSs, these consolidated financial statements include the following consolidated financial statements of the Group:

  - Balance sheet.
  - Income statement.
  - Statement of comprehensive income.
  - Statement of changes in equity.
  - Statement of cash flow.

- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all transactions, events and items in 2020 and 2019.

In 2020, the following amendment to accounting standard came into force which, therefore, was considered when preparing these consolidated financial statements:

- Amendment to IAS 1 and IAS 8. Definition of materiality.
- Amendments to the conceptual framework of the IFRS. Review of the conceptual framework of the IFRS.
- Amendments to IFRS 9, IAS 39 and IFRS 7. Interest Rate Benchmark Reform.
- Amendment to IFRS 3. Business combinations.

The application of these amendments and interpretations did not have a significant impact on the Group's consolidated financial statements for this year.

The Group has elected not to early adopt other IFRSs issued but not yet effective, except for the early application of the amendment to IFRS 16 Leases - "Rent improvements".

Amendment to IFRS 16 Leases - "Rent improvements"

This modification allows, as a practical solution, the lessee to choose not to account for rental concessions arising from COVID-19 as a modification of the lease.

This practical solution can only be applied to rental concessions that have been a direct consequence of COVID-19. This requires the following conditions to be met: (i) the change in lease payments results in a revision of the lease consideration that is substantially the same as, or less than, the consideration immediately prior to the change; (ii) any reduction in lease payments only affects payments that were originally due on or before 30 June 2021; and (iii) there are no substantive changes to other terms and conditions of the lease.

This amendment has meant a lower lease expense in the year 2020 of EUR 1.2 million.

At December 31, 2020, the Prisa Group had not applied the following standards or interpretations issued, since the effective application thereof was required subsequent to that date or they have not been adopted by the European Union.

Standards, amendments, and interpretations		Mandatory application for financial years beginning on or after
Approved for use in the EU		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform	January 1, 2021
Amendments to IFRS 4, deferral of IFRS 9	Insurance contracts	January 1, 2021
Not yet approved for use in the EU		
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021	April 1, 2021
Amendment to IFRS 3	Business combinations	January 1, 2022
Amendment to IAS 16	Property, plant and equipment	January 1, 2022
Amendment to IAS 37	Provisions, contingent liabilities and contingent assets	January 1, 2022
IFRS annual improvements	2018-2020 Cycle	January 1, 2022
IFRS 17	Insurance contracts, including amendments to IFRS 17	January 1, 2023
Amendments to IAS 1	Presentation of Financial Statements	January 1, 2023
Amendments to IAS 8	Accounting policies, changes in Accounting estimates and errors: definition of accounting estimates	January 1, 2023

There is no accounting principle or measurement bases having a significant effect on the consolidated financial statements that the Group has failed to apply.

b) Fair presentation and accounting principles

The consolidated financial statements were obtained from the separate financial statements of Prisa and its subsidiaries and, accordingly, they present fairly the Group's equity and financial position at December 31, 2020, and the results of its operations, the changes in equity and the cash flows in the year then ended. The Group prepared its financial statements on a going concern basis, as described in note 1b. Also, with the exception of the consolidated statement of cash flows, these consolidated financial statements were prepared in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2020 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

c) Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Company's directors.

In the consolidated financial statements for 2020 estimates were occasionally made by executives of the Group and of the entities in order to quantify certain of the assets, liabilities and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to determine the possible existence of impairment losses (*see notes 4d and 4f*).
- The useful life of property, plant, and equipment and intangible assets (*see notes 4b and 4e*).
- The hypotheses used to calculate the fair value of financial instruments (*see note 4g*).
- The assessment of the likelihood and amount of undetermined or contingent liabilities (*see note 4j*).
- Estimated sales returns received after the end of the reporting period (*see note 4k*).
- Provisions for unissued and outstanding invoices.
- The estimates made for the determination of future commitments (*see note 25*).
- The recoverability of deferred tax assets (*see note 19*).
- Determination of the lease term in contracts with renewal option (*see note 4c*).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, it is possible that events that may take place in the future force them to modify them, upwards or downwards. In this case, the effects in the corresponding consolidated income statements for future periods, as well as in assets and liabilities, would be recognized.

In 2020, there were no significant changes in the accounting estimates made at the end of 2019, except those referring to the recoverability of goodwill, of the investments accounted for using the equity method, of the deferred tax assets and the value of the investment in Media Capital as described in notes 6, 8, 19 and 10, respectively.

d) Basis of consolidation

The consolidation methods applied were as follows:

Full consolidation-

Subsidiaries are accounted for using the equity method, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the necessary adjustments and eliminations have been carried out. Subsidiaries are companies over which the parent company exercises control, i.e. it has the power to direct their financial and operating policies, it is exposed or is entitled to variable earnings or has the ability to influence their earnings. Subsidiaries accounted for using the equity method are listed in Appendix I.

The results of subsidiaries which are acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition of control or until the effective date of disposal, as appropriate.

On acquisition of control, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of the subsidiary's acquisition over the parent company's share of the net fair value of its assets and liabilities is recognized as goodwill. Any deficiency is credited to the consolidated income statement.

The share of third parties of the equity of Group companies is presented under "*Equity – Non-controlling interests*" in the consolidated balance sheet and their share of the profit for the year is presented under "*Result attributable to non-controlling interests*" in the consolidated income statement.

The interest of non-controlling shareholders is stated at those shareholders' proportion of the fair values of the assets and liabilities recognized.

All balances and transactions between the fully consolidated companies were eliminated on consolidation.

Equity method-

Associates are accounted for using the equity method. Associates are companies in which Prisa holds direct or indirect ownership interests of between 20% and 50%, or even if the percentage of ownership does not reach those levels, it has significant influence over their management.

This method was also applied to joint ventures, considered as arrangements whereby the parties that exercise joint control over the company are entitled to its net assets on the basis of the arrangement. Joint control is the sharing of control that is contractually decided and set out in an agreement, which exists only when decisions concerning major operations require the unanimous consent of the parties that share control.

The companies accounted for using the equity method are listed in Appendix I and II, together with their main financial aggregates.

Under the equity method, investments are recognized in the consolidated balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, for the effect of transactions performed with the Group, plus any unrealized gains relating to the goodwill paid on the acquisition of the company.

Dividends received from these companies are recognized as a reduction in the value of the Group's investment. The Group's share of the profit or loss of these companies is included, net of the related tax effect, in the consolidated income statement under "*Result of companies accounted for using the equity method.*"

Additionally, investments accounted for using the equity method are modified by the effect of the exchange rate.

Other matters -

The data relating to Sociedad Española de Radiodifusión, S.L., Grupo Santillana Educación Global, S.L., Prisa Brand Solutions, S.L. (sole trader), Grupo Latino de Radiodifusión Chile, Ltda., Sistema Radiópolis, S.A. de C.V. and Grupo Media Capital SGPS, S.A. contained in these notes were obtained from their respective consolidated financial statements.

The items in the balance sheets of the companies whose functional currency is not the euro included in the scope of consolidation were translated to euros using "the closing rate method", i.e. all assets, rights and obligations were translated at the exchange rates prevailing at the end of the reporting period. Income statement items were translated at the average exchange rates for the year. The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the other items as indicated above is recognized under "*Equity– Translation differences*" in the accompanying consolidated balance sheet.

Venezuela

From 2009 onwards Venezuela is considered to have a hyperinflationary economy. The functional currency of the Venezuelan subsidiary is the bolivar. The Group regularly evaluates the local economic situation and the particular circumstances of its operations in Venezuela in order to determine the exchange rate that better reflects the economic aspects of its activities in the country, taking into account all information available on relevant factors and circumstances at each closing date.

During 2017 and 2018 the economic and political crisis in Venezuela become more acute and this situation sparked a jump in the rate of inflation. However, the official exchange rates did not move accordingly, which meant that they were not representative of the value of the Venezuelan currency and, therefore, did not reflect the real loss of purchasing power of such currency. In May 2017, a new exchange agreement was published. This agreement established a currency exchange auction system with limited fluctuation bands, although no new currency exchange auctions were called since August 2017. In January 2018, another exchange agreement was published. This agreement established a new auction mechanism, where currency offers will mainly come from the private sector, eliminating the protected exchange rate system ("DIPRO"). Structural deficiencies of this mechanism (inadequate depth and transparency) suggested that a significant deviation between the evolution of official exchange rates and inflation continued.

In this context, taking into account the country's economic reality and the absence of official rates representing the economic situation of Venezuela, in 2017 and 2018 the Group deemed necessary to estimate an exchange rate commensurate with the evolution of inflation in Venezuela, which appropriately reflected the economic-financial and equity situation of its Venezuelan subsidiary when drawing up the Group's consolidated financial statements (synthetic exchange rate). The methodology applied in this sense consisted in considering an exchange rate as a representative starting point, due to the closer approximation between the official auction exchange rate, the existing alternative rates and the exchange rates obtained by applying macroeconomic methodologies; and updating it with the inflation rates published by the Finance Commission of the Venezuelan National Assembly. In the second half of 2018, the Venezuelan government carried out a monetary reconversion that meant removing 5 zeros from its currency and denominating it in sovereign bolivars. The exchange rate used as at December 31, 2018 when translating the financial statements of the Venezuelan subsidiary, resulting from the methodology described above, amounted to 6,000 sovereigns bolivars per euro.

Hyperinflation, loss of purchasing power, falling international reserves and the fiscal deficit, among other things, combined with the restrictions caused by the COVID-19 pandemic, meant that 2020 began with the country’s biggest economic and political crisis. In Venezuela, unlike other countries, no fiscal stimuli were applied to try to recover or sustain the productive apparatus, which had a negative impact on companies’ cash flow. In addition, the restrictions on bank credit made it necessary to operate with equity. Banking allowed, for use within the national territory, the purchase and sale of foreign currency through bureau de change transactions using an average exchange rate based on supply and demand. Due to all these effects, the bolivar continued to be devalued and it is estimated that 80% of transactions were in dollars, which is the marker for setting any price today.

An easing of currency controls was carried out, which leads to the official rate of the dollar being brought in line with the parallel market price. This causes official exchange rates to be used for the translating of financial statements. The exchange rate used as at December 31, 2020 when translating the financial statements of the Venezuelan subsidiary, comes from Venezuela Central Bank, amounted to 1,352,443 sovereigns bolivars per euro (52,332 sovereigns bolivars per euro at December 31, 2019).

In October 2019 the Venezuelan central bank published the inflation indices, which had been absent from 2016 to September 2019, generating a positive impact on the inflation-adjusted figures, as these were lower than those reported by the National Assembly's Finance Committee, whose inflation for 2018 was 1,698,488%. The last quarter of 2020 was published in February 2021, closing the 2020 financial year with a cumulative inflation of 2,959.8% (9,585.5% from January to December 2019). The deceleration of the inflation rate is therefore continuing.

Argentina

Since the second quarter of 2018, Argentina's economy has been considered by international authorities as hyperinflationary. The main reason for this is that since 1 July 2018 the accumulated inflation of the last three years in Argentina exceeded 100%. As a general price index, Argentina's national CPI has been applied since 1 January 2017, the IPIM (Internal Wholesale Price Index) until 31 December 2018 and from January 2019 it was determined that the official index to be used will be the one issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) which has matched the national CPI since 2019. The inflation rate from January to December 2020 amounts to 36.13% (53.30% from January to December 2019).

The functional currency is the Argentine peso and the balance sheet and the income statement of the Argentine subsidiaries were converted to the exchange rate on December 31, 2020, which was 102.74 EUR/Argentine peso (67.19 EUR/Argentine peso at December 31, 2019).

Prior to the consideration of Argentina as a hyperinflationary economy, the financial statements of this country's subsidiaries were developed using the historical cost method.

When the operations of a Venezuelan or Argentinian entities (entities that uses the Venezuelan bolivar or the Argentine pesos as their functional currency) are translated into the currency of a non-hyperinflationary economy, in this case to euros, paragraph IAS 21.42 (b) states that "comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates)".

Non- monetary headings of the balance sheet are adjusted to reflect changes in prices in accordance with local laws, before they are translated to euros, as contained in the notes to these consolidated financial statements separately under the column "*Monetary adjustment*". The effect of inflation for the financial year as to monetary assets and liabilities is included under "*Finance costs*" in the attached consolidated income statement. The effect of the adjustment for inflation on the net equity of companies to which this accounting practice applies (Venezuela and Argentina) (positive impact of EUR 2.2 million, which EUR 1.0 million come from Argentina) and the translation differences associated with them (negative impact of EUR 5.6 million, of which EUR 4.2 million come from Argentina) have been registered under the line "*Translation differences*" on the accompanying consolidated statement of comprehensive income. Likewise, this effect has been registered under "*Equity- Accumulated profit for prior years*" on the accompanying consolidated balance sheet.

The operations and investments in Latin America may be affected by various risks typical of investments in countries with emerging economies, such as currency devaluation, inflation, restrictions on the movement of capital. Specifically, in Venezuela the movement of funds is affected by complex administrative procedures, expropriation or nationalization, tax changes, changes in policies and regulations or unstable situations.

e) Information comparison

In accordance with commercial legislation, in addition to the figures for 2020, the figures for the previous year are presented for comparison purposes with each of the items in the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement, in addition to the figures for 2020. Comparative information for the previous year is also included in the notes to the financial statements, except where an accounting standard specifically states that it is not required.

Since October 2020, as a consequence of the contract signed with Sanoma Corporation for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12, the results of Santillana Spain were reclassified as a discontinued operation under "*Result after tax from discontinued operations*".

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement and the consolidated cash flow statement for the 2019 financial year and their disclosures in the notes have been modified to present Santillana Spain as a discontinued operation (*see notes 17 y 18*).

(3) CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in 2020 were as follows:

Subsidiaries

In January 2020, the liquidation of Radio Mercadeo, Ltda. took place.

In February 2020, the liquidation of Grupo Latino de Publicidad Colombia, S.A.S took place.

In March 2020, the liquidation of Prisa Noticias Colombia, S.A.S took place.

In June 2020 is sold Fullscreen Solutions, S.A. de C.V.

Also, in June 2020, is liquidated GLR Colombia, Ltda.

In July 2020, Sociedad de Radiodifusión El Litoral, S.L. was merged by absorption into Blaya y Vega S.A. Both companies belong to the consolidated Grupo Latino de Radiodifusión Chile, Ltda.

Likewise, in July 2020, the merger by absorption of Meristation Megazine, S.L. with Grupo Empresarial de Medios Impresos y Digitales, S.L. took place.

In August 2020, Publicitaria y Difusora El Norte, Ltd, Comunicaciones Pacifico, S.A. and Abril, S.A. were merged into Fast Net Comunicaciones S.A. and Iberoamericana Radio Chile, S.A. was merged into Comercializadora Iberoamericana Radio Chile, S.A. All companies belong to the consolidated Grupo Latino de Radiodifusión Chile, Ltda.

On May 14, 2020, Vertix, SGPS, S.A. (subsidiary fully owned by Prisa) sold to Pluris Investments, S.A. (Pluris) the shares amounting to 30.22% of share capital of Grupo Media Capital, SGPS, S.A. ("Media Capital") for a price of EUR 10,500 thousand. This amount, net of costs, was destined to partial repayment of syndicated loan of the Group. This transaction meant an accounting loss for EUR 29 million, accounted as *"Result after tax from discontinued operations"* in the accompanying consolidated income statement *(see notes 1 and 17)*.

On September 4, 2020, Prisa signed with a plurality of investors independent agreements for the sale of shares of Media Capital, which together represent the entire shareholding (64.47%) held by Prisa trough Vertix in the Portuguese company. On November 3, 2020, the sale of shares for a price of 36.9 million euros was completed. This amount, net of costs, has been used to partially repay the Group's syndicated loan. The above have meant an accounting loss for EUR 48.5 million, accounted as *"Result after tax from discontinued operations"* in the accompanying consolidated income statement *(see notes 1 and 17).*

The consolidated balance sheet of Media Capital at the date of delisting was as follows (thousands of euros):

Non-current assets-	**122,731**
Property, plant, and equipment	18,966
Goodwill	92,032
Intangible assets	8,384
Other non-current assets	3,349
Current assets-	**117,959**
Inventories	74,202
Trade receivables and other receivables	27,296
Cash and cash equivalents	16,461
Total assets	**240,690**
Equity	**73,800**
Non-current liabilities-	**50,473**
Non-current bank borrowings	44,699
Other non-current liabilities	5,774
Current liabilities-	**116,417**
Commercial creditors	34,408
Other non-trade payables	15,437
Current bank borrowings	51,957
Public administrations	11,777
Other current liabilities	2,838
Total liabilities	**240,690**

In November 2020, is liquidated Promotora General de Revistas, S.A.

The merger by absorption of Radio Spain de Barcelona, S.L. with Sociedad Española de Radiodifusión, S.L.U. also took place in November 2020.

On October 19, 2020, Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), signed an agreement with the Sanoma Corporation, a European learning and Finnish media company, for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12 segments. Santillana's activity in public and private markets in Latin America has been excluded from the transaction and will continue to be developed by Prisa through Santillana.

On December 31, 2020, the transaction was closed at an enterprise value of EUR 465 million which represents 9.6 times the average EBITDA registered for the educational cycles over the 2017/2019 period. The companies object of the transaction have been Santillana Educación, S.L.U., Santillana Infantil y Juvenil, S.L., Ítaca, S.L., Edicions Obradoiro, S.L., Ediciones Grazalema, S.L., Grup Promotor D´Ensenyement i Difussió en Catalá, S.L., Zubia Editoriala, S.L. and Edicions Voramar, S.A., which has meant a total cash inflow obtained from the buyer of EUR 418 million. Of the cash obtained, 371 million euros have been used to partially repay the Prisa syndicated loan *(see note 12b).* The impact of the operation on Prisa's consolidated income statement is a positive result for 377 million euros, accounted as *"Result after tax from discontinued operations"* in the accompanying consolidated income statement *(see note 17)*.

The consolidated balance sheet of Santillana Spain companies at the date of delisting was as follows (thousands of euros):

Non-current assets-	**24,349**
Property, plant, and equipment	9,320
Intangible assets	11,482
Non current financial investments	750
Deferred tax assets	2,797
Current assets-	**28,704**
Inventories	11,309
Trade receivables and other receivables	10,674
Cash and cash equivalents	6,721
Total assets	**53,053**
Equity	**11,489**
Non-current liabilities-	**14,918**
Non-current bank borrowings	9,243
Other non-current liabilities	5,675
Current liabilities-	**26,646**
Commercial creditors	17,652
Other non-trade payables	4,198
Current bank borrowings	2,186
Public administrations	2,547
Other current liabilities	63
Total liabilities	**53,053**

In December 2020, Santillana Latam, S.L.U. is created.

Also, in December 2020, is liquidated Prisa Gestión de Servicios, S.L.

Likewise, in December 2020, Sociedad Española de Radiodifusión, S.L.U. acquired the 64.01% of Radio Rioja, S.A., thus acquiring 100% of the company. Following the deal, Radio Rioja, S.A. begins to be consolidated using the full integration method.

These changes in the Group structure have not had a significant impact on the consolidated financial statements, except for the sale of Media Capital shares and the sale of Santillana's pre-K-12 and K-12 business in Spain described above.

Associates

In May 2020, Sociedad Española de Radiodifusión, S.L. sold its stake in Laudio Irratia, S.L.

Also in May, Caja Radiopolis, S.C. and Fondo Radiopolis, S.C. were created. These companies belong to the consolidated Sistema Radiópolis, S.A. de C.V.

In July 2020 Prisa Participadas, S.L. sells its stakes in Sociedad Canaria de Televisión Regional, S.A. and Productora Canaria de Programas, S.A.

These changes in the Group structure have not had a significant impact on the consolidated financial statements.

(4) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2020 and comparative information were as follows:

a) Presentation of the consolidated financial statements

In accordance with IAS 1, the Group opted to present the assets in its consolidated balance sheet on the basis of a current/non-current assets distinction. Also, income and expenses are presented in the consolidated income statement according to the nature of the related item. The statement of cash flows was prepared using the indirect method.

b) Property, plant, and equipment

Property, plant and equipment are carried at cost, net of the related accumulated depreciation and of any impairment losses.

Property, plant and equipment acquired prior to December 31, 1983, are carried at cost, revalued pursuant to applicable legislation. Subsequent additions are stated at cost, revalued, if apply, pursuant to Royal Decree-Law 7/1996.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

Period upkeep and maintenance expenses are charged directly to the consolidated income statement.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the years of estimated useful life of the related assets, the detail being as follows:

	Years of estimated useful life (*)
Buildings and structures	50
Plant and machinery	5 – 10
Other items of property, plant and equipment	4 – 10

(*) It excludes assets under IFRS 16

The gain or loss arising on the disposal or derecognition of an asset is determined as the difference between the selling price and the carrying amount of the asset and is recognized in the consolidated income statement.

c) Leases

IFRS 16 establishes the principles for the recognition, measurement and presentation of leases, whereby all leases (with certain limited exceptions) are recognised in the consolidated balance sheet and there is an amortisation expense for the right-of-use asset and a finance cost for the change in value of the liability arising from the lease.

As a general rule, at the beginning of a contract, the Group assesses whether the contract is or contains a lease, i.e. whether the right to control the use of an identified asset for a period of time is transferred in exchange for a consideration.

At the commencement date of the lease, the lessee recognises an asset (property, plant and equipment or intangible) representing the right to use the underlying asset during the lease term for an amount equal to the initial value of the lease financial liability plus any initial direct costs incurred and payments made to the lessor before the commencement date, less any incentives received, and plus any estimated costs that will be incurred by the lessee in dismantling and removing the asset or returning it to the required level on the required terms and conditions.

The right-to-use asset is subsequently measured at cost, less any accumulated depreciation and recognised impairment losses, and adjusted for any remeasurement of the lease liability. The asset is depreciated on a straight-line basis over the life of the contract, except where the useful life of the asset is shorter. The Group has applied the requirements included in IAS 36 to determine the impairment of the right-of-use asset (*see note 4f*).

Also, at the commencement date of the lease, the lessee recognises a financial liability, calculated at the present value of the lease payments payable over the lease term, discounted by the discount rate. In this regard, lease payments include committed fixed payments less lease incentives to be received, variable payments dependent on an index or interest rate (measured at the index or rate on the commencement date), amounts expected to be paid for residual value guarantees and payments for purchase options if the lessee is reasonably certain to exercise that option.

The lease term of the contracts has been determined as the non-cancellable period considering the options of extension and termination when there is a reasonable certainty of their execution and it is at the discretion of the lessee. After the commencement date, the Group reassesses the term of the lease if there is a significant event or change in the circumstances under its control that may affect its ability to exercise an option to extend the lease or not to exercise an option to terminate the lease. The discount rate is calculated as the tenant's incremental borrowing rate.

After the commencement date, the lessee values the lease liability by increasing its carrying amount to reflect the interest accrued on the liability and reducing it by the payments made.

The amount of the lease liability is reviewed and adjusted in certain cases (generally as an adjustment to the right-of-use asset), such as, for changes in the length of the non-cancellable period of the contract (with regard to the initial consideration), changes in the expected amount payable for value guarantees or in the purchase option, or changes in lease payments due to changes in indices with regard to what would have been considered at the beginning of the contract.

The Group chooses not to recognise in the balance sheet the liability and the right-of-use asset corresponding to low value asset lease contracts. In this case, the amount accrued for the lease is recognised as an operating expense on a straight-line basis over the term of the contract.

Payments associated with lease financial liabilities are included in the cash flow from financing activities in the consolidated cash flow statement.

d) Goodwill

Any excess of the cost of the investments in the consolidated companies over the corresponding fair value at the date of acquisition or at the date of first time consolidation, provided that the acquisition is not after control is obtained, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, by adjusting the carrying amounts at which they had been recognized in their balance sheets to the fair value and whose accounting treatment was similar to that of the same assets of the Group.
- If it is attributable to non-contingent liabilities, by recognizing it in the consolidated balance sheet if it is probable that the outflow of resources to settle the obligation embody economic benefits and the fair value can be measured reliably.
- If it is attributable to specific intangible assets, by recognizing it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognized as goodwill.

Changes in ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Once control is obtained, additional investments in subsidiaries and decreases in ownership interest without the loss of control do not affect the amount of goodwill. When a parent loses control of a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities and the share of non-controlling interests, recognizing the fair value of the consideration received and any residual ownership in the subsidiary. The remaining difference is taken to profit or loss in the income statement for the year.

The assets and liabilities acquired are measured provisionally at the acquisition date, and the provisional amounts are reviewed within a period of a year from the acquisition date. Therefore, until the definitive fair value of the assets and liabilities has been established, the difference between the acquisition cost and the net value of assets acquired and liabilities assumed is provisionally recognized as goodwill.

Goodwill is considered to be an asset of the company acquired and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is valued in that subsidiary's functional currency and is translated to euros using the exchange rate prevailing at the balance sheet date.

e) Intangible assets

The main items included under "*Intangible assets*" and the measurement bases used were as follows:

Computer software-

"*Computer software*" includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized by the straight-line method, depending on the type of program or development, during the period in which contribute to the generation of profits.

Prototypes-

This account includes basically prototypes for the publication of books, which are measured at the costs incurred in materials and work performed by third parties to obtain the physical medium required for industrial mass reproduction. The prototypes are amortized using the straight-line method over three years from the date on which they are launched on the market, in the case of textbooks and languages, atlases, dictionaries encyclopaedias and major works. The cost of the prototypes of books that are not expected to be published is charged to the income statement for the year in which the decision not to publish is taken.

Advances on copyrights-

This account includes the advances to authors, whether or not paid on account of future rights or royalties for the right to use the different forms of intellectual property. These advances are taken to expenses in the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion charged to income. This cost is reviewed each year and, where necessary, an allowance is recognized based on the projected sales of the related publication.

Other intangible assets-

"*Other intangible assets*" includes basically the amounts paid to acquire administrative concessions for the operation of radio frequencies, which are subject to temporary administrative concessions. These concessions are granted for renewable multi-years periods, in accordance with regulations of each country, and are amortized using the straight-line method over the term of the arrangement, except in cases where the renewal costs are not significant and the required obligations easily attainable, in which case they are deemed to be assets with an indefinite useful life.

f) Losses due to impairment of non-financial assets

Annually, at the end of each fiscal year and, when ever, there is evidence of impairment, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate cash flows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For these purposes, a cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group identifies these cash-generating units, broadly, by business and country.

Cash-generating units to which goodwill has been assigned or intangible assets with an indefinite useful life are systematically tested for impairment at the end of each reporting period or when the circumstances so warrant.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on most recent budgets approved by management. These budgets include the best estimates available of the income and costs of the cash-generating units based on industry projections and future expectations.

These projections cover the following five years and include a terminal value that is appropriate for each business and that is calculated as a perpetual income extrapolating the normalized flow of year five using a constant growth rate. These cash flows are discounted to their present value at a rate that reflects the weighted average cost of capital employed adjusted by the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2020 the rates used ranged from 8.1% to 27.4% depending on the business being analysed (from 6.9% to 22.7% in 2019).

If the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognized in the consolidated income statement for the difference.

In case the goodwill of a company with minority interests was fully recognized in the consolidated financial statements of the parent company, the assignment of the corresponding impairment between the parent company and the minority interests is made in accordance with their participation in the profit and losses of the company, that means in accordance with the participation in the share capital of the company.

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the consolidated income statement. An impairment loss recognized for goodwill must not be reversed.

g) Financial instruments

Financial assets are classified in three categories: (i) amortized cost, (ii) fair value with changes in other comprehensive income (equity) and (iii) fair value with changes in profit and loss, belonging all financial assets from the Group to the category of amortized cost.

Non-current financial assets at amortized cost-

This heading includes the following categories:

- *Loans and receivables:* this includes financial assets originating from the sale of goods or from the provision of services during the company's traffic operations or those that, not having have any commercial substance, are not equity instruments or derivatives and have fixed or determinable payments and are not traded in an active market, meaning that the Group intends to keep them to obtain the contractual cash flows. These assets are valued at amortized cost, i.e. cash delivered fewer principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables.

- *Other assets at amortized cost:* financial assets with fixed or determinable payments and established maturities for which the Group has the intention and ability to hold to maturity to obtain the contractual cash flows.

Impairment of financial assets-

On the date of initial recognition of financial assets, the expected loss is recognised that results from a "default" event during the next 12 months or while the contract remains in force, depending on the evolution of the credit risk of the financial asset from its initial recognition on the balance sheet or by applying the "simplified" models allowed by the standards for some financial assets. The Group applied the simplified focus to recognise the expected credit loss during the period in which the receivables are in force that result from transactions under IFRS 15. In this way, the Group creates an allowance for a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sales by customer type.

Cash and cash equivalents-

"*Cash and cash equivalents*" in the consolidated balance sheet includes cash on hand and at banks, demand deposits and other short-term highly liquid investments that are readily convertible into cash and are not subject to a risk of changes in value.

Financial liabilities-

This category includes debits for commercial operations and debits for non-commercial operations. These external resources are classified as current liabilities, unless the Company has an unconditional right to defer their liquidation for at least 12 months after the balance sheet date. Debits for commercial operations that have an expiration of no more than one year and that do not have a contractual interest rate, both initially and subsequently, for their nominal value when the effect of not updating the cash flows is not significant.

The financial debt is initially recognised by its fair value, also recording the directly attributable costs incurred obtaining it. The amortised cost is valued in subsequent periods, i.e. for the amount at which it was measured in its initial recognition, deducting the repayments from the principal, plus any difference between the initial amount and the amount upon expiry, using the effective interest method.

Compound financial instruments-

Compound financial instruments are non-derivative instruments that have both a liability and an equity component.

The Group recognizes, measures and presents separately the liability and equity components created by a single financial instrument.

The Group distributes the value of its instruments in accordance with the following criteria which, barring error, will not be subsequently reviewed.

a. The liability component is recognized by measuring the fair value of a similar liability that does not have an associated equity component.
b. The equity component is measured at the difference between the initial amount and the amount assigned to the liability component.
c. The transaction costs are distributed in the same proportion.

Derivative financial instruments and hedge accounting--

The Group is exposed to fluctuations in the exchange rates of the various countries in which it operates. In order to mitigate this risk, foreign currency hedges are used, on the basis of its projections and budgets, when the market outlook so requires.

Similarly, the Group is exposed to foreign currency risk as a result of potential fluctuations in the various currencies in which its bank borrowings and debts to third parties are denominated. Accordingly, it uses hedging instruments for transactions of this nature when they are material and the market outlook so requires.

The Group is also exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. In this regard, the Group arranges interest rate hedges, basically through contracts providing for interest rate caps, when the market outlook so requires.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

For instruments settled at a variable number of shares or in cash, the Company recognizes a derivative financial liability when measuring these financial instruments using the Black - Scholes model.

h) Investments accounted for using the equity method

As discussed in note 2d, investments in companies over which the Group has significant influence or joint control are accounted for using the equity method. The goodwill arising on the acquisition of these companies is also included under this heading.

Investments in companies accounted for using the equity method whose carrying amount is negative at the end of the reporting period are recognized under "*Long- term provisions*" *(see notes 8 y 13)* at their negative excluding the financial effect given the nature of the investments.

i) Inventories

Inventories of raw materials and supplies and inventories of commercial products or finished goods purchased from third parties are measured at the lower of their average acquisition cost and market value.

Work in progress and finished goods produced in-house are measured at the lower of average production cost and market value. Production cost includes the cost of materials used, labor and in-house and third-party direct and indirect manufacturing expenses.

Obsolete, defective or slow-moving inventories are reduced to their realizable value.

The Group assesses the net realizable value of the inventories at the period end and recognizes the appropriate write-down if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

j) Long-term provisions

Present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the Group, which is uncertain as to its amount and timing, are recognized in the consolidated balance sheet as provisions at the present value of the most probable amount that it is considered the Group will have to pay to settle the obligation.

Provisions for taxes-

The provisions for taxes relate to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfilment of certain conditions.

Provisions for indemnities and third-party liability-

Long term provisions also includes the estimated amount required to cover probable claims arising from obligations assumed by the companies in the course of their commercial operations, and probable or certain liabilities arising from litigation in progress, compensation to workers who are terminated their labor relations or other outstanding obligations of undetermined amount, as in the case of collateral and other similar guarantees provided by the Group.

Likewise, it includes the amount of the companies accounted for using the equity method with negative net value at the year end.

k) Recognition of income and expenses

Revenue is recognised when control of the goods and services is transferred to the client for the amount at which the Group estimates that the goods and services will be traded. Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

To calculate revenue, in accordance with IFRS 15, the contract or contracts, as well as the different obligations included in goods and service provision contracts must be identified, the transaction price must be determined and distributed among the cited contractual obligations, based on their respective independent sales prices or an estimation thereof and the revenue is recognised inasmuch as the entity complies with each of its obligations.

The standard coming into force mainly affected recognition of revenue from Santillana's digital teaching systems in the areas of Educación UNO and Compartir.

The accounting policies applied to recognize the revenue of the Group’s main businesses are as follows:

– *Advertising revenue* is recognized when the advertisement appears in the media, less the amount of volume rebates offered to the media agencies. The average payment period is around 90 days.

– *Revenue from book sales* is recognized on the effective delivery thereof. Where the sales of the copies are subject to sales returns, the sales returns are deducted from the revenue recognized. Also, the amounts corresponding to rebates or trade discounts are deducted from revenue. The collection period is variable and is established in the different sales contracts. The sales returns estimation is calculated using historical return percentages.

– *Revenue from digital teaching systems*: the revenue from the goods and services provided is recognised once control thereof is transferred to the client, in accordance with the criteria described below:

    o Printed teaching material and digital content: revenue is reported when ownership is transferred to the school or student.

- o Equipment made available to schools and other services: the respective revenue will be recognised during the school year.

The price and value of revenue from these goods and services is determined by analysing margins and independent sale prices of the goods that have separate marketing. These revenues are collected in two different ways, either the total at the start of the school year or by means of payments throughout the year.

- *Revenue from the sale of newspapers and magazines* is recognized on the effective delivery thereof, net of the related estimated provision for sales returns. Also, the amounts relating to distributors' fees are deducted from revenue. The collection for the sale of newspapers and magazines occurs in the month in which the sales are made.

- *Revenue related to intermediation services* is recognized at the amount of the fees received when the goods or services under the transaction are supplied.

- *Other services:* this item includes music sales, organization and management of events, e- commerce and internet services.

The Group does not adjust the considerations received due to the impact of significant financing components, as the period between the moment at which the goods and services are transferred to the client and the moment at which the client pays for the good or service is less than one year in nearly all of the contracts.

The commissions given to employees for obtaining contracts are recognized mainly as expenses in the financial year instead of as a fixed amortisation asset because the amortisation period of this asset would be less than one year.

l) Offsetting

Assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, they arise from transactions in which the Group has a contractual or legally enforceable right to set off the recognized amounts and its intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

m) Tax matters

The expense or income due to tax on the year's earnings, is calculated by adding the current tax expense and the deferred tax expense. The current tax expense is determined by applying the applicable tax rate to the taxable income, and deducting from that result the amount of allowances and deductions generated and applied during the year, determining the payment obligation to the Public Administration.

The assets and liabilities due to deferred taxes, arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from the difference between the book value of assets and liabilities and their tax base, as well as non-deductible expenses that acquire deductibility at a later time. These amounts are recorded applying the tax rate at which they are expected to be recovered or settled to the temporary difference.

Deferred tax assets also arise as a result of carry forward losses and credits due to tax deductions generated and not applied and non-deductible financial expenses.

The corresponding liability due to deferred taxes is recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of its completion, affects neither the accounting nor the tax profit/loss.

Meanwhile, deferred tax assets, identified using deductible temporary differences, are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them and they do not arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects the tax profit/loss or the accounting profit/loss. The remaining deferred tax assets (losses and carry forward deductions) are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them.

At each accounting period end, recorded deferred taxes (assets and liabilities) are reviewed in order to check whether they are still applicable, making the appropriate adjustments, in accordance with the results of the analyses performed and the applicable tax rate at all times.

Royal Decree-Law 3/2016, of 2 December, modified the Transitional Provision Sixteenth (DT 16) of Law 27/2014, of November 27, on Corporate Income Tax, a Provision that establishes the transitional regime applicable to the fiscal reversion of losses for impairment generated in periods before January 1, 2013. Under the new regulations, with effect for tax periods beginning on or after January 1, 2016, the reversal of said losses shall comprise at least equal parts in the tax base corresponding to each of the first five tax periods commencing from that date.

To the extent in which the values of the Group affected by this rule have no impediment, in practice, in order to be able to be transmitted before the end of the period of five years, as there are no very severe restrictions on their transferability, whether legal, contractual or of other types, these fiscal adjustments have been considered as permanent differences in the Group and, consequently, one fifth of the corresponding Corporate Tax expense has been recognized as payable as a tax liability to the Treasury.

n) Result after tax from discontinued operations

A discontinued operation is a component of the Group, whose operations and cash flows can be clearly distinguished from the rest (operationally and for financial reporting purposes), that has been disposed or classified as held for sale and represents a separate major line of business or geographical area from the Group.

The income and expenses of the discontinued operations are presented separately in the consolidated income statement under "*Result after tax from discontinued operations*".

o) Assets classified as held for sale and liabilities associated with assets classified as held for sale

Non-current assets classified as held for sale are considered to be groups of assets directly associated with them, to be disposed of together as a group in a single transaction, on which it is estimate that its realization is highly likely and within twelve months from the date of their classification under this heading and up to the date on which the requirements established in IFRS 5 are no longer complied with.

Assets classified as held for sale are presented separately from other assets and measured at the lower of carrying amount and fair value less costs to sell. Likewise, liabilities classified as held for sale are presented separately form the other liabilities.

p) Share-based payments

The Group recognizes, on the one hand, goods and services received as an asset or as an expenditure, taking into account its nature at the time it is obtained and, on the other hand, the corresponding increase in equity if the transaction is settled with equity instruments, or the corresponding liabilities if the transaction is settled in cash with an amount based on the value of equity instruments.

In the case of transactions settled with equity instruments, both the services provided and increases in equity are valued at the fair value of the equity realized, as of the date of the agreement to realize it (date of measurement). Conversely, in case of settlement with cash, goods and services received and the corresponding liabilities are recognized at the fair value of the latter as of the date on which the requirements for their recognition are met.

q) Foreign currency transactions

The consolidated annual accounts of the Group are presented in euros, which is also the functional currency of the Company. Each Group entity determines its own functional currency and the items included in the financial statements of each company are valued using that functional currency.

Initially, the Group companies record transactions in foreign currency at the exchange rate prevailing on the date of the transaction in their respective functional currency. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in effect on the closing date. All differences arising when settling or converting monetary items are recorded in the consolidated income statement in the heading *"Exchange differences (net)"*.

r) Current/non-current classification

Debts are recognized at their effective amount and debts due to be settled within twelve months from the balance sheet date are classified as current items and those due to be settled within more than twelve months as non-current items.

s) Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Changes in cash flows in the year: inflows and outflows of cash and cash equivalents, which are short-term, highly-liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and in cash equivalents. For transactions between the parent and non-controlling interests, these only include those representing a change of control.
- Financing activities: activities that result in changes in the size and composition of equity and borrowings, as well as transactions between the parent and non-controlling interests which do not represent a change of control. Additionally, the cash payment of the financial liability for lease is included.

t) Environmental impact

In view of the printing activities carried on by certain consolidated Group companies and in accordance with current legislation, these companies control the degree of pollution caused by waste and emissions, and have an adequate waste disposal policy in place. The expenses incurred in this connection, which are not significant, are expensed currently.

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

(5) PROPERTY, PLANT, AND EQUIPMENT

2020-

The changes in 2020 in "Property, plant and equipment" in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2019	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 31/12/2020
Cost:								
Land and buildings	48,400	239	(2,899)	238	104	(75)	-	46,007
Plant and machinery	122,394	305	(3,561)	261	1,629	(1,042)	(4,301)	115,685
Other items of property, plant and equipment	76,449	2,418	(8,984)	236	5,168	(1,257)	(2,020)	72,010
Advances and equipment in the course	654	-	(43)	-	411	-	(996)	26
Total cost	**247,897**	**2,962**	**(15,487)**	**735**	**7,312**	**(2,374)**	**(7,317)**	**233,728**
Accumulated depreciation:								
Buildings	(15,477)	(202)	956	(81)	(520)	51	-	(15,273)
Plant and machinery	(105,948)	(269)	2,770	(239)	(4,421)	944	4,685	(102,478)
Other items of property, plant and equipment	(61,415)	(1,881)	6,939	(232)	(6,308)	909	1,816	(60,172)
Total accumulated depreciation	**(182,840)**	**(2,352)**	**10,665**	**(552)**	**(11,249)**	**1,904**	**6,501**	**(177,923)**
Impairment losses:								
Land and buildings	(5,856)	-	-	-	(1,423)	12	-	(7,267)
Plant and machinery	(257)	-	-	-	(393)	-	-	(650)
Other items of property, plant and equipment	(362)	-	68	-	(219)	23	-	(490)
Total impairment losses	**(6,475)**	**-**	**68**	**-**	**(2,035)**	**35**	**-**	**(8,407)**
Net property, plant and equip.	**58,582**	**610**	**(4,754)**	**183**	**(5,972)**	**(435)**	**(816)**	**47,398**
Cost of property, plant and equipment in lease:								
Land and buildings	135,472	768	(5,253)	42	5,277	(3,575)	(8,687)	124,044
Other items of property, plant and equipment	39,375	-	(8,642)	-	8,101	(5,925)	(2,465)	30,444
Total cost of property, plant and equipment in lease	**174,847**	**768**	**(13,895)**	**42**	**13,378**	**(9,500)**	**(11,152)**	**154,488**
Accumulated depreciation of property, plant and equipment in lease:								
Buildings	(18,903)	(197)	1,302	-	(17,190)	3,493	4,131	(27,364)
Other items of property, plant and equipment	(23,798)	-	5,634	-	(8,204)	5,749	1,561	(19,058)
Total accumulated depreciation of property, plant and equipment in lease	**(42,701)**	**(197)**	**6,936**	**-**	**(25,394)**	**9,242**	**5,692**	**(46,422)**
Net property, plant and equipment in lease	**132,146**	**571**	**(6,959)**	**42**	**(12,016)**	**(258)**	**(5,460)**	**108,066**
TOTAL NET PROPERTY, PLANT AND EQUIPMENT	**190,728**	**1,181**	**(11,713)**	**225**	**(17,988)**	**(693)**	**(6,276)**	**155,464**

2019-

The changes in 2019 in "Property, plant and equipment" in the consolidated balance sheet were as follows:

	Thousands of euros								
	Balance at 12/31/2018	Initial impact of IFRS 16	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 31/12/2019
Cost:									
Land and buildings	62,211	-	295	(692)	(850)	563	(3,108)	(10,019)	48,400
Plant and machinery	237,801	(2,032)	545	(1,087)	(167)	3,067	(11,037)	(104,696)	122,394
Other items of property, plant and equipment	116,081	(26,377)	4,017	(2,883)	72	7,476	(2,276)	(19,661)	76,449
Advances and equipment in the course	2,025	-	-	7	-	2,382	(3)	(3,757)	654
Total cost	**418,118**	**(28,409)**	**4,857**	**(4,655)**	**(945)**	**13,488**	**(16,424)**	**(138,133)**	**247,897**
Accumulated depreciation:									
Buildings	(25,434)	-	(274)	467	100	(1,132)	2,897	7,899	(15,477)
Plant and machinery	(208,672)	377	(484)	1,005	168	(7,240)	10,092	98,806	(105,948)
Other items of property, plant and equipment	(91,080)	17,485	(3,108)	2,477	(51)	(7,239)	1,535	18,566	(61,415)
Total accumulated depreciation	**(325,186)**	**17,862**	**(3,866)**	**3,949**	**217**	**(15,611)**	**14,524**	**125,271**	**(182,840)**
Impairment losses:									
Land and buildings	(4,058)	-	-	-	-	(2,630)	-	832	(5,856)
Plant and machinery	(921)	-	-	-	-	-	664	-	(257)
Other items of property, plant and equipment	(264)	-	-	(4)	-	(96)	2	-	(362)
Total impairment losses	**(5,243)**	**-**	**-**	**(4)**	**-**	**(2,726)**	**666**	**832**	**(6,475)**
Net property, plant and equip.	**87,689**	**(10,547)**	**991**	**(710)**	**(728)**	**(4,849)**	**(1,234)**	**(12,030)**	**58,582**
Cost of property, plant and equipment in lease:									
Buildings	-	133,363	1,175	(1,599)	-	9,151	(968)	(5,650)	135,472
Plant and machinery	-	2,032	-	-	-	1,874	-	(3,906)	-
Other items of property, plant and equipment	-	35,257	-	21	-	8,137	(2,721)	(1,319)	39,375
Total cost of property, plant and equipment in lease	**-**	**170,652**	**1,175**	**(1,578)**	**-**	**19,162**	**(3,689)**	**(10,875)**	**174,847**
Accumulated depreciation of property, plant and equipment in lease:									
Buildings	-	-	(289)	371	-	(20,993)	879	1,129	(18,903)
Plant and machinery	-	(377)	-	-	-	(332)	-	709	-
Other items of property, plant and equipment	-	(17,487)	-	6	-	(9,385)	2,628	440	(23,798)
Total accumulated depreciation of property, plant and equipment in lease	**-**	**(17,864)**	**(289)**	**377**	**-**	**(30,710)**	**3,507**	**2,278**	**(42,701)**
Net property, plant and equipment in lease	**-**	**152,788**	**886**	**(1,201)**	**-**	**(11,548)**	**(182)**	**(8,597)**	**132,146**
TOTAL NET PROPERTY, PLANT AND EQUIPMENT	**87,689**	**142,241**	**1,877**	**(1,911)**	**(728)**	**(16,397)**	**(1,416)**	**(20,627)**	**190,728**

Monetary adjustment and translation adjustment-

The column "*Monetary adjustment*" includes the effect of hyperinflation in Venezuela and Argentina in 2020 and 2019. Furthermore, the column "*Translation adjustment*" includes the impact of exchange rates variation in Latin America, highlighting the contribution in 2020 of Brazil andArgentina (Brazil, Chile, Argentina and Venezuela in 2019).

Additions-

The most significant additions in 2020 were as follows:

– "*Plant and machinery*", in the amount of EUR 1,629 thousand (EUR 3,067 thousand in 2019), mainly due to investments made by Prisa in the remodeling of its new headquarter in Miguel Yuste.

– "*Other items of property, plant and equipment*", in the amount of EUR 11,716 thousand (EUR 12,953 thousand in 2019), mainly due to the acquisition of technological equipment in Santillana for use in the classroom by students and teachers integrated into teaching systems (including the additions under lease) and the acquisition of computer to the Group.

Disposals-

In 2020, the disposals mainly included in the heading "*Plant and machinery*" the derecognizing of the assets of the printing plant of Seville, fully amortized and / or impairment.

In 2019, the disposals mainly included in the headings "*Land and buildings*" and "*Plant and machinery*" the derecognizing of the assets of the printing plant of Barcelona, fully amortized and / or impairment.

Transfers-

In 2020, the transfer column includes the balances of property, plant and equipment of Santillana Spain as of September 30, 2020, the date when the assets of these companies were reclassified to *"Non-current assets held for sale"*.

In 2019, the transfer column included the balances of property, plant and equipment of Media Capital Group as of August 31, 2019, the date when the assets of Media Capital Group were reclassified to *"Non-current assets held for sale"*.

Impairment losses-

In 2020 there is registered an impairment of EUR 1,669 thousand of the printing plants in Lugo and Seville.

In 2019 there was registered an impairment of EUR 1,753 thousand of the printing plant in Seville in the heading "*Land and buildings*".

Others matters-

The balance in the property, plant and equipment in lease, mainly correspond with the activation of the contract leases of offices and warehouses of the Group for a net amount of EUR 96,680 thousand as of December 31, 2020 (EUR 116,569 thousand as of December 31, 2019). In addition Education includes technological equipment in lease for use in the classroom by students and teachers integrated into teaching systems for a net amount of EUR 8,097 thousand, in the heading "*Other items of property, plant and equipment*" (EUR 8,757 thousand as of December 31, 2019).

The property, plant and equipment amortization expense recorded in 2020 totalled EUR 34,122 thousand (EUR 37,711 thousand in 2019) of which EUR 18,387 thousand corresponding to the amortization of property, plant and equipment held under leases (EUR 19,829 thousand in 2019).

There are no restrictions on holding title to the property, plant, and equipment other than those indicated in note 12b.

There are no significant future property, plant, and equipment purchase commitments.

At December 31, 2020, the Prisa Group´s assets included fully amortized property, plant, and equipment amounting to EUR 189,019 thousand (December 31, 2019: EUR 275,647 thousand).

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant, and equipment are exposed. At December 31, 2020 and at December 31, 2019, the insurance policies taken out sufficiently covered the related risks.

(6) GOODWILL

2020-

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2020 is as follows:

	Thousands of euros					
	Balance a 12/31/2019	Translation adjustment	Changes in scope of consolidation /additions	Impairment	Transfer	Balance at 12/31/2020
Editora Moderna, Ltda.	48,975	(14,142)	-	-	-	34,833
Grupo Latino de Radiodifusión Chile, Ltda.	48,656	(1,816)	-	(16,602)	-	30,238
Propulsora Montañesa, S.A.	8,608	-	-	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	35,585	-	-	-	(8,368)	27,217
Other companies	9,249	(61)	573	-	1,844	11,605
Total	**151,073**	**(16,019)**	**573**	**(16,602)**	**(6,524)**	**112,501**

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2020 is as follows:

	Thousands of euros					
	Balance at 12/31/2019	Translation adjustment	Changes in scope of consolidation /additions	Impairment	Transfer	Balance at 12/31/2020
Radio	99,687	(1,816)	573	(16,602)	(5,866)	75,976
Education	50,728	(14,203)	-	-	-	36,525
Other	658	-	-	-	(658)	-
Total	**151,073**	**(16,019)**	**573**	**(16,602)**	**(6,524)**	**112,501**

2019-

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2019 is as follows:

	Thousands of euros					
	Balance a 31/12/2018	Translation adjustment	Changes in scope of consolidation /additions	Impairment	Transfer	Balance at 31/12/2019
Editora Moderna, Ltda.	49,566	(591)	-	-	-	48,975
Grupo Latino de Radiodifusión Chile, Ltda.	51,377	(2,721)	-	-	-	48,656
Grupo Media Capital, SGPS, S.A.	254,460	-	-	(76,379)	(178,081)	-
Propulsora Montañesa, S.A.	8,608	-	-	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	35,585	-	-	-	-	35,585
Other companies	9,252	(3)	866	(866)		9,249
Total	**408,848**	**(3,315)**	**866**	**(77,245)**	**(178,081)**	**151,073**

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2019 is as follows:

	Thousands of euros					
	Balance at 31/12/2018	Translation adjustment	Changes in scope of consolidation /additions	Impairment	Transfer	Balance at 31/12/2019
Radio	102,408	(2,721)	866	(866)	-	99,687
Education	51,322	(594)	-	-	-	50,728
Other	255,118	-	-	(76,379)	(178,081)	658
Total	**408,848**	**(3,315)**	**866**	**(77,245)**	**(178,081)**	**151,073**

In the *"Other"* segment, in September 2019 and as a result of the value of Vertix and Media Capital at the transaction price less costs of sale, an impairment of EUR 76,379 thousand was recorded in goodwill allocated to this company in the section "*Result after tax from discontinued operations*" in the consolidated income statement (*see note 17*). The remaining amount (EUR 178,081 thousand) was reclassified as a non-current asset held for sale.

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Group tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount of goodwill at an amount less than the net cost recorded.

To perform the above mentioned impairment test, the goodwill is allocated to one or more cash-generating units. The recoverable amount of each cash- generating unit is the higher of value in use and the net selling price that would be obtained from the assets associated with the cash-generating unit. In the case of the main cash-generating units to which goodwill has been allocated (Editora Moderna, Ltda., Grupo Latino de Radiodifusión Chile, Ltda. and Sociedad Española de Radiodifusión, S.L. and Propulsora Montañesa, S.A.), their recoverable amount is their value in use.

Value in use was calculated on the basis of the estimated future cash flows based on the business plans most recently elaborated by management. These business plans include the best estimates available of income and costs of the cash-generating units using industry projections and future expectations.

These projections cover the following five years and include a terminal value that is appropriate for each business, applying a constant expected growth rate ranging from 0% to 2.5%, as in 2019. The expected growth rate that has been used in the most relevant impairment tests (Editora Moderna, Ltda. , Grupo Latino de Radiodifusión Chile, Ltda. and Sociedad Española de Radiodifusión, S.L. and Propulsora Montañesa, S.A.) is located between 0% and 1.5% in 2020 and in 2019.

In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2020 the rates used ranged from 8.1% to 27.4% (6.9% and 22.7% in 2019) depending on the business being analysed. The rate that has been used for the most relevant impairment tests (Editora Moderna, Ltda. and Grupo Latino de Radiodifusión Chile, Ltda. and Sociedad Española de Radiodifusión, S.L. and Propulsora Montañesa, S.A.) is between 8.1% and 13% (7% and 12% in 2019).

Results of the impairment tests-

- GLR Chile

The result of these tests has mean to the recording of an impairment of EUR 16,602 thousand in the goodwill of Grupo Latino de Radiodifusión Chile, Ltda. (GLR Chile) mainly as a result of the impact of COVID-19 on future projections, which has led to a decrease in the projected long-term growth of GLR Chile. In this regard, the pandemic has adversely affected advertising revenues, increasing their volatility, and has therefore led to a drop in expectations regarding the future growth of the advertising business. To a lesser extent, the impairment of goodwill results from an increase in the applicable discount rate, due to both the effects of COVID-19 and to geopolitical uncertainties in the country.

In accordance with the estimates and projections available to the Company's Directors, the expected future cash flows allocable to the rest of the cash-generating units to which goodwill is allocated indicate that the net value of each goodwill allocated as of December 31, 2020 may be recovered.

Sensitivity to changes in key assumptions-

– Editora Moderna, Ltda.

  To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would exceed the book value by EUR 81.4 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 83.4 million.

– Grupo Latino de Radiodifusión Chile, Ltda.

  To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would exceed the book value by EUR 1.7 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 2.6 million. In this sense, the impairment of goodwill said above was accounted as of June 30, 2020.

– Sociedad Española de Radiodifusión, S.L. and Propulsora Montañesa, S.A.

  To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would exceed the book value by EUR 151.8 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 156.3 million.

(7) INTANGIBLE ASSETS

2020-

The changes in 2020 in "*Intangible assets*" in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2019	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2020
Cost:								
Computer software	147,492	395	(4,662)	39	11,100	(3,971)	(10,800)	139,593
Prototypes	232,065	3,239	(38,338)	-	25,087	(4,638)	(39,527)	177,888
Advances on copyrights	7,286	27	(536)	-	828	(524)	(4,881)	2,200
Other intangible assets	48,439	48	(1,836)	131	163	(2,568)	(852)	43,525
Total cost	**435,282**	**3,709**	**(45,372)**	**170**	**37,178**	**(11,701)**	**(56,060)**	**363,206**
Accumulated amortization:								
Computer software	(114,742)	(327)	3,591	(28)	(10,290)	3,072	10,254	(108,470)
Prototypes	(171,119)	(3,064)	28,787	-	(26,854)	4,272	29,989	(137,989)
Advances on copyrights	(5,304)	-	331	-	(521)	147	4,447	(900)
Other intangible assets	(21,732)	(48)	830	(125)	(406)	175	1,392	(19,914)
Total accumulated amortization	**(312,897)**	**(3,439)**	**33,539**	**(153)**	**(38,071)**	**7,666**	**46,082**	**(267,273)**
Impairment losses:								
Computer software	(4,821)	-	-	-	(186)	715	-	(4,292)
Prototypes	(1,770)	(2)	312	-	(582)	462	28	(1,552)
Advances on copyrights	(744)	-	53	-	(204)	69	332	(494)
Other intangible assets	(481)	-	-	-	(2,729)	2,570	-	(640)
Total impairment losses	**(7,816)**	**(2)**	**365**	**-**	**(3,701)**	**3,816**	**360**	**(6,978)**
Net intangible assets	**114,569**	**268**	**(11,468)**	**17**	**(4,594)**	**(219)**	**(9,618)**	**88,955**
Cost of intangible assets in lease:								
Other intangible assets	14,274	-	(1,361)	-	3,743	(1,033)	-	15,623
Total cost of intangible assets in lease	**14,274**	**-**	**(1,361)**	**-**	**3,743**	**(1,033)**	**-**	**15,623**
Accumulated amortization of intangible assets in lease:								
Other intangible assets	**(3,835**	-	295	-	(4,528)	1,033	-	(7,035)
Total accumulated amortization of intangible assets in lease:	**(3,835)**	**-**	**295**	**-**	**(4,528)**	**1,033**	**-**	**(7,035)**
Net intangible assets in lease	**10,439**	**-**	**(1,066)**	**-**	**(785)**	**-**	**-**	**8,588**
TOTAL NET INTAGIBLE ASSETS	**125,008**	**268**	**(12,534)**	**17**	**(5,379)**	**(219)**	**(9,618)**	**97,543**

2019-

The changes in 2019 in "*Intangible assets*" in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 31/12/2018	Initial impact of IFRS 16	Monetary adjustment	Translation adjustment	Additions	Disposals	Transfers	Balance at 31/12/2019
Cost:								
Computer software	143,114	-	533	(680)	14,494	(1,617)	(8,352)	147,492
Prototypes	202,771	-	4,704	(6,461)	37,855	(6,371)	(433)	232,065
Advances on copyrights	7,604	-	1	(58)	905	(951)	(215)	7,286
Audiovisual rights	6,056	-	-	69	-	-	(6,125)	-
Other intangible assets	69,157	-	86	(947)	350	(1,320)	(18,887)	48,439
Total cost	**428,702**	**-**	**5,324**	**(8,077)**	**53,604**	**(10,259)**	**(34,012)**	**435,282**
Accumulated amortization:								
Computer software	(113,003)	-	(428)	625	(11,026)	1,211	7,879	(114,742)
Prototypes	(147,051)	-	(4,336)	5,881	(29,576)	3,726	237	(171,119)
Advances on copyrights	(5,165)	-	-	18	(672)	399	116	(5,304)
Audiovisual rights	(6,056)	-	-	(69)	-	-	6,125	-
Other intangible assets	(38,610)	-	(85)	867	(1,247)	1,040	16,303	(21,732)
Total accumulated amortization	**(309,885)**	**-**	**(4,849)**	**7,322**	**(42,521)**	**6,376**	**30,660**	**(312,897)**
Impairment losses:								
Computer software	(4,652)	-	-	-	(430)	261	-	(4,821)
Prototypes	(1,376)	-	(53)	59	(2,933)	2,203	330	(1,770)
Advances on copyrights	(654)	-	(2)	15	(128)	25	-	(744)
Other intangible assets	(891)	-	-	-	(1,214)	715	909	(481)
Total impairment losses	**(7,573)**	**-**	**(55)**	**74**	**(4,705)**	**3,204**	**1,239**	**(7,816)**
Net intangible assets	**111,244**	**-**	**420**	**(681)**	**6,378**	**(679)**	**(2,113)**	**114,569**
Cost of intangible assets in lease:								
Other intangible assets	-	9,118	-	-	5,709	(553)	-	14,274
Total cost of intangible assets in lease	**-**	**9,118**	**-**	**-**	**5,709**	**(553)**	**-**	**14,274**
Accumulated amortization of intangible assets in lease:								
Other intangible assets	**-**	**-**	**-**	**7**	**(4,395)**	**553**	**-**	**(3,835)**
Total accumulated amortization of intangible assets in lease:	**-**	**-**	**-**	**7**	**(4,395)**	**553**	**-**	**(3,835)**
Net intangible assets in lease	**-**	**9,118**	**-**	**7**	**1,314**	**-**	**-**	**10,439**
TOTAL NET INTAGIBLE ASSETS	**111,244**	**9,118**	**420**	**(674)**	**7,692**	**(679)**	**(2,113)**	**125,008**

Monetary adjustment and translation adjustment-

The column "*Monetary adjustment*" includes the effect of hyperinflation in Argentina y Venezuela in 2020 and 2019. Furthermore, the column "*Translation adjustment*" includes the impact of exchange rates variation in Latin America, highlighting the contribution in 2020 of Brazil and Argentina (Brazil, Chile, Argentina and Venezuela in 2019).

Additions-

The most significant additions in 2020 were as follows:

- "*Prototypes,*" amounting to EUR 25,087 thousand (EUR 37,855 thousand in 2019), relating to new prototypes for the publication of books at Grupo Santillana, mainly in Brazil.

- "*Computer software,*" amounting to EUR 11,100 thousand (EUR 14,494 thousand in 2019), relating to the computer software acquired and/or developed by third parties for Group companies, mainly in Santillana, Prisa Noticias and Radio Spain.

Additions includes the investments of the companies sold from Santillana Spain until September 30, 2020 amounting to EUR 5,666 thousand, the date when the intangible assets of these companies were reclassified in the section "*Non-current assets held for sale*", as described in notes 1 and 3. The additions of Santillana Spain as of December 31, 2020 amounted to EUR 7,360 thousand.

Disposals-

Grupo Santillana derecognized, in 2020, EUR 4,272 thousand of fully depreciated prototypes (December 31, 2019: EUR 3,726 thousand).

Additionally, in 2020 and 2019, the different business segments derecognized fully depreciated or impairment computer software.

Transfers-

In 2020, the "*Transfer*" column includes the balances of intangible assets of companies of Santillana Spain as of September 30, 2020, the date when the assets of these companies were reclassified to "*Non-current assets held for sale*".

In 2019, the "*Transfer*" column included the balances of property, plant and equipment of Grupo Media Capital as of August 31, 2019, the date when the assets of Grupo Media Capital were reclassified to "*Non-current assets held for sale*".

Impairment losses-

An impairment of administrative concessions of GLR Chile has been accounted for an amount of EUR 2,376 thousand.

Others matters-

The intangible asset increased in 2019 due to the activation of the leases of administrative concessions of Radio, for a net amount at December 31, 2020 of EUR 8,588 thousand (EUR 10,439 thousand in 2019).

The intangible asset amortization expense recorded in 2020 totalled EUR 36,515 thousand (EUR 39,006 thousand in 2019), of which EUR 4,531 thousand corresponding to the amortization of intangible assets held under leases (EUR 4,395 thousand in 2019).

"Other intangible assets" include administrative concessions acquired amounting to EUR 22,923 thousand (EUR 26,281 thousand in 2019), which are considered to be intangible assets with indefinite useful lives because it is highly probable that they will be renewed and the related costs are not material.

At the end of each reporting period, the residual useful life of these concessions is analyzed in order to ensure that it continues to be indefinite; if this is not the case, the concessions are amortized.

At December 31, 2020, the Prisa Group's assets included fully amortized intangible assets amounting to EUR 190,006 thousand (December 31, 2019: EUR 219,234 thousand).

There are no restrictions on holding title to the intangible assets other than those indicated in note 12b.

There are no future relevant intangible asset purchase commitments other than those indicated in note 25.

(8) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2020-

The changes in 2020 in "*Investments accounted for using the equity method*" in the consolidated balance sheet were as follows:

	Thousand of euros							
	Balance at 12/31/2019	Translation adjustment	Changes in scope of consolidation	Dividends	Share of results / Impairment losses	Transfers	Others	Balance at 12/31/2020
Sistema Radiópolis, S.A. de C.V.	46,624	(7,232)	-	(12,418)	(8,775)	5,866	-	24,065
Other companies	2,087	460	(2,629)	(14)	317	369	24	614
Total	**48,711**	**(6,772)**	**(2,629)**	**(12,432)**	**(8,458)**	**6,235**	**24**	**24,679**

During 2020, changes in "*Investments accounted for using the equity method*" in the accompanying consolidated balance sheets is mainly due to the dividend distributed by Sistema Radiópolis, S.A. de C.V. *(see note 22),* the participation in the profit of the company, for an amount of EUR 1,636 thousand, the impairment recorded in the investment of the aforementioned company for an amount of EUR 10,411 thousand and by the effect of the exchange rate.

The impairment test of net investment in Sistema Radiópolis, S.A. de C.V. has had on the recoverable value of this investment which value in use has been calculated based on the forecasts of the next 5 years, including a terminal value in which a rate of constant expected growth of between 0.5% and 1.5% (between 0.5% and 1.5% in 2019). In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2020 the rates used ranged from 12% to 12.5% (between 11% to 11.5 in 2019).

The result of this test has meant recording of an impairment of the net investment of EUR 10,411 thousand under the heading *"Result of companies accounted for using the equity method"* in the accompanying consolidated income statement. This impairment is mainly a consequence of the impact of COVID-19 on future projections, which has adversely affected advertising revenues of Radiópolis and to the projected long-term growth. To a lesser extent, the impairment of the investment results from an increase in the applicable discount rate.

2019-

The changes in 2019 in "*Investments accounted for using the equity method*" in the consolidated balance sheet were as follows:

	Thousands of euros						
	Balance at 31/12/2018	Translation adjustment	Changes in scope of consolidation	Share of results / Impairment losses	Transfers	Disposals/ Dividends	Balance at 31/12/2019
Sistema Radiópolis, S.A. de C.V.	40,701	2,460	-	3,468	-	(5)	46,624
Other companies	2,376	(87)	53	(791)	579	(43)	2,087
Total	**43,077**	**2,373**	**53**	**2,677**	**579**	**(48)**	**48,711**

During 2019, changes in "*Investments accounted for using the equity method*" in the accompanying consolidated balance sheets, is mainly due to the equity in Sistema Radiópolis, S.A. de C.V. profits amounting to EUR 3,468 thousand and to the exchange rate effect.

At December 31, 2020 and at December 31, 2019, the Group had ownership interests in companies accounted for using the equity method, the net negative value of which is recognized under "Long-term provisions" (*see note 13*).

(9) CURRENT ASSETS AND LIABILITIES

a) Inventories

The detail of "*Inventories,*" in thousands of euros, at December 31, 2020 and at December 31, 2019, is as follows:

	12/31/2020			12/31/2019		
	Cost	Write-downs	Carrying amount	Cost	Write-downs	Carrying amount
Finished goods	61,161	(25,111)	**36,050**	95,599	(30,673)	**64,926**
Work in progress	1,313	-	**1,313**	3,652	-	**3,652**
Raw materials and other supplies	8,842	(497)	**8,345**	16,700	(855)	**15,845**
Total	**71,316**	**(25,608)**	**45,708**	**115,951**	**(31,528)**	**84,423**

At December 31, 2020, "Finished goods" includes publications amounting to a net EUR 35,553 thousand (2019: EUR 64,075 thousand). "Raw materials and other supplies" include mainly paper.

The detail of the changes in 2020 in "*Inventories- Write-downs*" is as follows:

Thousands of euros					
Balance at 12/31/2019	Translation adjustment	Charge for the year/Excess	Amounts used	Transfers	Balance at 12/31/2020
(31,528)	4,521	(5,206)	127	6,478	(25,608)

b) Trade and other receivables

The detail of the changes in 2020 and 2019 in "*Trade and other receivables- Allowances*" is as follows:

Thousands of euros						
Balance at 12/31/2019	Translation adjustment	Changes in scope of consolidation	Charge for the year/Excess	Amounts used	Transfers	Balance at 12/31/2020
(61,364)	6,210	(13)	(692)	(1,043)	1,116	(55,786)

Thousands of euros					
Balance at 12/31/2018	Translation adjustment	Charge for the year/Excess	Amounts used	Transfers	Balance at 12/31/2019
(67,025)	(187)	(2,936)	5,106	3,678	(61,364)

The impact of IFRS 9 entails an allowance for a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sale by customer type.

The most significant heading included in "*Trade and other receivables*" is "*Trade receivables for sale and services*" amounting to EUR 201,182 thousand, net of allowance at December 31, 2020 (EUR 316,524 at December 31, 2019). The details of the aging of this amount is as follows:

	Thousands of euros	
	Balance at 12/31/2020	Balance at 12/31/2019
0-3 months	182,275	293,117
3-6 months	6,304	14,868
6 months - 1 year	9,109	7,680
1 year- 3 years	3,353	745
More than 3 years	141	114
Total	**201,182**	**316,524**

c) Cash and cash equivalents

The balance of the heading "*Cash and cash equivalents*" in the accompanying consolidated balance sheet to December 31, 2020 amounts to EUR 221,879 thousand (EUR 166,580 thousand at December 31, 2019). This amount included approximately EUR 84,127 thousand belong to companies of Radio and Education segments located in Latin America. It also includes EUR 10,000 thousand received by the Company under the escrow agreement associated with the Vertix sale agreement by Cofina in 2019. This amount has been under dispute with Cofina since the breach of the aforementioned sale agreement by Cofina in April 2020, so the company will not have access to this sum until the dispute is resolved. That is the reason the Company maintains accounted a liability in the heading "*Other non-trade payables*" of the consolidated balance sheet for the same amount.

In 2019, this amount included approximately EUR 81,000 thousand belong to companies of Radio and Education segments located outside of Spain and EUR 10.000 thousand received under the escrow agreement described above.

d) Other non-trade payables

The heading "*Other non-trade payables*" of the accompanying consolidated balance sheet at December 31, 2020 amounts to EUR 39,656 thousand (EUR 52,591 thousand at December 31, 2019) and mainly include remuneration payable.

e) Other current liabilities

The heading "*Other current liabilities*" of the accompanying consolidated balance sheet at December 31, 2020 amounts to EUR 29,967 thousand (EUR 35,767 thousand at December 31, 2019) and includes accrual adjustments generated by unfulfilled obligations, mainly generated in the Educational segment.

The detail of the changes in 2020 in accrual adjustments is as follows:

Thousands of euros				
Balance at 12/31/2019	Translation adjustment/ Monetary adjustment	Additions/ Disposals	Amounts used	Balance at 12/31/2020
35,767	3,466	15,511	(24,777)	29,967

As of December 31, 2020, the execution obligations pending to be paid amounted to EUR 29,967 thousand, which will mainly be paid and transferred to the consolidated income statement during the year 2021 and correspond, mainly, to recorded collections or invoices issued in 2020 income will accrue throughout the following year, as the performance obligations associated with the contracts are executed.

The detail of the changes in 2019 in accrual adjustments was as follows:

Thousands of euros					
Balance at 12/31/2018	Translation adjustment/ Monetary adjustment	Additions/ Disposals	Amounts used	Transfers	Balance at 12/31/2019
32,129	3,430	81,239	(78,660)	(2,371)	35,767

As of December 31, 2019, the execution obligations pending to be paid amounted to EUR 35,767 thousand. Almost all of them have been paid and transferred to the consolidated income statement during the year 2020 and corresponded, mainly, to recorded collections or invoices issued in 2019 whose income has accrued throughout 2020, as the performance obligations associated with the contracts has been executed.

(10) NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

Since September 2019 the assets and liabilities of Media Capital and Vertix are presented in the consolidated balance sheet as *"Assets classified as held for sale"* and *"Liabilities associated with assets classified as held for sale*". In November 2020, following the sale operations described in note 3, Media Capital left the scope consolidation perimeter.

The contribution of the aforementioned companies in each of the main balance sheet entries at December 31, 2019 is as follows (in thousands of euros):

	12/31/2019
Non-current assets-	**153,924**
Property, plant, and equipment	23,015
Goodwill	117,930
Intangible assets	9,163
Other non-current assets	3,816
Current assets-	**122,865**
Inventories	78,604
Trade receivables and other receivables	41,295
Cash and cash equivalents	2,966
Total assets	**276,789**
Non-current liabilities-	**69,276**
Non-current bank borrowings	60,806
Other non-current liabilities	8,470
Current liabilities-	**92,037**
Commercial creditors	40,690
Other non-trade payables	12,025
Current bank borrowings	23,991
Public administrations	12,117
Other current liabilities	3,214
Total liabilities	**161,313**

From October 2020, the assets and liabilities of Santillana Spain are presented in the consolidated balance sheet as "*Assets classified as held for sale*" and "*Liabilities associated with assets classified as held for sale*". In December 2020, following the sale transaction described in note 3, the subsidiaries of Santillana Spain subject to the transaction were removed from the Group's consolidation perimeter.

Therefore, on 31 December 2020 the assets and liabilities of the Radio companies located in Argentina, which were sold in January 2021, are classified as "*Assets classified as held for sale*" and "*Liabilities associated with assets classified as held for sale*".

(11) EQUITY

a) Share capital

On January 1, 2020, the share capital of Prisa amounts to EUR 666,131 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.94 euros, and have been fully paid up.

At the General Shareholders Meeting held on June 29, 2020 (the "General Meeting"), the following resolutions were passed:

i. Share capital reduction by an amount of EUR 320,762 thousand to offset losses, by decreasing the par value of shares by EUR 0.452637587, to EUR 0.487362413 per share.

ii. Reduction of the share capital by an amount of EUR 7,086 thousand to increase the legal reserve account, by decreasing the par value of the shares by EUR 0.01, to EUR 0,477362413 per share.

iii. Reduction of the share capital by an amount of EUR 267,418 thousand, through the reduction of the par value of the Company's shares by EUR 0.377362413, to EUR 0.10 per share, to set up a reserve which will only be available under the same requirements as those for the share capital reduction.

As of December 31, 2020, the share capital of Prisa amounts to EUR 70,865 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros, and have been fully paid up.

On December 31, 2020, the significant shareholders of Prisa, according to information published on the website of the Comisión Nacional del Mercado de Valores ("CNMV") and in some cases, information that has been provided by the shareholders to the Company, are the following:

Shareholder's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights (1)
AMBER CAPITAL UK LLP (2)	-	211,474,843	29.84%
HSBC HOLDINGS PLC (3)	-	64,263,202	9.07%
TELEFONICA, S.A.	63,986,958	-	9.03%
RUCANDIO, S.A.	-	53,938,328	7.61%
INTERNATIONAL MEDIA GROUP, S.A.R.L (4)	36,422,971	-	5.14%
GHO NETWORKS, S.A. DE CV	-	35,570,206	5.02%
BANCO SANTANDER, S.A. (5)	17,239,369	17,017,746	4.83%
MELQART OPPORTUNITIES MASTER FUND LTD (6)	-	32,709,063	4.62%
INVERSORA CARSO, S.A. DE CV (7)	-	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ (8)	-	28,539,429	4.03%

The aforementioned indirect shareholding is held as follows:

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights	Total % of Voting Rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	101,987,187	14.39%
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	22,319,173	3.15%
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, S.A.R.L	87,168,483	12.30%
HSBC HOLDINGS PLC	HSBC BANK PLC	64,263,202	9.07%
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	90,456	0.01%
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	125,949	0.02%
RUCANDIO, S.A.	AHERLOW INVERSIONES, S.L.	53,721,923	7.58%

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights	Total % of Voting Rights
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	35,570,206	5.02%
BANCO SANTANDER, S.A.	SULEYADO 2003, S.L	5,627,382	0.79%
BANCO SANTANDER, S.A.	CANTABRO CATALANA DE INVERSIONES, S.A	5,762,982	0.81%
BANCO SANTANDER, S.A.	CÁNTABRA DE INVERSIONES, S.A.	5,627,382	0.79%
MELQART ASSET MANAGEMENT (UK) LTD	MELQART OPPORTUNITIES MASTER FUND LTD	32,709,063	4.62%
INVERSORA CARSO, S.A. DE CV	CONTROL EMPRESARIAL DE CAPITALES S.A. DE CV	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ	FCAPITAL LUX S.A.R.L.	28,539,429	4.03%

(1) The percentages of voting rights have been calculated on the total voting rights in Prisa at December 31, 2020 (i.e. 708,650,193 rights).

(2) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company that: i) the structure of his indirect stake in the share capital of the Company, through Amber Capital UK LLP, is as declared in the previous tables and ii) he controls Amber Capital UK, LLP, which acts as investment manager to Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited.

(3) As of January 2021, HSBC Holding PLC is no longer a significant shareholder of Prisa. HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holdings Plc.

(4) The voting rights held by International Media Group, S.A.R.L have been declared to the CNMV by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, external director representing significant shareholdings, as an indirect stake.

International Media Group, S.A.R.L. is 100% owned by International Media Group Limited which in turn is 100% owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani.

(5) According to the information available to the Company, as of December 18, 2020, date of holding of the Extraordinary Shareholders' Meeting of Prisa, Banco Santander was the owner, directly and indirectly, of the voting rights that are that are reflected in the above tables.

(6) Melqart Asset Management (UK) Ltd. acts as Investment Manager for and on behalf of Melqart Opportunities Master Fund Ltd, which is the direct owner of the voting rights.

(7) Inversora Carso, S.A. de CV controls 99.99% of Control Empresarial de Capitales S.A. de CV.

(8) Mr Carlos Fernández González controls the majority of the capital and voting rights of Grupo Far-Luca, S.A. de C.V., the owner of 99% of Grupo Finaccess, S.A.P.I. de C.V., which in turn owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. of C.V. The latter controls FCapital Lux S.à.r.l.

Additionally, as of December 31, 2020 and according to the information that is published on the CNMV's website, the ownership of significant participations on financial instruments that have Prisa's underlying voting rights is as follows:

Shareholder's Name	Number of voting rights that may be acquired if the instrument is exercised/converted	Total % of Voting Rights
POLYGON EUROPEAN EQUITY OPPORTUNITY MASTER FUND (1)	7,090,807	1.00%
HSBC HOLDINGS PLC (2)	286,000	0.04%

(1) Polygon European Equity Opportunity Master Fund is a fund managed by Polygon Global Partners LLP.

(2) HSBC HOLDINGS PLC holds its stake through HSBC Bank Plc

Lastly, it is noted that in January 2021, the French group Vivendi, with investments in the telecommunications and entertainment industries, has acquired 9.9% of Prisa.

b) Share premium

The Recast Text of the Capital Companies Act no specific restriction whatever regarding the availability of the balance of this reserve.

As of December 31, 2019, the share premium reserve of Prisa amounted to EUR 254,180 thousand and it was totally unrestricted.

As mentioned in the previous section, the General Meeting agreed to apply the entirety of the aforesaid issue premium reserve to partially offset the "negative results of prior periods", therefore, as of December 31, 2020, there is no share premium.

c) Reserves of parent company

Legal reserve-

Under the Consolidated Text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase.

Except as indicated above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The General Meeting resolved to apply the entirety of the legal reserve account in the amount of EUR 18,070 thousand to partially offset the "negative results of prior periods" of the Company and reduce the share capital by an amount of EUR 7,087 thousand, by decreasing the par value of the shares to increase the legal reserve account.

The balance of this account at December 31, 2020 amounts to EUR 7,087 thousand (EUR 18,070 thousand at December 31, 2019).

Reserve for treasury shares-

Under Article 142 of the Consolidated Text of the Corporate Enterprises Act states that when a company acquires treasury shares, it must record on the equity side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares. This reserve must be maintained until the shares are sold or cancelled.

The balance of this account at December 31, 2020 amounts to EUR 1,530 thousand (EUR 2,591 thousand at December 31, 2019).

d) Reserves for first-time application of IFRS

As a result of the first-time application of IFRSs to the Group's consolidated financial statements, certain assets and liabilities arose at January 1, 2004, the effect on equity of which is included in this account.

e) Accumulated profit – From prior years

These reserves include the results not distributed by the companies that form part of the consolidated group, minus the dividend charged to the year's income.

f) Treasury shares

The changes in "*Treasury shares*" in 2020 and 2019 were as follows:

	Ejercicio 2020		Ejercicio 2019	
	Number of shares	Amount (Thousands of euros)	Number of shares	Amount (Thousands of euros)
At beginning of year	**1,798,979**	**2.591**	**1,622,892**	**2,856**
Deliveries	(22,892)	(58)	-	-
Purchases	1,870,565	1,606	1,143,560	1,553
Sales	(1,933,175)	(1,626)	(967,473)	(1,303)
Reserve for treasury shares	-	(983)	-	(515)
At end of year	**1,713,477**	**1,530**	**1,798,979**	**2,591**

At December 31, 2020, Promotora de Informaciones, S.A. held a total of 1,713,477 treasury shares, representing 0.242% of its share capital.

Treasury shares are valued at market price at December 31, 2020, 0.893 euros per share. The total amount of the treasury shares amounts to EUR 1,530 thousand.

At December 31, 2020, the Company did not hold any shares on loan.

In July 2019, the Company signed an annual liquidity contract, which is solely intended to encourage liquidity and regularity in the Company's share price, within the limits established by the Company's General Meeting and by the applicable regulations, in particular Circular

1/2017. In July 2020, through an Addendum to the original contract, the parties agree to extend the term of the agreement for one more year, until July 2021. In the framework of this contract, the Company has purchased a total of 1,870,565 shares and sold a total of 1,933,175, and therefore the net sales in the 2020 financial year have been 62,610 shares and EUR 20 thousand.

g) Translation differences

The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the balance sheet items using the closing rate and the income statement items at the average exchange rate is recognized under "*Equity–Translation differences*" in the accompanying consolidated balance sheet (*see note 2d*).

The translation differences are included in the consolidated statement of comprehensive income in the heading "*Translation differences*”.

Exchange loss at December 31, 2020, amounted to EUR 92,275 thousand (December 31, 2019: exchange loss of EUR 49,393 thousand). In 2020, the most significant translation differences are generated in Colombia, Brazil, Mexico, Chile and USA by the evolution of exchange rates.

The detail, by business segment, of the exchange differences is as follows (in thousands of euros):

	12/31/2020	12/31/2019
Radio	(24,633)	(21,066)
Education	(67,718)	(27,554)
Press	23	(29)
Other	53	(744)
Total	**(92,275)**	**(49,393)**

h) Translation differences in accumulated profit from prior years

The accumulated profit from prior years includes the effect of the exchange rate on the eliminations of the consolidation process of companies in which their functional currency is different from the euro. These differences are included in the Consolidated Statement of Comprehensive Income, under the heading "*Translation differences.*"

The detail, by company, of the translation differences in 2020 and 2019 is as follows:

	Thousands of euros	
	12/31/2020	12/31/2019
Radio	(19,593)	(12,438)
Education	(72,447)	(61,514)
Press	215	519
Other	(31)	(560)
Total	**(91,856)**	**(73,993)**

i) Minority interest

The minority interest is the stake in the equity and income of the Group companies that are fully consolidated. The changes in this line-item in 2020 and 2019 were as follows:

	Thousands of euros						
	Balance at 12/31/2019	Translation adjustment / Monetary adjustment	Participation in results	Changes in scope of consolidation	Dividends paid/ received	Other	Balance at 12/31/2020
Caracol, S.A.	11,183	(1,076)	(2,044)	-	-	(267)	7,796
Diario As, S.L.	11,166	-	(2,208)	-	(1,304)	(133)	7,521
GLR Chile, Ltda.	15,171	(349)	(3,653)	-	(1,505)	(282)	9,382
Grupo Santillana Educación Global, S.A. and subsidiaries	193	(63)	(2)	-	(15)	5	118
Grupo Media Capital, SGPS, S.A. and subsidiaries	4,711	164	(2,127)	(2,748)	-	-	-
Prisa Radio, S.A. y and subsidiaries (Spain)	21,704	-	(3,831)	-	2,376	(62)	20,187
Other companies	5,628	(107)	(422)	12	(3,195)	(649)	1,267
Total	**69,756**	**(1,431)**	**(14,287)**	**(2,736)**	**(3,643)**	**(1,388)**	**46,271**

	Thousands of euros						
	Balance at 12/31/2018	Translation adjustment / Monetary adjustment	Participation in results	Changes in scope of consolidation	Dividends paid/ received	Other	Balance at 12/31/2019
Caracol, S.A.	8,300	220	1,206	-	-	1,457	11,183
Diario As, S.L.	11,945	-	1,043	-	(1,631)	(191)	11,166
GLR Chile, Ltda.	15,201	(856)	1,470	-	(651)	7	15,171
Grupo Santillana Educación Global, S.A. and subsidiaries	3,421	(74)	6,420	-	(6,362)	(3,212)	193
Grupo Media Capital, SGPS, S.A. and subsidiaries	8,139	(4)	(2,906)	-	-	-	5,229
Prisa Radio, S.A. and subsidiaries (Spain)	20,796	-	3,547	-	(2,689)	50	21,704
Other companies	6,847	276	(1,300)	47	(147)	(613)	5,110
Total	**74,649**	**(438)**	**9,480**	**47**	**(11,480)**	**(2,502)**	**69,756**

j) Capital management policy

The principal objective of the Group's capital management policy is to achieve an appropriate capital structure that guarantees the sustainability of its business, aligning shareholder interests with those of its various financial creditors.

During recent financial years, considerable efforts have been made to maintain the level of the Group's equity. Since the signing of the refinancing agreement in 2013, the Group has advanced in the debt reduction process using proceeds from the sale of 17.3% of Mediaset España, 56% of Distribuidora de Televisión Digital, S.A. ("DTS") and the trade publishing business, as well as with proceeds from the share capital increase subscribed by Occher and with part of proceeds from the capital increase subscribed by International Media Group, S.á.r.l. and through the issuance of bonds mandatorily convertible into shares via the exchange of financial debt and issued in 2016 and finally converted into shares in 2017.

Also, the General Meeting of Prisa Shareholders' held on November 15, 2017 agreed a series of capital reductions and reserves aimed at adapting the Company's equity structure. These reductions were applied in November 2017. It also agreed a capital increase for EUR 450,000 thousand and, subsequently, expanded by the Board of Directors of Prisa on January 22, 2018, for EUR 113,220 thousand. In February 2018, the capital increase subscribed and paid out in an amount of EUR 563,220 thousand.

On June 29, 2018, the agreement reached with all the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013), to refinance and modify the terms of Prisa's current financial debt, came into effect. Moreover, and as one of the prerequisites for the agreement coming into force, the Company paid EUR 480,000 thousand of debt with funds from the aforementioned capital increase and with the cash available to the Company.

Likewise, on March 20, 2019, the Company agreed to carry out a capital increase amounting to EUR 199,824 thousand, which was fully subscribed in April 2019. This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L.

On June 29, 2020, the Prisa´s General Shareholder Meeting agreed to reduce in share capital of the Parent Company in order to re establish its equity balance *(see section a).*

On October 19, 2020, Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), signed an agreement with the Sanoma Corporation, a European learning and Finnish media company, for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12 segments. On December 31, 2020, the transaction was close *(see note 3).*

In October 2020, Prisa signed a lock-up agreement (the "Lock-up Agreement") which contained a term sheet that sets out, among other aspects, the essential terms on which the Group's syndicated financial debt restructured. On December 31, 2020 the refinancing agreement came into effect, once the agreements reached with all of its creditors were concluded, among which were included, the culmination of the sale of Santillana Spain describe above. Prior to the Refinancing a debt partial repayment of EUR 417,000 thousand was made, with the funds obtained from the sale of Santillana Spain and Media Capital (*see note 12*).

As of December 31, 2020, the equity of the parent Company is greater than two thirds of total share capital, which is why it was in a situation of equity balance at that date.

(12) NON- CURRENT FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial investments

The breakdown by category of financial investments of the Group at December 31, 2020 and 2019 is as follows:

2020 –

	Thousands of euros		
	Non-current financial assets at amortized cost		
	Loans and receivables	Other financial assets at amortized cost	**Total**
Other financial assets	5,460	5,033	10,493
Non-current financial investments	**5,460**	**5,033**	**10,493**
Other financial assets	2,869	4,849	7,718
Current financial investments	**2,869**	**4,849**	**7,718**
Total	**8,329**	**9,882**	**18,211**

2019 –

	Thousands of euros		
	Non-current financial assets at amortized cost		
	Loans and receivables	Other financial assets at amortized cost	**Total**
Other financial assets	9,411	11,254	20,665
Non-current financial investments	**9,411**	**11,254**	**20,665**
Other financial assets	989	3,751	4,740
Current financial investments	**989**	**3,751**	**4,740**
Total	**10,400**	**15,005**	**25,405**

Current financial assets

In 2020, the increase in current financial investments is mainly due to the recording of the short-term account receivable for the amount of EUR 2,000 thousand framed within the agreement to sell the credit rights held by the Group with Le Monde.

In 2019, the decrease in current financial investments was due mainly to the use of the deposit of EUR 15,000 thousand to settle the unfavourable outcome of the dispute with Mediapro and to the payment of the outstanding balances from the sale of Bidasoa Press, S.L. and the assets of Santillana USA Publishing Co. Inc. in 2018.

Non-current financial assets

The changes in "Non-current financial assets" in the consolidated balance sheet in 2020 by type of transaction were as follows:

	Thousands of euros					
	Balance at 12/31/2019	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	Balance at 12/31/2020
Financial assets at amortized cost	**20,665**	**(950)**	**6**	**(762)**	**(8,466)**	**10,493**
Loans and receivables	*9,411*	*(249)*	-	*2,404*	*(6,106)*	*5,460*
-Loans to associates	38,734	(1.036)	-	930	(26,468)	12,160
-Long-term loans to third parties	2,250	(105)	-	2,704	(414)	4,435
-Allowance	(31,573)	892	-	(1,230)	20,776	(11,135)
Other financial assets at amortized cost	*11,254*	*(701)*	*6*	*(3,166)*	*(2,360)*	*5,033*
- Other financial assets at amortized cost	16,714	(861)	6	327	(1,656)	14,530
- Allowance	(5,460)	160	-	(3,493)	(704)	(9,497)
Total	**20,665**	**(950)**	**6**	**(762)**	**(8,466)**	**10,493**

The variation in the heading "*Loans and receivable*" is mainly due to the reduction of the credit to Le Monde net of allowance for the amount of EUR 6,790 thousand, offset by the addition of the long-term account receivable framed within the agreement to sell the credit rights held by the Group with Le Monde in the amount of EUR 2,679 thousand and the impairment of the credit granted to Green Emerald Business, Inc in the amount of EUR 1,157 thousand.

The decrease in the heading "*Other financial assets at amortized cost*" is mainly due to the impairment of a financial investment related to the participation of Prisa Radio in associated companies in the USA for an amount of EUR 3,400 thousand.

The changes in "Non-current financial assets" in the consolidated balance sheet in 2019 by type of transaction were as follows:

	Thousands of euros				
	Balance at 12/31/2018	Translation / monetary adjustment	Additions / allowance	Disposals / Transfers	Balance at 12/31/2019
Financial assets at amortized cost	**24,034**	**(126)**	**(564)**	**(2,679)**	**20,665**
Loans and receivables	*13,554*	*(252)*	*(1,341)*	*(2,550)*	*9,411*
-Loans to associates	35,194	170	666	2,704	38,734
-Long-term loans to third parties	8,501	(358)	2	(5,895)	2,250
-Allowance	(30,141)	(64)	(2,009)	641	(31,573)
Other financial assets at amortized cost	*10,480*	*126*	*777*	*(129)*	*11,254*
- Other financial assets at amortized cost	15,776	126	939	(127)	16,714
- Allowance	(5,296)	-	(162)	(2)	(5,460)
Financial assets at fair value with changes in other comprehensive income	**577**	**-**	**-**	**(577)**	**-**
Other non-current financial assets at fair value	*577*	-	-	*(577)*	-
Total	**24,611**	**(126)**	**(564)**	**(3,256)**	**20,665**

The variation in the heading "*Loans and receivable*" in 2018 is mainly due to the short-term transfer of the account receivable derived from the sale of radio companies in the USA by GLR Services, Inc in 2018 for the amount of EUR 2,968 thousand.

The carrying amount of the financial assets does not vary significantly from their fair value.

b) Financial liabilities

The breakdown by category of financial liabilities at December 31, 2020 and 2019 is as follows:

	Thousands of euros	
	12/31/2020	12/31/2019
Bank borrowings	810,568	1,164,869
Financial liabilities for leases	99,203	117,006
Other financial liabilities	145	201
Non-current financial liabilities	**909,916**	**1,282,076**
Bank borrowings	102,746	50,188
Financial liabilities for leases	18,462	23,675
Other financial liabilities	96	70
Current financial liabilities	**121,304**	**73,933**
Total	**1,031,220**	**1,356,009**

Bank borrowings

The detail, in thousands of euros, of the bank borrowings at December 31, 2020, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa	2025	752,896	-	752,896
Super Senior debt	2024	225,000	80,000	36,500
Credit facilities	2021-2023	39,481	4,389	-
Loans	2021-2027	24,544	14,193	10,351
Finance leases, interest and other	2021-2024	8,950	4,164	4,786
Present value/ Loan arrangement costs	2025	.	-	6,035
Total		**1,050,871**	**102,746**	**810,568**

The detail, in thousands of euros, of the bank borrowings at December 31, 2019, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranche 2)	November 2022	991,512	15,000	976,512
Syndicated loan Prisa (Tranche 3)	December 2022	161,080	-	161,080
Super Senior credit facility	2022	116,500	-	36,500
Credit facilities	2020	50,300	20,185	-
Loans	2020-2023	13,384	8,155	2,872
Finance leases, interest and other	2020-2023	12,154	6,848	5,305
Fair value in financial instruments	2022	-	-	(17,400)
Total		**1,344,930**	**50,188**	**1,164,869**

The changes in bank borrowings in 2020 and 2019 were as follows:

	Thousands of euros	
	12/31/2020	12/31/2019
Bank borrowings at beginning of year	**1,215,057**	**1,225,782**
Amortization / debt disposition (*)	(334,643)	69,148
Loan arrangement costs	(22,627)	-
Fair value/Present value in financial instruments	46.072	5,428
Capitalizable fixed cost (PIK)	17,304	-
Effect of foreign exchange rate changes in debt	(7,212)	373
Transfer	-	(86,044)
Others	(629)	370
Bank borrowings at end of year	**913,314**	**1,215,057**

(*) Movimiento que genera flujo de efectivo.

In 2019, the transfer is a consequence of the reclassification of the bank borrowings of Media Capital under the heading "*Liabilities associated to non-current assets held for sale*" of the consolidated balance sheet as described in the notes 1b and 10.

Of the total bank borrowings at December 31, 2020, 97.36% were denominated in euros (97.42% at December 31, 2019) and the remainder in foreign currencies.

The nominal average interest rates on the Group's bank borrowings were 5.41% in 2020 and 4.54% in 2019.

Of the total bank borrowings at December 31, 2020, 96.75% were linked to floating interest rates and the rest to fixed ones (98.63% to floating interest at December 31, 2019).

In accordance with IFRS 13, to determine the theoretical calculation of the fair value of the financial debt at December 31, 2020 we used the Euribor curve and the discount factor supplied by the financial entity and considering the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market (level 2 variables, estimates based on other observable market methods). The fair value of the syndicated loan, of the Super Senior debt and of the accrued interest pending to be paid, according to this calculation, would amount to EUR 842,250 thousand at December 31, 2020 considering a 3.14% average discount over the real principal payment obligation to the creditor entities.

Refinancing-

In October 2020, Prisa has entered into a lock-up agreement which contained a term sheet that set out, among other aspects, the essential terms on which the Group's syndicated financial debt will be restructured, named Override Agreement (agreement for the refinancing of the Group's debt signed in December 2013, which has been amended on various occasions since then). On December 31, 2020, after the culmination of the sale of Santillana Spain, the Refinancing came into effect, once the execution of agreements reached with all of its creditors were concluded (*see note 3*).

Prior to the Refinancing a syndicated debt partial repayment of EUR 417,000 thousand was made, with the funds obtained from the sale of Santillana Spain and Media Capital (*see note 3*).

Therefore, as part of the refinancing of its financial debt, Prisa agreed to the renewal of its syndicated loan amounting to EUR 752,896 thousand (once the previous repayment was made), which was structured in one section with the following characteristics:

- The amount of the syndicated financial debt was set at EUR 752,896 thousand and the maturity of which is extended to March 2025.
- The cost of the syndicated debt is referenced to the Euribor plus a negotiated margin.
- Adaptation of the financial conditions of the debt to the group's new position in terms of generating cash. The agreed Refinancing allows Prisa to incur further senior-ranking debt to strengthen its liquidity position in the future, and to complete certain actions of business reorganisation.

- Update of the package of debt guarantees.
- Finally, the basic terms include a relaxation of certain financial covenants and Prisa’s commitment to achieving a leverage cap in September 2023 (4.25x Net Debt/EBITDA). The average cost of debt is 7.1% including the Super Senior debt.

The refinancing agreement of 2018 involved a restructuring of the debt, which included a new borrower, Prisa Activos Educativos, S.L.U., which assumed nominal debt of Prisa for an amount of EUR 685 million, which, among other aspects, allowed part of the debt to be allocated in the Education business unit, the main cash generating unit of the Group, in order to meet the payments associated with the debt. The rest of the amount of the debt remained recorded in Prisa.

Compliance with certain financial ratios is established in the financial agreements for the Prisa Group, which have been complied with since the Refinancing came into force, according to the ratios in force in each period. These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the Override Agreement. Since the Refinancing came into force no such breaches have occurred.

The Refinancing agreement also includes causes for early termination as is customary in this kind of agreement, including the acquisition of control of Prisa, acquisition being understood as by one or several persons together, with more than 30% of the capital with voting rights.

Finally, within the Refinancing agreement, and in relation to the distribution of dividends of the Company, these are subject to the limitations and commitments acquired with the financial creditors.

Other aspects of debt-

The guarantee structure for the syndicated financial debt is as follows:

Personal guarantees

Syndicated Prisa's debt, which correspond to the debt refinanced in December 2020, is jointly and severally guaranteed by Prisa and Prisa Activos Educativos, S.L.U. and the companies Diario El País, S.L., Distribuciones Aliadas, S.A.U., Grupo de Medios Impresos y Digitales, S.L.U., Prisa Media, S.L.U., Prisa Noticias, S.L.U., Grupo Santillana Educación Global, S.L. and Prisa Gestión Financiera, S.L.U.

Guarantees

As a consequence of the Refinancing of December 2020, Prisa currently has certain owned bank accounts pledged and, furthermore, Distribuciones Aliadas, S.A.U. and Prisaprint, S.L.U. currently have pledges and promises of pledges, as appropriate, on certain credit rights and on certain bank accounts held by them, all as security for the aforementioned creditors.

Part of Prisa's investment in Prisa Radio, S.A. (80% share capital) and the 100% of the investments (100% share capital) in Prisa Activos Educativos, S.L.U., Prisa Media, S.L.U., Prisa

Noticias, S.LU. and Prisa Gestión Financiera, S.L.U. was also pledged, thereby insuring syndicated debt.

Super senior loan -

In addition to the syndicated loan mentioned above, the company signed a Super Senior Term & Revolving Facilities Agreement for a maximum amount of EUR 86,500 thousand on June 29, 2018.

Of this sum, EUR 36,500 thousand were for the Super Senior Term Loan Facility, which was drawn down during FY 2019 to finance the purchase by Prisa Radio, S.A., a Group company, of the 3i shares in treasury stock.

The purpose of the additional EUR 50,000 thousand for the Super Senior Revolving Credit Facility was to finance the company's operating needs. In April 2019, as a consequence of buying 25% of Santillana, the amount for the Super Senior Revolving Credit Facility was increased by EUR 30,000 thousand, to a maximum Super Senior debt amount of EUR 116,500 thousand.

The entire Super Senior Revolving Credit Facility, amounting to EUR 80,000 thousand, was drawn down in March 2020 to meet operating needs associated with COVID-19, so, on December 31, 2020, the drawn down Super Senior debt amounted to EUR 116,500 thousand.

On December 31, 2020, and within the framework of the current year's Refinancing, the Company agreed to extend the limit of the Super Senior debt corresponding to the Super Senior Term Loan Facility by EUR 108,500 thousand to cover operational needs, bringing this Super Senior debt's total to EUR 225,000 thousand. The maturity of the Super Senior debt is December 2024.

The guarantee structure of this Super Senior debt is the same as the one mentioned above relating to the syndicated financial debt of the Company, in such a way that the creditors of said debt and those of syndicated debt have the same guarantees. However, the Super Senior debt has a preferential rank with respect to syndicated debt in relation to said guarantees.

Other aspects of the Refinancing

The Company has conducted an analysis of the conditions agreed upon in relation to the Refinancing of its bank debt, concluding that they did not constitute a substantial modification of the previous conditions, both from a quantitative and qualitative point of view. Therefore, and in accordance with IFRS 9, the Group has derecognised the carrying value of the debt subject to the Refinancing, recognising the debt again at the present value of future payments calculated on the basis of the Effective Interest Rate "EIR" of the original debt. The difference between the two amounts has resulted in an expense of EUR 37,217 thousand recognised under the *"Financial expenses"* heading of the accompanying consolidated income statement *(see note 16)*. The difference between the nominal value of the debt and its carrying value, together with the arrangement costs incurred in carrying out the Refinancing, is presented under the *"Present value/ Loan arrangement costs"* heading by adjusting the *"Non-current bank borrowings"* heading in the accompanying consolidated balance sheet, and which are recognised in the consolidated income statement for the duration of the loan using the effective interest method.

Credit facilities-

Under this heading are included mainly the amounts drawn down against credit lines used to finance the Prisa Group companies' operating requirements. Borrowing facilities maturing in 2020 total EUR 4,389 thousand and are recognized under *"Current bank borrowings"* on the consolidated balance sheet. The interest rate applicable to these credit facilities is Euribor or Libor plus a market spread.

Nature and risks of financial instruments

Credit risk

In relation to credit risk, the Group assesses the age of the trade receivables and constantly monitors the management of the receivables and payables associated with all its activities, as well the maturities of financial and commercial debt and repeatedly analyses other financing methods in the aim of covering planned cash requirements in the short, medium and long-term.

Liquidity risk

Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana's cash flow. While the seasonality of the Group's cash flow is not significant, so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

Likewise, the management of liquidity risk includes the detailed monitoring of the repayment schedule of the Group's borrowings and the maintenance of credit lines and other financing channels that enable it to cover foreseeable cash needs at short, medium and long term. In this respect, the Group has a Super Senior loan to meet operational needs and other subsidiaries of the Group have credit facilities for that purpose.

Market risk - exchange rate

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in American companies, as well as revenue and profits from said investments.

In this context, and in the aim of mitigating this risk, if there are credit lines available the Group adheres to the practice of formalizing hedge contracts for exchange rate variations (mainly forex insurance, 'forwards' and options on currencies) based on its monthly analyzed forecasts and budgets, in order to reduce volatility in operations, results and cash flows of subsidiaries operating overseas in currencies other than the euro.

Market risk - interest rate

The Group is exposed to changes in interest rates as around 96.75% of its bank borrowings bear interest at floating rates. In this context, the Group analyzes if is necessary to formalize, based on its forecasts, hedge contracts for interest rate variations. The Group currently has no derivative contracts for interest rates, in accordance with the forecasts of the evolution of the reference interest rates.

Derivative financial instruments

The Prisa Group arranges derivative financial instruments with Spanish and international banks with high credit ratings.

Foreign currency derivatives-

In 2020, the Group arranged foreign currency hedges in order to mitigate exposure to exchange rate fluctuations.

In order to determine the fair value of the derivatives, the Prisa Group uses valuations provided by financial entities by applying the group's credit risk provided by an independent expert.

			Nominal value		
Company	Instrument	Expiry	Thousands of USD	Thousands of euros	Fair value (thousands of euros)
Santillana del Pacífico, S.A. de Ediciones	Forward	2021	329	270	(20)
Santillana del Pacífico, S.A. de Ediciones	Forward	2021	243	200	0
			572	**470**	**(20)**

Analysis of sensitivity to exchange rates

The changes in the fair value of the foreign currency hedges arranged by the Prisa Group depend on fluctuations in the EUR/USD and USD/CLP exchange rates.

Following is a detail, in thousands of euros, of the sensitivity (changes in fair value) of the foreign currency hedges:

Sensitivity (before tax)	**12/31/2020**
+10% (increase in USD exchange rate)	2
-10% (decrease in USD exchange rate)	(2)

The sensitivity analysis shows that the exchange rate derivatives shows increase in their fair value, in the event of increases in exchange rates, while in the event of decreases in exchange rates, the fair value of these derivatives would decrease.

Liquidity and interest rate risk tables

The table below details the liquidity analysis of the Prisa Group in 2020 in relation to its bank borrowings, which represent substantially all the non-derivative financial liabilities. The table has been prepared using the cash outflows of the contractually stipulated maturities. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2020.

Maturity	Thousands of euros	Floating euro rates
Within 3 months	96,693	0.00%
From 3 to 12 months	44,660	0.00%
From 1 to 3 years	97,905	0.00%
From 3 to 5 years	854,787	0.00%
After 5 years	0	
Total	**1,094,045**	

Fair value of financial instruments: applicable valuation techniques and assumptions for measuring fair value

The financial instruments are grouped together on three levels based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: those determinable on the basis of valuation techniques, which include inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Prisa Group's derivatives are classified as level-2 derivatives.

Financial liabilities for leases

The application of IFRS 16 Leases implies the registered of financial liabilities associated with the leases, amounting at December 31, 2020 to EUR 99,203 thousand in the long term and EUR 18,462 thousand in the short term.

The detail of the maturities of the financial liabilities for lease is as follows:

Maturity	Thousands of euros
Within 6 months	8,609
From 6 to 12 months	9,853
From 1 to 3 years	19,886
From 3 to 5 years	13,773
After 5 years	65,544
Total	**117,665**

In 2020, the payment associated with financial liabilities for leases amounts to EUR 27.1 million, included in *"Other cash flow from financing activities"* of the consolidated statement of cash flow (EUR 29.0 million in 2019).

(13) LONG-TERM PROVISIONS

The changes in 2020 in "*Long-term provisions"* were as follows:

	Thousands of euros					
	Balance at 12/31/2019	Translation adjustment	Charge for the year	Amounts used /Disposals	Transfers	Balance at 12/31/2020
For taxes	3,384	(4)	22	(4)	(20)	3,378
For indemnities	4,061	(339)	1,106	(1,289)	(984)	2,555
For third-party liability and other	14,694	(1,238)	4,780	(4,143)	(831)	13,262
Total	**22,139**	**(1,581)**	**5,908**	**(5,436)**	**(1,835)**	**19,195**

The changes in 2019 in "*Long-term provisions"* were as follows:

	Thousands of euros						
	Balance at 12/31/2018	Translation adjustment	Changes in scope of consolidation	Charge for the year	Amounts used /Disposals	Transfers	Balance at 12/31/2019
For taxes	8,698	-	-	262	(270)	(5,306)	3,384
For indemnities	5,425	(9)	-	1,113	(2,468)	-	4,061
For third-party liability and other	14,444	(19)	(209)	4,342	(3,960)	96	14,694
Total	**28,567**	**(28)**	**(209)**	**5,717**	**(6,698)**	**(5,210)**	**22,139**

In 2019, the *"Transfers"* column included EUR 5,800 thousand for the balance of the long-term provisions of Media Capital as of August 31, 2019, the date on which the company's liabilities were reclassified under *"Liabilities associated with assets classified as held for sale"* in the consolidated balance sheet, as described in notes 3 and 10.

The *"Provision for taxes"* relates to the estimated amount of tax debts arising from the tax audit carried out at various Group companies.

The *"Provision for indemnities"* includes the provision booked in the previous years to record the probable or certain responsibilities arising from workers' compensation to terminate their labor relations *(see note 15)*. In 2020, the Group booked an additional provision for this item of EUR 1,106 thousand (December 31, 2019: EUR 1,113 thousand), has used EUR 551 thousand (December 31, 2019: EUR 2,001 thousand) as a result of indemnity payments and commercial paper issuances and has reversed EUR 738 thousands (December 31, 2019: 467 thousand). The Group expects to use this provision in the next two years.

The *"Provision for third-party liability and other"* relates to the estimated amount required to meet possible claims and litigation brought against Group companies and other future obligations to employees. In addition, at December 31, 2020 and 2019, the Group had ownership interests in companies accounted for using the equity method, the negative net value of which is recognized under *"Long-term provisions"* in the accompanying consolidated balance sheet, the detail being as follows (*see note 8*):

	Thousand of euros	
	12/31/2020	12/31/2019
WSUA Broadcasting Corporation	1,172	1,249
Green Emerald Business, Inc.	3,064	2,878
Other	1,605	2,566
Total	**5,841**	**6,693**

In view of the nature of the contingencies covered by these provisions, it is not possible to determine a reasonable payment schedule, if indeed there is one, or their financial effect. However, the Prisa Group's legal advisers and directors consider that the outcome of these procedures and claims will not have a significant effect on the consolidated financial statements for the years in which they come to an end additional to the amount provisioned in the accounting records.

(14) OPERATING INCOME

The breakdown of income from the Group's main business lines is as follows:

	Thousands of euros	
	2020	2019
Advertising sales	255,074	351,868
Sales of books and training	362,033	487,939
Newspaper and magazine sales	49,885	61,190
Sales of add-ons and collections	6,025	11,538
Intermediation services	4,259	5,648
Other services	13,666	18,995
Revenue	**690,942**	**937,178**
Income from non-current assets	1,467	10,470
Other income	8,232	17,237
Other income	**9,699**	**27,707**
Total operating income	**700,641**	**964,885**

The most significant exchange transactions occurred under *"Advertising sales"* and the most significant segment was Radio, whose exchanges with third parties amounted to EUR 2,014 thousand in 2020 (December 31, 2019: EUR 3,161 thousand).

In 2019, the heading "*Income from non-current assets*" mainly included the profit from the sale of Radio Chile frequencies in the amount of EUR 4,850 thousand and the result of leaseback of the Moderna building, owned to Santillana Administraçao de Bens Própios, Ltda., amounting to EUR 3,649 thousand.

The following table shows the breakdown of the Group's incomes in accordance with the geographical distribution of the entities that generated them (thousands of euros):

	Advertising sales and sponsorship		Sales of books and training		Newspaper and magazine sales		Others		Total operating income	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Europe	**205,895**	**270,174**	**6,065**	**5,774**	**49,885**	**60,067**	**28,439**	**45,814**	**290,284**	**381,829**
Spain	205,895	270,174	1,273	1,609	49,885	60,067	28,396	45,743	285,449	377,593
Rest of Europe	-	-	4,792	4,165	-	-	43	71	4,835	4,236
America	**49,179**	**81,694**	**355,968**	**482,165**	**-**	**1,123**	**5,210**	**18,074**	**410,357**	**583,056**
Colombia	30,994	53,237	34,452	35,272	-	-	652	3,203	66,098	91,712
Brazil	-	-	151,256	192,311	-	-	689	2,748	151,945	195,059
Mexico	314	876	62,019	87,990	-	940	1,029	1,058	63,362	90,864
Chile	12,745	21,065	21,469	27,739	-	-	1,515	5,686	35,729	54,490
Rest of America	5,126	6,516	86,772	138,853	-	183	1,325	5,379	93,223	150,931
Total	**255,074**	**351,868**	**362,033**	**487,939**	**49,885**	**61,190**	**33,649**	**63,888**	**700,641**	**964,885**

The following table shows the breakdown of the Group's incomes by type of client (thousands of euros):

	2020	2019
Advertising sales and sponsorship	**255,074**	**351,868**
Digital	63,317	70,121
Non digital	191,757	281,747
Sales of books and training	**362,033**	**487,939**
Public sales	101,412	131,221
Learning system	136,770	142,294
Private sales	123,851	214,424
Newspaper and magazine sales	**49,885**	**61,190**
Digital	4,647	643
Non digital	45,238	60,547
Others	**33,649**	**63,888**
Total	**700,641**	**964,885**

The breakdown of the balances from Group contracts affected by IFRS 15 is as follows:

	Thousands of euros	
	2020	2019
Trade and other receivables (*see note 9b)*	252,120	373,339
Allowances (*see note 9b*)	(50,938)	(56,814)
Other current liabilities- performance obligations pending to satisfied (*see note 9e*)	29,967	35,767
Provisions for returns *(see note 15)*	6,165	10,175

(15) OPERATING EXPENSES

Staff costs

The detail of staff costs is as follows:

	Thousands of euros	
	2020	2019
Wages and salaries	203,452	238,087
Employee benefit costs	43,735	46,877
Termination benefits	8,972	10,340
Other employee benefit costs	11,848	14,259
Total	**268,007**	**309,563**

The decrease in the cost of wages and salaries in 2020 is mainly due to the implementation in this year of a contingency plan to save costs in order to minimize the adverse effects that COVID-19 has had on the Group income *(see note 1 b).*

The expense for compensation in the years 2020 and 2019 is mainly due to the adaptation of the workforce to digital environments that continues to advance in media businesses and the renewal of profiles based on the needs of the businesses, especially commercial profiles in Santillana.

Transactions with payments based on equity instruments

Medium-Term Incentive Plan for the period between 2018 and 2020:

At the Ordinary Shareholders' Meeting held on 25 April 2018, a Medium-Term Incentive Plan was approved for the period between 2018 and 2020, consisting of the delivery of Company shares associated on one hand, with the performance of the stock exchange value and, on the other hand, the achievement of certain objectives (non-discriminatory conditions) (the "Plan"), aimed at the CEO of Prisa, the members of Senior Management and certain directors of its subsidiaries, who may receive a certain number of ordinary shares of the Company after a reference period of 3 years and provided that certain pre-defined requirements are met. At the beginning of the Plan, the Company assigned a certain number of "theoretical shares" ("Restricted Stock Units") to each beneficiary, which will serve as a reference to determine the final number of shares to be delivered.

The fair value of the "theoretical shares" assigned was determined according to the following:

- The fair value of the "*theoretical shares*" linked to the performance of the stock exchange value of Prisa shares was determined using a known statistical model in accounting practices on the date of measurement, which supposed a unit value of EUR 1.03246 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, is 5,600,000.

- The fair value of the "*theoretical shares*" linked to the achievement of certain quantitative targets was determined by the market price of the share on the date of measurement (considering the dividends expected during the Plan period), which supposed a unit value of EUR 1.616 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, amounts to an additional 5,600,000.

The expense corresponding to 2020 is EUR 393 thousand (EUR 4,906 thousand in 2019) and is recorded in the “personnel expenses” item of the consolidated income statement, with no effect on the net equity of the Group, as it is a transaction settled with equity instruments, which implies an increase in the consolidated net equity for the same amount.

Number of employees

The average number of employees of the Group and the number of employees at December 2020 and 2019, by professional categories, was as follows:

	2020		2019	
	Average	Final	Average	Final
Executives	297	295	356	367
Middle management	988	992	1,121	1,140
Other employees	5,792	5,798	7,232	7,444
Total	**7,077**	**7,085**	**8,709**	**8,951**

The breakdown of the average number of employees, by gender, was as follows:

	2020		2019	
	Women	Men	Women	Men
Executives	112	185	118	238
Middle management	446	542	487	634
Other employees	2,847	2,945	3,445	3,787
Total	**3,405**	**3,672**	**4,050**	**4,659**

The breakdown of the number of employees, by gender, was as follows:

	2020		2019	
	Women	Men	Women	Men
Executives	109	186	127	240
Middle management	446	546	500	640
Other employees	2,840	2,958	3,546	3,898
Total	**3,395**	**3,690**	**4,173**	**4,778**

The number of employees of 2020 does not include the employees of Santillana Spain and Media Capital Group, because as of December 31, 2020 those companies were outside the perimeter of the Group.

During 2020 the average number of employees with a disability greater than or equal to 33% was 23 (32 during 2019).

Outside services

The detail of outside services in 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Independent professional services	73,968	81,098
Leases and fees	5,147	6,225
Advertising	22,901	36,207
Intellectual property	20,891	24,897
Transport	21,744	26,041
Other outside services	106,231	183,505
Total	**250,882**	**357,973**

Inn 2019, the heading "*Other external services*" included the expense derived from the unfavorable court order in the conflict with Mediapro dated March 29, 2019 for an amount of EUR 51,036 thousand.

Additionally, this heading includes an expense of EUR 285 thousand corresponding to the liability insurance of executives and directors (EUR 240 thousand in 2019).

The heading *"Leases and fees"* mainly includes those leases of low value assets, as well, other fees (canon) of Santillana.

Fees paid to auditors

The fees for financial audit services relating to the 2020 financial statements of the various companies composing the Prisa Group and subsidiaries provided by Ernst & Young, S.L. and by other entities related to the auditor amounted to EUR 1,142 thousand (2019: EUR 1,607 thousand provided by the previous auditor Deloitte, S.L.), of which EUR 251 thousand relate to Prisa (2019: EUR 297 thousand). In addition, the principal auditor has provided the audit services to the Santillana Spain companies sold in 2020 for an amount of EUR 38 thousand. Furthermore, the fees relating to other auditors involved in the 2020 audit of the various Group companies amounted to EUR 16 thousand (2019: EUR 253 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor (Ernst & Young S.L. in 2020 and Deloitte, S.L. in 2019), and fees paid in this connection to other auditors participating in the audit of the various Group companies are as follows (in thousands of euros):

	2020		2019	
	Principal auditor	Other audit firms	Principal auditor	Other audit firms
Other verification services	367	12	861	96
Tax advisory services	-	258	30	500
Other services	8	1,916	8	775
Total other professional services	**375**	**2,186**	**899**	**1,371**

The fees for the detailed professional services provided to Group companies in the year 2020 by the auditing firms are registered under *"Outside services"* in the accompanying consolidated income statement. The 2019 amounts include EUR 360 thousand of audit fees and EUR 203 thousand of services provided to Media Capital Group and the Santillana Spain companies sold in 2020. These amounts are registered in the 2019 income statement under *"Profit/loss after tax from discontinued operations" (see note 17*).

Change in allowances, write-downs and provisions

The detail of the change in allowances, write-downs and provisions is as follows:

	Thousands of euros	
	2020	2019
Change in operating allowances	6,409	3,465
Change in inventory write-downs	6,777	8,652
Change in provision for sales returns	(1,456)	1,583
Total	**11,730**	**13,700**

(16) FINANCIAL LOSS

The detail of financial loss in the consolidated income statements is as follows:

	Thousands of euros	
	2020	2019
Income from current financial assets	1,077	1,100
Income from equity investments	-	174
Other finance income	1,290	2,313
Finance income	**2,367**	**3,587**
Interest on debt	(71,112)	(57,708)
Adjustments for inflation	801	1,730
Other finance costs	(12,711)	(19,831)
Finance costs	**(83,022)**	**(75,809)**
Exchange gains	30,557	45,834
Exchange losses	(32,655)	(49,814)
Exchange differences (net)	**(2,098)**	**(3,980)**
Change in value of financial instruments	**(46,072)**	**(5,439)**
Financial loss	**(128,825)**	**(81,641)**

As of December 31, 2020 the heading "*Other finance costs*" includes EUR 7,376 thousand for the effect of updating the financial liability associated with the lease agreements (EUR 8,028 thousand as of December 31, 2019). It also includes the reversal of a provision for a financial loan amounting to EUR 2,461 thousand.

As of December 31, 2019 the heading "*Other finance costs*" included the commission for the execution of the guarantee for the Mediapro ruling in the amount of EUR 1,882 thousand.

At December 31, 2020, the heading "*Change in value of financial instruments*" includes the financial expense accrued (EUR 8,855 thousand) due to the transfer to the consolidated income statement of the difference between the amount in the initial registration date of the debt associated to the refinancing of 2018 and its nominal amount along the duration of the debt, using the effective interest method, considering the effect of the syndicated debt partial repayment made in 2020 and until the Refinancing came into effect.

Likewise, the "*Change in value of financial instruments*" heading includes the financial expense accrued in 2020 for the transfer to the consolidated income statement of the difference between the amount of debt associated with the 2018 refinancing at the date of initial recognition and its nominal amount using the effective interest method and until 31 December 2020, when the 2020 Refinancing became effective (*see note 12*). It also includes an expense of EUR 37,217 thousand arising from the entry into force of the Refinancing of its bank debt, for the difference between the previous book value of the debt subject to Refinancing and its present value after refinancing considering the discounting of future flows calculated on the basis of the Effective Interest Rate "EIR" of the original debt (*see note 12b*).

(17) RESUL AFTER TAX FROM DISCONTINUED OPERATIONS

As of December 31, 2020, the headline *"Result after tax from discontinued operations"* includes the following items, associated with Media Capital and Santillana Spain as described in note 3 and 10:

Media Capital

- Impairment was recorded for the loss resulting from the agreement to purchase 30.22% of Media Capital to Pluris (minus costs of the sale) in May 2020, amounting to EUR 28,769 thousand *(see note 3).*

- An additional impairment was recorded for the loss resulting from the valuation of Media Capital at the price of the sale agreement for the remaining 64.47% of the Portuguese subsidiary (minus costs of the sale) in September 2020 amounting to EUR 48,522 thousand *(see note 3).*

- Reversal of non-materialised sales costs associated with the non-executed transaction with Cofina and adjustments for the increase of non-controlling interests resulting from the sale of 30.22% of Media Capital, amounting to EUR 419 thousand.

- The contribution of the result of Media Capital to the results of the Group during the 2020 (and until the loss of control), for a negative amount of EUR 15,013 thousand, offset by the positive effect of the decrease in the net assets of Media Capital from the same amount. Therefore, there is not impact by these effects.

The breakdown of results of Media Capital is as follows:

(Thousands of euros)	2020	2019
Operating income-	**104,458**	**164,965**
Revenue	103,847	163,236
Other income	611	1,729
Operating expenses-	**(119,101)**	**(214,399)**
Cost of materials used	(21,004)	(23,094)
Staff costs	(36,711)	(42,875)
Depreciation and amortisation charge	(7,877)	(9,651)
Outside services	(52,433)	(81,432)
Change in allowances, write-downs and provisions	(1,076)	(5)
Impairment of goodwill	-	(57,342)
Profit from operations	**(14,643)**	**(49,434)**
Financial loss	(1,908)	(2,249)
Expense tax	1,538	(2,381)
Result after tax from discontinued operations	**(15,013)**	**(54,064)**

Santillana Spain

- Recognition of the capital gain net of costs arising from the sale of the Santillana Spain companies for EUR 377,344 thousand *(see note 3)*.

- The contribution of the result of Santillana Spain to the results of the Group during the 2020, for a positive amount of EUR 22,441 thousand.

For comparison purposes, the results of Santillana Spain of 2019 have been reclassified in this section. The breakdown is as follows:

(Thousands of euros)	2020	2019
Operating income-	**108,368**	**130,964**
Revenue	106,868	128,163
Other income	1,500	2,801
Operating expenses-	**(84,970)**	**(88,866)**
Cost of materials used	(16,530)	(24,783)
Staff costs	(41,605)	(33,013)
Depreciation and amortisation charge	(9,990)	(10,562)
Outside services	(15,110)	(18,969)
Change in allowances, write-downs and provisions	(1,712)	(1,273)
Impairment of goodwill	(23)	(266)
Profit from operations	**23,398**	**42,098**
Financial loss	656	(933)
Expense tax	(1,613)	(8,281)
Result after tax from discontinued operations	**22,441**	**32,884**

(18) BUSINESS SEGMENTS

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

The business segments were determined based on the Prisa Group's organizational structure at year-end 2020 considering the nature of the products and services offered, and the customer segments which they target.

At December 31, 2020, Prisa's operations are divided into three main segments:

- Education, which includes primarily the sale of educational books and the services and materials related to the education systems;
- Radio, the main source of revenue from which is the broadcasting of advertising and, in addition, the organization and management of events and the provision of other supplementary services;
- Press, which groups together mainly the activities relating to the sale of newspapers and magazines, advertising, promotions and printing. From January 1, 2019 this segment includes the central advertising services and technology services.

The results of Santillana's business in Spain that are the object of the sale *(see note 3)* are classified within the Education segment.

The column *"Others"* includes Promotora de Informaciones, S.A., Promotora de Actividades América 2010, S.L., Promotora de Actividades América 2010 México, S.A. de C.V., Prisa Participadas, S.L., GLP Colombia, Ltda., Vertix, SGPS, S.A., Grupo Media Capital, SGPS, S.A., Prisa Gestión de Servicios, S.L., Promotora de Actividades Audiovisuales de Colombia, Ltda., Prisa Activos Educativos, S.L.U., Prisa Activos Radiofónicos, S.L.U., Prisa Gestión Financiera, S.L., Productora Audiovisual de Badajoz, S.A., Productora Extremeña de Televisión, S.A. y Málaga Altavisión, S.A.

Segment information about these businesses for 2020 and 2019 is presented below. The column *"Eliminations and adjustments"* mainly includes transactions between group companies:

	EDUCATION		RADIO		PRESS		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	**365,829**	**497,003**	**186,287**	**273,810**	**164,701**	**210,827**	**8,962**	**14,933**	**(25,138)**	**(31,688)**	**700,641**	**964,885**
- External sales	**365,617**	**497,003**	**185,718**	**272,005**	**147,603**	**194,068**	**1,385**	**1,225**	**318**	**584**	**700,641**	**964,885**
- Advertising	0	0	176,302	248,062	79,304	104,392	0	0	(532)	(586)	255,074	351,868
- Books and training	362,033	487,949	0	0	0	0	0	0	0	(10)	362,033	487,939
- Newspapers and magazines	0	0	0	0	49,885	61,190	0	0	0	0	49,885	61,190
- Other	3,584	9,054	9,416	23,943	18,414	28,486	1,385	1,225	850	1,180	33,649	63,888
- Intersegment sales	**212**	**0**	**569**	**1,805**	**17,098**	**16,759**	**7,577**	**13,708**	**(25,456)**	**(32,272)**	**0**	**0**
- Advertising	0	0	179	1,600	2,102	1,644	0	0	(2,281)	(3,244)	0	0
- Newspapers and magazines	0	0	0	0	6	0	0	0	(6)	0	0	0
- Other	212	0	390	205	14,990	15,115	7,577	13,708	(23,169)	(29,028)	0	0
Operating expenses	**(331,688)**	**(426,237)**	**(218,809)**	**(230,592)**	**(186,281)**	**(210,380)**	**(18,310)**	**(75,936)**	**25,338**	**31,691**	**(729,750)**	**(911,454)**
- Cost of materials used	(76,130)	(105,594)	(22)	(62)	(30,030)	(40,161)	0	2	251	385	(105,931)	(145,430)
- Staff costs	(96,375)	(120,318)	(91,978)	(103,408)	(70,194)	(73,374)	(9,460)	(12,455)	0	(8)	(268,007)	(309,563)
- Depreciations and amortisation charge	(41,945)	(47,864)	(17,797)	(17,559)	(9,662)	(9,916)	(1,234)	(1,376)	1	(2)	(70,637)	(76,717)
- Outside services	(107,290)	(135,277)	(87,258)	(107,025)	(74,114)	(84,642)	(6,889)	(61,541)	24,669	30,512	(250,882)	(357,973)
- Change in operating provisions	(9,005)	(13,566)	(2,155)	134	(543)	(516)	(28)	248	1	0	(11,730)	(13,700)
- Changes in valuation allowances to Group companies	0	0	0	0	0	(2)	(7)	11	7	(9)	0	0
- Impairment of goodwill/assets	(943)	(3,618)	(19,599)	(2,672)	(1,738)	(1,769)	(692)	(825)	409	813	(22,563)	(8,071)
Result from operations	**34,141**	**70,766**	**(32,522)**	**43,218**	**(21,580)**	**447**	**(9,348)**	**(61,003)**	**200**	**3**	**(29,109)**	**53,431**
Finance income	**1,752**	**2,329**	**1,974**	**2,052**	**2,206**	**2,998**	**177,848**	**62,924**	**(181,413)**	**(66,716)**	**2,367**	**3,587**
- Interest income	454	1,049	1,831	1,771	2,136	2,839	13,542	14,728	(17,152)	(18,579)	811	1,808
- Other financial income	1,298	1,280	143	281	70	159	164,306	48,196	(164,261)	(48,137)	1,556	1,779
Finance costs	**(8,788)**	**(16,626)**	**(10,827)**	**(9,060)**	**(3,768)**	**(6,155)**	**(76,790)**	**(68,796)**	**17,151**	**24,828**	**(83,022)**	**(75,809)**
- Interest expenses	(6,695)	(8,192)	(1,955)	(2,081)	(3,376)	(3,044)	(76,235)	(62,614)	17,149	18,223	(71,112)	(57,708)
- Other financial expenses	(2,093)	(8,434)	(8,872)	(6,979)	(392)	(3,111)	(555)	(6,182)	2	6,605	(11,910)	(18,101)
Change in value of financial instruments	**0**	**0**	**0**	**0**	**(9)**	**(11)**	**(46,064)**	**(5,428)**	**1**	**0**	**(46,072)**	**(5,439)**
Exchange differences (net)	**(910)**	**(3,389)**	**(125)**	**(563)**	**(491)**	**(144)**	**(572)**	**116**	**0**	**0**	**(2,098)**	**(3,980)**
Financial result	**(7,946)**	**(17,686)**	**(8,978)**	**(7,571)**	**(2,062)**	**(3,312)**	**54,422**	**(11,184)**	**(164,261)**	**(41,888)**	**(128,825)**	**(81,641)**
Result of companies accounted for using the equity method	0	0	(5,350)	3,115	72	(717)	(0)	(0)	(3,180)	278	(8,458)	2,676
Result before tax from continuing operations	**26,195**	**53,080**	**(46,850)**	**38,762**	**(23,570)**	**(3,582)**	**45,074**	**(72,187)**	**(167,241)**	**(41,607)**	**(166,392)**	**(25,534)**
Expense tax	(27,458)	(25,652)	(5,873)	(16,178)	(9,058)	(6,490)	(38,681)	(4,432)	(1)	0	(81,071)	(52,752)
Result from continuing operations	**(1,263)**	**27,428**	**(52,723)**	**22,584**	**(32,628)**	**(10,072)**	**6,393**	**(76,619)**	**(167,242)**	**(41,607)**	**(247,463)**	**(78,286)**
Result after tax from discontinued operations	400,979	32,884	0	0	0	0	(75,716)	(131,817)	(2,350)	4,401	322,913	(94,532)
Consolidated result for the year	**399,716**	**60,312**	**(52,723)**	**22,584**	**(32,628)**	**(10,072)**	**(69,323)**	**(208,436)**	**(169,592)**	**(37,206)**	**75,450**	**(172,818)**
Non-controlling interests	2	(58)	973	(1,689)	2,001	(863)	0	0	11,311	(6,870)	14,287	(9,480)
Result attributable to the Parent	**399,718**	**60,254**	**(51,750)**	**20,895**	**(30,627)**	**(10,935)**	**(69,323)**	**(208,436)**	**(158,281)**	**(44,076)**	**89,737**	**(182,298)**

	EDUCATION		RADIO		PRESS		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	12.31.2020	**12.31.2019**	**12.31.2020**	**12.31.2019**	**12.31.2020**	**12.31.2019**	**12.31.2020**	**12.31.2019**	**12.31.2020**	**12.31.2019**	**12.31.2020**	**12.31.2019**
Assets	**422,933**	**599,530**	**346,050**	**438,273**	**194,823**	**246,556**	**2,721,061**	**3,062,463**	**(2,713,148)**	**(2,774,658)**	**971,719**	**1,572,164**
- Non-current (except accounted for using the equity method)	147,874	226,428	203,416	244,663	67,545	87,888	2,228,221	2,362,362	(2,228,476)	(2,317,591)	418,580	603,750
- Investments accounted for using the equity method	0	0	28,017	52,762	177	47	0	0	(3,515)	(4,098)	24,679	48,711
- Current	275,059	373,102	110,655	137,009	127,101	158,621	492,333	589,656	(481,131)	(619,291)	524,017	639,097
- Assets classified as held for sale	0	0	3,962	3,839	0	0	507	110,445	(26)	166,322	4,443	280,606
Equity and liabilities	**422,933**	**599,530**	**346,050**	**438,273**	**194,823**	**246,556**	**2,721,061**	**3,062,463**	**(2,713,148)**	**(2,774,658)**	**971,719**	**1,572,164**
- Equity	205,123	237,911	189,551	258,148	(62,422)	(34,194)	1,056,054	1,256,582	(1,791,286)	(2,130,051)	(402,980)	(411,604)
- Non-current	35,314	52,391	74,505	79,511	44,114	51,915	1,239,922	1,334,692	(445,312)	(186,666)	948,543	1,331,843
- Current	182,496	309,228	78,541	97,590	213,131	228,835	425,085	471,189	(476,531)	(619,199)	422,722	487,643
- Liabilities classified as held for sale	0	0	3,453	3,024	0	0	0	0	(19)	161,258	3,434	164,282

The next table breaks down the cash flow statement for the continuing operations by segment in 2020 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Education	61,504	376,633	(11,126)	(11,329)	**415,682**
Radio	7,352	7,938	(13,429)	(1,124)	**737**
Press	(31,595)	(118)	(8,994)	0	**(40,707)**
Others	16,897	41,406	(404,103)	0	**(345,800)**
Total	**54,158**	**425,859**	**(437,652)**	**(12,453)**	**29,912**

The next table breaks down the cash flow statement for the continuing operations by segment in 2019 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Education	71,533	(37,040)	(91,888)	76	**(57,319)**
Radio	41,819	(35,988)	(16,057)	(53)	**(10,279)**
Press	5,608	(7,848)	(9,718)	20	**(11,938)**
Others	(48,939)	(288,105)	248,866	-	**(88,178)**
Total	**70,021**	**(368,981)**	**131,203**	**43**	**(167,714)**

The next table breaks down the cash flow statement for the discontinuing operations (generated by Santillana Spain y Media Capital) in 2020 and 2019 (in thousands of euros):

	Santillana Spain			
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Change in cash flows in the year
2020	50,874	(19,788)	(5,699)	**25,387**
2019	53,098	(9,110)	(3,787)	**40,201**

	Media Capital			
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Change in cash flows in the year
2020	6,570	(14,566)	7,996	**-**
2019	14,423	(9,568)	(5,855)	**(1,000)**

The detail of capex for the continuing operations in 2020 and 2019 by business segment is as follows (in thousands of euros):

	2020			2019		
	Property, plant and equipment	**Intangible assets**	**Total**	**Property, plant and equipment**	**Intangible assets**	**Total**
Education	10,432	24,440	34,872	10,521	34,715	45,236
Radio	1,759	2,989	4,748	4,940	2,425	7,365
Press	871	4,015	4,886	1,157	7,312	8,469
Other	837	68	905	296	205	501
Total	**13,899**	**31,512**	**45,411**	**16,914**	**44,657**	**61,571**

The table below shows a breakdown of the investments of discontinued operations, i.e. by Santillana Spain y Media Capital in 2020 and 2019 with property, plant and equipment and intangible assets (in thousands of euros):

	Santillana Spain		**Media Capital**	
	2020	2019	2020	2019
Property, plant and equipment	209	220	998	6,097
Intangible assets	7,360	8,561	249	617
Total	**7,569**	**8,781**	**1,247**	**6,714**

The Group's activities are located in Europe and America. Operations in Europe are carried out mainly in Spain. The activity in America develops in more than 20 countries mainly in Brazil, Mexico, Colombia and Chile.

The following table shows the breakdown of income and the result before minority interests and taxes of the Group according to the geographical distribution of the entities that originate them:

	Thousands of euros					
	Revenue		**Other income**		**Profit before tax from continuing operations**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Europe	**284,335**	**368,804**	**5,949**	**13,025**	**(180,680)**	**(123,103)**
Spain	279,543	364,640	5,906	12,953	(184,300)	(124,624)
Rest of Europe	4,792	4,164	43	72	3,620	1,521
America	**406,607**	**568,374**	**3,750**	**14,682**	**14,288**	**97,569**
Colombia	65,703	89,633	395	2,079	(99)	14,057
Brazil	151,285	193,375	660	1,684	24,749	24,088
Mexico	62,541	89,987	821	877	(48)	12,705
Chile	34,402	49,051	1,327	5,439	(12,462)	15,115
Rest of America	92,676	146,328	547	4,603	2,148	31,604
Total	**690,942**	**937,178**	**9,699**	**27,707**	**(166,392)**	**(25,534)**

The following table shows the breakdown of assets of the Group according to the geographical distribution of the entities that originate them:

	Thousands of euros			
	Non- current assets (*)		Total assets	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Europe	**197,480**	**233,945**	**472,990**	**852,627**
Spain	197,385	233,787	467,908	573,595
Rest of Europe	95	158	5,081	279,032
America	**192,723**	**281,601**	**498,729**	**719,537**
Colombia	31,531	39,199	78,694	94,536
Brazil	67,269	91,324	165,562	274,291
Mexico	38,712	64,479	87,943	122,695
Chile	42,510	63,716	78,766	108,509
Rest of America	12,701	22,883	87,764	119,506
Total	**390,203**	**515,546**	**971,719**	**1,572,164**

(*) Include property, plant and equipment, goodwill, intangible assets, investments accounted for using the equity method and other non-current assets.

(19) TAX MATTERS

In Spain, Promotora de Informaciones, SA, is subject to the special tax consolidation regime, in accordance with the Corporate Tax Law, which is the dominant entity of the Group identified as number 2/91 and composed of all those subsidiaries (*see Annexe I*) which meet the requirements for this status by the regulations governing the taxation of consolidated profits of the Groups of Companies.

GLR Services, Inc. also files consolidated tax returns in the United States together with its subsidiaries that meet the requirements for application of this special consolidated tax regime.

The other Group subsidiaries file individual tax returns, in accordance with the tax legislation prevailing in each country.

In financial year 2020, as in prior years, certain Group companies performed or participated in corporate restructuring operations under the special tax neutrality regime. The disclosures required by the tax legislation that arises from the application of the aforementioned transactions are included in the notes to the financial statements of the related Group companies for the year in which these transactions were carried out.

Also, in prior years, several tax group companies availed themselves of tax credits for the reinvestment of extraordinary income under Article 21 of the repealed Spanish Corporation Tax Law 43/1995. The disclosures required by this Law are made in the notes to the financial statements of the corresponding companies.

a) Reconciliation of the accounting profit to the taxable profit

The following table shows reconciliation, in thousands of euros, of the result of applying the current standard tax rate in Spain to the consolidated net accounting profit of continuing operations, calculated under International Financial Reporting Standards, to the consolidated Group's income tax expense for 2020 and 2019.

	Income statement	
	2020	**2019**
CONSOLIDATED NET PROFIT UNDER IFRS BEFORE TAX FROM DISCONTINUED OPERATIONS	**(166,392)**	**(25,534)**
Tax charge at 25%	(41,598)	(6,383)
Consolidation adjustments	24	16,830
Temporary differences	1,900	(277)
Permanent differences (1)	14,665	2,939
Tax loss carry forwards	(921)	(501)
Deductions and bonuses	(251)	(188)
Non-activation effect of tax income (2)	39,563	7,845
Effect of applying different tax rates (3)	2,871	4,492
Current income tax expense	**16,253**	**24,756**
Deferred tax expense for temporary differences	**(2,352)**	**277**
Previous income tax	**13,901**	**25,033**
Adjustment of prior years' tax (4)	63,975	23,179
Foreign tax expense (5)	2,400	1,487
Employee profit sharing and other expense concepts (6)	795	2,120
Adjustments to consolidated tax	-	934
TOTAL INCOME TAX	**81,071**	**52,752**

(*)Parentheses indicate income

(1) The permanent differences mainly arise from (i) the different accounting and tax recording criteria of the expenses derived from certain provisions and certain assets, (ii) non-deductible expenses, (iii) the negative adjustment that can be accounted for by the merger tax difference, attributable to 2018, arising from the merger of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (absorption merger described in Note 17 of the Report of Promotora de Informaciones, S.A. for the year 2013), and applying the requirements of the then current article 89.3 of the Tax Law to grant it a tax effect, (iv) the minimum integration into five years of the reversal of the impairment losses on the equity securities of entities that would have been fiscally deductible, established by Royal Decree-Law 3/2016 of December 2 (which generated an additional tax expense of EUR 3,304 thousand), (v) a negative adjustment resulting from the recovery for tax purposes of one tenth of the amount adjusted in previous years as a result of the limitation of the deductibility of amortization expense, and (vi) from limitation of the deductibility of financial expenses outlined in article 16 of the Income Tax Law.

(2) This relates to the effect of companies that have not recognised a deferred tax asset because they accrued losses in the year.

(3) This relates to the effect of taxation of profits from American subsidiaries at different rates.

(4) It refers to the effect on the income statement arising from the regularization of Corporate Income Tax for previous years and the accounting record of the write-off of the tax credits of the tax consolidation group.

(5) This relates to the expense for taxes paid abroad, which arose from withholdings at source on the income from exports of services provided by the Group's Spanish companies abroad and dividends.

(6) The P.T.U. is one more component of the Income Tax expense in some countries such as Mexico, Peru and Ecuador.

b) Deferred tax assets and liabilities

2020-

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2020 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:	12/31/2019	Transfers	Additions	Disposals	12/31/2020
Non-deductible financial expenses	40,244	(2)	-	(40,242)	-
Unused tax credit recognized	16,436	-	-	(16,436)	-
Tax loss carry forwards	16,824	-	3,221	(9,327)	10,718
Other temporary differences	42,746	(356)	562	(11,107)	31,845
Total	**116,250**	**(358)**	**3,783**	**(77,112)**	**42,563**

DEFERRED TAX LIABILITIES ARISING FROM:	12/31/2019	Transfers	Additions	Disposals	12/31/2020
Impairment losses on equity investments and goodwill	217	(217)	-	-	-
Deferral for reinvestment of extraordinary income	1,423	-	-	(379)	1,044
Accelerated amortization	3,237	-	7	(676)	2,568
Different accounting and tax recognition criteria for income and expenses	7,169	-	727	(3,176)	4,720
Other	12,947	-	28	(4,467)	8,508
Total	**24,993**	**(217)**	**762**	**(8,698)**	**16,840**

2019-

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2019 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:	12/31/2018	Transfers	Additions	Disposals	12/31/2019
Non-deductible financial expenses	56,589	(89)		(16,256)	40,244
Unused tax credit recognized	20,217	-	-	(3,781)	16,436
Tax loss carry forwards	17,425	-	684	(1,285)	16,824
Other temporary differences	41,132	(2,073)	6,315	(2,628)	42,746
Total	**135,363**	**(2,162)**	**6,999**	**(23,950)**	**116,250**

DEFERRED TAX LIABILITIES ARISING FROM:	12/31/2018	Additions	Disposals	12/31/2019
Impairment losses on equity investments and goodwill	659	-	(442)	217
Deferral for reinvestment of extraordinary income	1,802	-	(379)	1,423
Accelerated amortization	1,204	2,102	(69)	3,237
Different accounting and tax recognition criteria for income and expenses	4,151	3,018	-	7,169
Other	10,796	2,175	(24)	12,947
Total	**18,612**	**7,295**	**(914)**	**24,993**

The tax assets and liabilities on the consolidated balance sheet at year-end 2020 are recognized at their estimated recoverable or cancellable amount.

There are no significant temporary differences arising from investments in subsidiaries, branches, associates or joint ventures that generate deferred tax liabilities.

There are no significant amounts arising from temporary differences associated with retained earnings of subsidiaries in jurisdictions where different tax rates are applied and, therefore, no deferred tax liabilities were recognized in this connection.

The majority of the balance of deferred tax assets corresponds to (i) tax credits arising from tax loss carryforwards and (ii) and temporary differences, mainly generated by subsidiaries in Latam

Included below is the breakdown, in thousands of euros, of the prior years' tax losses of Spanish companies available for offset against future profits, showing the year in which they were incurred.

	2020			2019		
Year incurred	**Amount**	**Recognized**	**Not recognized**	**Amount**	**Recognized**	**Not recognized**
1998	-	-		13,357	-	13,357
1999	84	-	84	73,978	-	73,978
2000	1,571	-	1,571	64,017	-	64,017
2001	3,196	-	3,196	57,007	-	57,007
2002	1,768	-	1,768	84,009	-	84,009
2003	2,893	-	2,893	45,380	-	45,380
2004	3,397	-	3,397	60,097	243	59,853
2005	1,357	-	1,357	1,357	267	1,090
2006	716	-	716	673	244	429
2007	2,790	-	2,790	2,790	-	2,790
2008	2,171	-	2,171	2,273	145	2,128
2009	419	-	419	236	-	236
2010	80	-	80	23	-	23
2011	139,399	-	139,399	140,042	5,377	134,664
2012	220,652	-	220,652	240,687	21,514	219,173
2013	44,774	-	44,774	45,400	3,389	42,010
2014	36,885	-	36,885	55,132	3,325	51,807
2015	629,961	-	629,961	631,705	1,701	630,004
2016	88	-	88	88	-	88
2017	153,620	-	153,620	154,581	400	154,181
2018	45,238	-	45,238	68,066	-	68,066
2019	30,909	-	30,909	21,569	-	21,569
2020	73,828	8	73,820	-	-	-
Total	**1,395,796**	**8**	**1,395,788**	**1,762,465**	**36,606**	**1,725,859**

The breakdown by country of the tax loss carryforwards of the Group's foreign companies is shown below, in thousands of euros:

2020-

Year incurred	Argentina	Brazil	Colombia	Chile	Mexico	Peru	Ecuador	Republica Dominicana	USA	TOTAL
2002									20	**20**
2003									67	**67**
2004									528	**528**
2005				306					1,482	**1,788**
2006				1					5,740	**5,741**
2007				19					4,544	**4,563**
2008				25					3,318	**3,343**
2009		40		19					3,246	**3,305**
2010		33		161	36				1,872	**2,102**
2011		70		717	463				523	**1,773**
2012		129		1,143	824				2,115	**4,211**
2013		3,305		1,016	421				2,650	**7,392**
2014		2,845		942	380				2,365	**6,532**
2015		706	53	582	925				-	**2,266**
2016	181	1,078		983	4,046				1,766	**8,054**
2017	336	1,031	2,111	757	2,463				1,490	**8,188**
2018	484	216	470	709	2,946				4,215	**9,040**
2019	1,273	785		1,523	3,846				717	**8,144**
2020	642	1,355	6,283	1,899	1,122	659	3.206	132	768	**16,066**
Total	**2,916**	**11,593**	**8,917**	**10,802**	**17,472**	**659**	**3,206**	**132**	**37,426**	**93,123**
RECOGNIZED	0	6,001	8,668	10,247	8,389	0	3,206	132	0	36,643
NOT RECOGNIZED	2,916	5,592	249	555	9,083	659	0	0	37,246	56,480
Period for offset	5 years	Unlimited	12 years	Unlimited	10 years	4 years	5 years	5 years	20 years/ Unlimited	

2019-

Year incurred	Argentina	Brazil	Colombia	Chile	Mexico	Puerto Rico	USA	TOTAL
2002							22	22
2003							73	73
2004							575	575
2005				306			1,612	1,918
2006				1			6,246	6,247
2007		157		19			4,944	5,120
2008		139		25			3,611	3,775
2009		73		19			3,532	3,624
2010		46		303	41		2,037	2,427
2011		99		784	532		568	1,983
2012		2,010		1,144	947		2,302	6,403
2013		4,381		1,017	484		2,884	8,766
2014	519	4,000		943	437		2,573	8,472
2015	749	993		383	1,063			3,188
2016	205	1,515		524	4,528	124	1,922	8,818
2017	407	1,449	2,309	848	2,788	27	1,921	9,749
2018	370	304		1,087	3,355			5,116
2019	19	1,104		2,882	4,410			8,415
Total	**2,269**	**16,270**	**2,309**	**10,285**	**18,585**	**151**	**34,822**	**84,691**
RECOGNIZED		4,779	2,309	9,773	8,132	151		25,145
NOT RECOGNIZED Period for offset	2.269 5 years	11.491 Unlimited	Unlimited	512 Unlimited	10.453 10 years	Unlimited	34.822 20 years /15 years	59,546

Once the analysis of the recovery of tax credits has been carried out, in accordance with the criteria established by accounting standards, tax credits corresponding to the following were written off in the consolidated balance sheet as of December 31, 2020 and with impact in the consolidated income statement for a total amount of EUR 64,108 thousand: (i) tax deductions for a total amount of EUR 14,572 thousand; (ii) tax credits arising from non-deductibility of net financial expenses of EUR 40,238 thousand and (iii) credits for negative tax bases amounting to EUR 9,298 thousand.

These falls are mainly motivated by the review of future business projections as a consequence of the impact of COVID-19, which has led to a decrease in the projected long-term growth of the Group's businesses, as well as the impact of the sale of the Santillana Spain business in December 2020, and for the Refinancing of the Group's syndicated debt *(see notes 3 and 12)*.

The business plans, on which the recovery of the deferred tax assets of the Fiscal Consolidation Group is based, are updated taking into account the operational performance of the companies, the development of the medium and long-term strategy of the Group, and a series of macroeconomic and sectoral hypotheses for all the businesses. Maintaining the leadership position of the Group in the sectors in which it operates was also considered. Forecasts and studies conducted by third parties were taken also into account during its development.

Projections take into account growth in the advertising sector considering the latest studies available and the leadership position in the different businesses in which the Group operates. Insofar as businesses which rely heavily on advertising have a high percentage of fixed costs, any increase in advertising revenues will have a positive impact on operating margins.

In Santillana Latin America, education systems are expected to continue to expand and teaching sales, which were particularly affected in 2020 by the COVID-19 effect, are expected to recover.

Radio foresees in its projections the recovery of advertising and the impetus to digital audio through the development of podcasting. Costs are expected to be controlled by progressively improving margins that have been heavily penalised in 2020 by the effect of COVID-19.

In News, projections foresee a business model that is more digital orientated with a higher contribution margin and leveraging the growth of digital subscriptions and digital advertising. In addition, cost reductions are foreseen as a consequence of the adjustment plans carried out in the business structure and the extension of contingency plans put in place in 2020 due to the effect of the pandemic.

Finally, corporate services will reduce their costs over the projected period.

The Group has not recognised any deferred tax liabilities in relation to the 5% taxation of dividends to be received from 2021 onwards by Spanish companies as no tax liability is expected to arise in this regard based on our best estimate of the taxable profit in 2021.

c) Years open for review by the tax authorities

The fiscal years open for review by the tax authorities for the main taxes vary from one consolidated company to another, although they generally include the last four fiscal years, with the exceptions discussed below.

The tax consolidation inspections of the Group for the Corporate Tax corresponding to 2006 to 2008 ended with the opening of a signed Notice of disagreement for the amount of EUR 9 thousand, which was paid by Prisa. However, the Company was not in agreement with the criteria maintained by the inspection in the proposed adjustment, and the relevant claims and appeals have been filed, and on the date of authorized for issue of these financial statements, they are pending resolution before the Supreme Court. No additional equity impact will be derived from these actions.

The verification of the individual Corporate Tax for 2008 of Sociedad Española de Radiodifusión ended with the opening of a Notice for the amount of EUR 219 thousand, which was paid by that company. After lodging the relevant claims and appeals, the National Court of Spain delivered a ruling during the year dismissing the case that became final and binding. No additional equity impact will be derived from these actions.

With regard to the Value Added Tax for the period from June 2007 to December 2008, the audits were finalized in the year 2013 with the opening of two Notices, one for EUR 539 thousand, and the other for EUR 4,430 thousand, both of which have been the subject of economic-administrative appeals before the TEAC. A resolution partially upheld by the TEAC was received against the one filed in the corresponding contentious- administrative appeal. As at the date of authorized for issue of these financial statements, a dismissal has been received from the National Court of Spain, against which an appeal for judicial review will be lodged. The tax debt arising from these Notices was satisfied. No additional equity impact will be derived from these actions.

The audit procedure regarding the Value Added Tax for the period of May 2010 to December 2011 of VAT Group 105/08 of which Promotora de Informaciones, S.A. is the parent company, ended with the signing of a notice of agreement for the amount of EUR 512 thousand, which was paid and recorded in 2016; and another notice of disagreement for the amount of EUR 7,785 thousand, which, although it has been appealed, was also paid and recorded with a charge to the profit and loss account. The company filed an economic-administrative appeal which was partially upheld by the TEAC. As at the date these financial statements are authorised for issue, the Resolution has been executed for the part that the TEAC has upheld for the company notifying a refund of EUR 8,068 thousand, corresponding to EUR 1,165 thousand in late payment interest and EUR 6,903 thousand for the part of the settlement agreement that has been annulled by the TEAC. The proceedings for the part dismissed by the TEAC are pending before the National Court of Spain. No additional equity impact will be derived from the actuations that are pending of the National Court.

With regard to the inspection procedure relating to withholdings on account of personal income tax for the period May 2010 to December 2012, through the inspection a signed non-conformity Notice was issued to Promotora de Informaciones, S.A. for EUR 196 thousand. In 2020, the ruling upholding the decision from the appeal related to this Notice was received, as well as the sanctioning proceedings arising from the aforementioned inspections.

Additionally, the audits related to the Corporate Tax corresponding to 2009 to 2011 in Fiscal Consolidation Group 2/91, of which Promotora de Informaciones is the parent company, and in Fiscal Consolidation Group 194/09, of which Prisa Radio, S.A. was the parent company, resulted for Promotora de Informaciones, S.A., in the signing of a Notice of disagreement with no amounts payable against which the corresponding economic-administrative appeal was filed with the TEAC and, subsequently, an administrative appeal was filed with the National Court of Spain, which is pending resolution. No additional equity impact will be derived from these actions.

In the case of Prisa Radio, a Notice of disagreement was signed for EUR 866 thousand, against which the relevant claims and appeals were lodged. In 2020, the administrative appeal was withdrawn, and the proceedings were closed. No additional equity impact will be derived from these actions.

In 2019, the 2012 and 2013 Corporate Income Tax inspections for the Group 194/09 of which Prisa Radio, S.A, was the dominant company, and the Corporate Income Tax inspection for 2012 to 2015 were completed for the Fiscal Consolidation Group 2/91, of which Promotora de Informaciones, S.A., is a dominant company, with the signing of two economic-administrative appeals from which no payable fee has been derived, and whose main effect has been a redistribution in tax credits from one category to another. The companies, not being satisfied with the regularisation carried out by the Tax Inspection, filed the corresponding economic-administrative claims before the TEAC. In 2020, a resolution was received from the TEAC dismissing Prisa's claim, in relation to the Prisa Radio proceedings and the corresponding administrative appeal has been lodged with the National Court of Spain. With regard to the Prisa Group proceedings, as at the date these explanatory notes were prepared, the court has received a partially favourable decision whereby the court has proceeded to reinstate the proceedings and against which the relevant administrative appeal will be lodged.

In 2020, audits have been initiated regarding the Value Added Tax for the periods 2016-2018, of the VAT Group 105/08, and of the Group of Companies of which Promotora de Informaciones, S.A. is the parent company. Similarly, notice has been given that audits will commence relating to withholdings by residents and non-residents for the period 2017-2018 for Prisa, Ser, Santillana Global and Grupo Santillana de Educación Global.

Aside from the explanations given in previous sections, the last four fiscal years of the Company are open to audit for the entirety of the main taxes.

The provision for taxes *(see note 13)* includes an amount of EUR 3,378 thousand to cover, mainly, the impact of potential unfavourable rulings upheld during the various tax proceedings described above.

It is not expected that there will be accrued liabilities of consideration, in addition to those already registered, as a result of these procedures or of a future and possible inspection.

(20) ALLOCATION OF RESULTS

The proposal for the allocation of the loss of Promotora de Informaciones, S.A. by the Directors for 2020 is as follows (in thousands of euros):

	Amount
Basis of appropriation Result for the year	(49,144)
Distribution- Prior year losses	(49,144)

(21) RESULT PER SHARE

Basic result per share was calculated by dividing the result for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares in circulation during the period.

The basic result per share attributed to equity holders of the Parent corresponding to continuing and discontinued operations in 2020 and 2019 were the following:

	Thousands of euros	
	12/31/2020	12/31/2019
Result for the year from continuing operations attributable to the Parent	(233,176)	(87,766)
Result after tax from discontinued operations attributable to the Parent	322,913	(94,532)
Result for the year attributable to the Parent	89,737	(182,298)
Weighted average number of ordinary shares outstanding (thousands of shares)	706,864	664,972
Basic result per share of continuing operations (euros)	**(0.33)**	**(0.13)**
Basic result per share of discontinued operations (euros)	**0.46**	**(0.14)**
Basic result per share (euros)	**0.13**	**(0.27)**
Diluted result per share (euros)	**0.13**	**-**

In 2019, considering the same weighted average number of ordinary shares outstanding than in 2020, basic loss per share of continuing operations was EUR 0.12 and of the discontinuing operations was EUR 0.13.

The effect of the Incentive in the medium term has been considered to calculate the diluted earnings per share in financial year 2020, which represents an increase in the average number of shares of 2,138 thousand shares. This effect was not considered for 2019, as it would have an anti-dilution effect by reducing losses per share.

Weighted average number of ordinary shares outstanding in 2020 and 2019:

	Thousands of shares	
	2020	2019
Ordinary shares at December 31	708,650	558,407
Share capital increases	-	108,257
Weighted average of treasury shares	(1,786)	(1,692)
Weighted average number of ordinary shares outstanding for basic earnings per share	**706,864**	**664,972**

(22) RELATED PARTY TRANSACTIONS

The detail of the balances receivable from and payable to associates and related parties in 2020 and 2019 is as follows:

	12/31/2020		12/31/2019	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Trade receivables	3,797	669	4,149	1,433
Receivables- loans	2,343	-	10,057	-
Total receivables	**6,140**	**669**	**14,206**	**1,433**
Trade payables	1,034	2,157	1,531	5,267
Payables- loans	25	250,588	2	414,517
Total payables	**1,059**	**252,745**	**1,533**	**419,784**

Balance with Group employees, companies or entities-

Receivables loans at December 31, 2020 mainly include and the loans granted by Sociedad Española de Radiodifusión S.L. to Green Emerald Business Inc in the amount of EUR 2,203 thousand (EUR 2,542 thousand at December 31, 2019). At December 31, 2019 also included the credit granted by Prisa Noticias, S.L. to Le Monde Libre Société en Commandité Simple, in the net amount of EUR 6,790 thousand (*see note 12 a)*).

Balance with significant shareholders-

The aggregate amount of EUR 669 thousand mainly includes the amounts pending of collection for advertising services of Prisa Group companies to Banco Santander, S.A. y Telefónica, S.A.

The aggregate amount of EUR 252,745 thousand is mainly accounted the loans granted to Prisa Group companies by:

- Banco Santander, S.A. amounting to EUR 15,487 thousand (EUR 46,902 thousand at December 31, 2019).
- HSBC Holding, PLC amounting to EUR 235,101 thousand (EUR 367,615 thousand at December 31, 2019).

The transactions performed with related parties in 2020 and 2019 were as follows (in thousands of euros):

	12/31/2020			12/31/2019		
	Directors and executives	Group employees, companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Services received	-	579	6,828	-	136	7,749
Finance expenses	-	367	19,961	-	1,800	15,798
Leases	-	1,637	1,606	-	376	2,202
Other expenses	6,976	390	51	9,966	966	69
Total expenses	**6,976**	**2,973**	**28,446**	**9,966**	**3,278**	**25,818**
Finance income	-	71	-	-	805	-
Dividends received	-	12,432	-	-	20	-
Provision of services	-	6,821	3,078	-	4,474	3,452
Leases	-	-	29	-	-	9
Other income	-	22	205	-	-	1,060
Total revenues	**-**	**19,346**	**3,312**	**-**	**5,299**	**4,521**

All related party transactions have taken place under market conditions.

Transactions between with Directors and executives -

The aggregate amount of EUR 6,976 thousand relates to the accrued salaries of directors for an amount of EUR 2,596 thousand (*see note 23*) and executives for an amount of EUR 4,380 thousand.

<u>Senior management compensation</u>

The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be the members of the Management Committee that are not executive directors and have an employment or mercantile relationship with Prisa and other companies in the Group, managers who regularly attend meetings of the Committee, and the Internal Audit Manager of Prisa (Senior Management).

The total aggregate compensation in 2020 amounts to EUR 4,380 thousand (EUR 6,688 thousand in 2019) and is the accounting reflection of the overall compensation of managers. Therefore, it does not match with the remuneration accrued that will be included in the Annual Report of Corporate Governance 2020 in which is followed the criteria required by the CNMV in the “Circular 1/2020 of the CNMV”, which is not the accounting provision basis.

<u>Regarding fiscal year 2020:</u>

i) As of December 31, 2020, members of Senior management were the following: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Jorge Bujía, Mr. Augusto Delkáder, Mr. Jorge Rivera, Ms. Marta Bretos, Mr. Miguel Angel Cayuela, Mr. Pedro García- Guillén, Mr. Alejandro- Martinez Peón, and Ms. Virginia Fernández.

Likewise, it has been included the remuneration of Mr. Luis Cabral, former CEO of Media Capital, until June 2020. Prisa has sold its stake in Media Capital, in fiscal year 2020.

ii) COVID-19 crisis: As it was already announced through the inside information communication that Prisa sent to the CNMV on March 31, 2020 (registration no. 132), in the context of the COVID-19 crisis and in order to mitigate the negative impact of the current situation which has an special effect on the main sources of income generation of all kind of media, the Board of Directors resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, including a reduction of around 35% in the annual remuneration of the Senior Management from April to December 2020, both months inclusive. Likewise, the CEO and members of Prisa's Senior Management have voluntarily renounced to receive, in relation to the financial year 2020, the part of the annual variable remuneration that refers to quantitative objectives.

iii) The remuneration of the senior management includes, inter alia:

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if 2020 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2020, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the 2020 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

  As already stated above, members of Prisa's Senior Management have voluntarily renounced to receive, in relation to the financial year 2020, the part of the annual variable remuneration that refers to quantitative objectives. Additionally, in January 2021, Mr. Xavier Pujol, General Secretary and Secretary of the Board, also renounced to receive the part of the annual variable remuneration corresponding to qualitative objectives.

- Regularization of 2019 bonus paid in 2020.

- Compensation System based on shares: At the Ordinary Shareholders' Meeting held on April 25, 2018, it was approved a Medium Term Incentive Plan for the period falling between 2018 and 2020 (“Incentive Plan 2018- 2020”), consisting of the award of Company shares linked to stock market value and to the performance of certain economic objectives (EBITDA and Cash-Flow), targeted at the CEO of Prisa and certain managers, who may receive a certain number of ordinary shares of the Company following a reference period of 3 years, provided that certain predefined requirements are met. The Company has assigned a certain number of restricted stock units (“Restricted Stock Units” or “RSUs”) to each beneficiary, and specified the objectives (other than the quotation) that must be met in order to benefit from the incentive, which will serve as a reference to determine the final number of shares to be delivered, if is the case.

  In 2020, an expense of EUR 178 thousand was recorded for the “Incentive Plan 2018-2020”, in relation to the Managers. It should be noted the fact that, in 2020, the provision for previous years has been reversed, when evaluating the degree of achievement of the Plan's quantitative objectives, which have been adversely impacted by the COVID-19 crisis.

However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the 2020 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- In 2020 the Board of Directors, at the proposal of the Nominations, Compensation and Corporate Governance Commission, approved two extraordinary bonuses for the CEO of Prisa and for certain managers, linked to the success of two important strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of Grupo Prisa's financial debt with its creditors.

  Payment is in cash based on a scale of a series of predefined targets.

  In 2020 an expense of 975 thousand euros was recorded for this concept in relation to members of senior management. It should be noted that in the case of Mr. Pujol only 50% is accrued in 2020, so a different amount shall be recorded in the Annual Report on Corporate Governance 2020.

Regarding fiscal year 2019:

i) As of December 31, 2019, members of Senior management were the following: Mr Xavier Pujol, Mr Guillermo de Juanes, Mr Jorge Bujía, Mr Augusto Delkader, Mr Jorge Rivera, Ms Marta Bretos, Mr Miguel Angel Cayuela, Mr Pedro García Guillén, Mr Alejandro Martínez Peón, Mr Luis Cabral, and Ms Virginia Fernández.

The remuneration of Mr Luis Cabral and Mr Jorge Bujía is that from their appointments as CEO of Media Capital and Director of Risk Control and Management Control, in July and June 2019, respectively. Likewise, it was included the remuneration of Ms Rosa Cullel until her cessation as CEO of Media Capital in July 2019

ii) The remuneration of the senior management includes, inter alia:

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if 2019 management objectives were achieved.

- Regularization of 2018 bonus paid in April 2019.

- In 2019, an accounting expense of EUR 2,228 thousand was recorded for "Incentive Plan 2018-2020", in relation to the senior management.

Transactions between Group employees, companies or entities-

The aggregate amount of EUR 2,973 thousand is mainly includes the expenditure derived from the leasing of frequencies of radio with associates companies, the advertising commission expense with Wemass Media Audience Safe Solutions, S.L. and the financial cost impairment of the loans granted to certain companies of radio in Panamá and Argentina and impairment of the loan granted to As Arabia For Marketing, W.L.L. by Diario As, S.L.

The aggregate amount of EUR 12,432 thousand is mainly accounted for by dividends received by Sociedad Española de Radiodifusión, S.L. from its stake in Sistema Radiópolis, S.A. de C.V.

Finally, the aggregate amount of EUR 6,821 thousand mainly includes the income received for commercialization of advertising with Wemass Media Audience Safe Solutions, S.L., the income received by Radio in Spain from provision of technical assistance and advisory services and the income for sale of newspapers to Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.

Transactions between with significant shareholders -

The aggregate amount of EUR 28,446 thousand mainly consists of expenditure on telephony and internet by Prisa Group companies with Telefónica, S.A., the expense by the leasing of offices in Tres Cantos with Telefónica, as well as finance costs derived from credits granted by major shareholders to Prisa Group companies, mainly the Refinancing interest expenses corresponding to HSBC Holding, PLC, and Banco Santander, S.A. amounting to EUR 19,367 thousand (*see note 12b*).

Meanwhile, the aggregate amount of EUR 3,312 thousand mainly consists of income of Prisa Group companies for advertising services with Banco Santander, S.A. and Telefónica, S.A.

The detail of other transactions performed with related parties in 2020 and 2019 is as follows (in thousands of euros):

	12/31/2020		12/31/2019	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Financing agreements: loans granted	420	-	20	-
Financing agreements: loans received	-	260,147	-	-
Commitments/Guarantees cancelled	-	-	-	131
Other transactions	-	-	-	7,375

Transactions between with significant shareholders -

As of December 31, 2020, the amount of EUR 260,147 thousand includes:

- ICO loans granted by Banco Santander, S.A. to Santillana and Radio amounting to EUR 18,000 thousand.
- Loans granted by Banco Santander, S.A. and HSBC Holding, PLC within the framework of the Refinancing amounting to EUR 242,147 thousand *(see note 12b).*

As of December 31, 2019 the aggregate amount of EUR 7,375 thousand in "*Other transactions*" included the expenses of the capital increase of April 2019 corresponding to Banco Santander, S.A. registered in the heading "*Other reserves*" in the accompanying consolidated balance sheet amounting to EUR 5,375 thousand and the estimation of cost associate to the planned sale of Vertix to Cofina amounting to EUR 2,000 thousands.

It should be also underscored that the director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Chairman of the media group Dar Al- Sharq, which maintains a strategic alliance with Diario As (a company of Prisa Group), under which in 2017 they jointly launched "AS Arabia".

(23) REMUNERATION AND OTHER BENEFITS OF DIRECTORS

In 2020 and 2019, the companies of the Group registered the following amounts in respect of remuneration to Group's Board members:

	Thousands of euros	
	12/31/2020	12/31/2019
Compensation for belonging to the Board and/ or Board Committees	1,273	1,508
Salaries	463	500
Variable compensation in cash	(223)	300
Compensation systems based on shares	77	964
Other	1,006	6
Total	**2,596**	**3,278**

The aggregated remuneration of Prisa directors reflected in the table above corresponds to the expense recorded by Prisa and other companies of its Group and consequently it corresponds to the accounting provisions registered in the income statement.

Therefore the compensation included in the table above, do not match, in some respects, with the remuneration that will be included in the Annual Remuneration Report of the Directors 2020 (IR) and in the Annual Report on Corporate Governance 2020 (IAGC), in which it is followed the criteria required by the "Circular 1/2020 of the CNMV, whereby the model of annual report remuneration of directors is established", which is not the accounting provision basis.

Regarding the 2020 financial year:

i) The overall remuneration of the Board of Directors includes that of Mr. Javier Gómez-Navarro up to the time of his cessation as a director on June 29, 2020 (once expired the term for which he was appointed), and that of Mr. Javier Monzón de Cáceres and Ms. Sonia Dulá, up to the time of their cessation and resignation as directors, respectively, on December 18, 2020.

It is also included the remuneration of Mr Javier Santiso and Mr. Rosauro Varo from their appointment as directors on December 22, 2020.

ii) COVID-19 crisis: As it was already announced through the inside information communication that Prisa sent to the CNMV on March 31, 2020 (registration no. 132), as well as in the Annual Report on compensation of Directors sent to the CNMV on May 4, 2020 (registration no. 1941), in the context of the COVID-19 crisis and in order to mitigate the negative impact of the current situation which has an special effect on the main sources of income generation of all kind of media, the Board of Directors in its meeting held on said date resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, with a reduction, of 20% in the directors remuneration and around 35% in the annual remuneration of the Chief Executive Officer and the Senior Management, from April to December 2020, both months inclusive, which is already reflected on the table above. The CEO and members of Prisa's Senior Management have voluntarily renounced to receive, in relation to the financial year 2020, the part of the annual variable remuneration that refers to quantitative objectives.

iii) Non-executive chairmanship´s remuneration: Mr. Javier Monzón de Cáceres, who was the non-executive chairman of the Board of Directors, was removed as director during the extraordinary shareholders meeting held on December 18, 2020. In February 2021, the director Mr. Joseph Oughourlian was appointed Non-Executive Chairman of the Board of Directors. Until the moment of his appointment as Chairman, Mr. Oughorlian held the position of non-executive Vice-Chairman, therefore, and pursuant to the Board of Directors Regulation, he was serving as chairman of the Board, from the time of termination of Mr. Monzón.

The Board of Directors resolved that the remuneration corresponding to the non-executive chairmanship of the Board be reduced from the EUR 400 thousand that Mr. Monzón was earning to EUR 200 thousand, with effect from December 22, 2020, which is already reflected in the table above.

iv) Salaries: For the performance of executive functions at the Company, the fixed annual compensation in cash of the CEO amounts to EUR 500 thousand. However, and as it has already been stated above, taking into account the extraordinary circumstances of the COVID-19 crisis, a 10% reduction has been applied to this remuneration on a pro rata basis for the period between April and December 2020.

v) Variable compensation in cash: the following items are included:

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation of CEO Mr Manuel Mirat, sole executive director of the Company, if 2020 management objectives are achieved.

  The CEO has voluntarily renounced to receive, in relation to the financial year 2020, the annual variable remuneration: i) as it has already been stated above, in April 2020 the CEO renounced to the part of the annual variable remuneration that refers to quantitative objectives (that is, 80% of the target amount of EUR 300 thousand) and ii) in January 2021 he has also renounced to the part of the annual variable remuneration referred to qualitative objectives (based on individual performance whose weight will be 20% of the target of EUR 300 thousand).

- Regularization of 2019 CEO´s bonus, taking into consideration the position expressed by the CEO to waive the annual variable remuneration that may correspond to him in 2019, in order to align with the complex environment in which the group has operated and the consequences that it has had on the net result of the Company, and that the Board of Directors, supported by the Nominations, Compensation and Corporate Governance Commission, resolved to exclude said annual variable remuneration from his 2019 remuneration.

For the aforementioned reasons a negative amount (- EUR 223 thousand) has been recorded, in relation to the variable remuneration in cash.

vi) Compensation System based on shares: At the Ordinary Shareholders' Meeting held on April 25, 2018, it was approved a Medium Term Incentive Plan for the period falling between 2018 and 2020 ("Incentive Plan 2018- 2020"), consisting of the award of Company shares linked to stock market value and to the performance of certain economic objectives (EBITDA and Cash-Flow), targeted at the CEO of Prisa and certain managers, who may receive a certain number of ordinary shares of the Company following a reference period of 3 years, provided that certain predefined requirements are met. The Company has assigned a certain number of restricted stock units ("Restricted Stock Units" or "RSUs") to each beneficiary, and specified the objectives (other than the quotation) that must be met in order to benefit from the incentive, which will serve as a reference to determine the final number of shares to be delivered, if is the case.

In 2020 an expense of EUR 77 thousand was recorded for this item in relation to the CEO of Prisa. It should be noted the fact that, in 2020, the provision for previous years has been reversed, when evaluating the degree of achievement of the Plan's quantitative objectives, which have been adversely impacted by the COVID-19 crisis. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the 2020 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

vii) Other: The following items are included:

- Extraordinary incentives: In 2020, the Board of Directors, at the proposal of the Nominations, Compensation and Corporate Governance Commission, approved two extraordinary bonuses for the CEO of Prisa and for certain managers, linked to the success of two important strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of Grupo Prisa's financial debt with its creditors.

  Payment is in cash based on a scale of a series of predefined targets. In the case of Prisa's CEO, the total of the two bonuses (for the refinancing and for Santillana) would be one million euros, payable in the following way: an initial payment (for an amount equivalent to 50% of the total of the two incentives) following execution of the transactions (which were closed as at 31 December 2020) and a second payment (for the other 50%), six months after closure of the transactions. This second payment is referenced to the performance of Prisa share price against a group of comparable companies and may be paid after the end of this share performance period.

  In 2020 an expense totalling EUR 1,000 thousand was recorded for this concept in relation to Prisa's CEO. It should be noted that only 50% of this amount (the amount accrued in 2020) shall be recorded in the Annual Remuneration Report of the Directors) and in the Annual Report on Corporate Governance 2020.

- Health and life /accidents insurances of the CEO

viii) No other credits, advances or loans have been made, nor were pension obligations incurred, in respect of the Board of Directors during 2020.

<u>Regarding the 2019 financial year:</u>

i) The overall remuneration of the Board of Directors includes that of Mr. Waaled Alsa'di and of Mr. Francisco Gil up to the time of their cease as directors in June and July 2019, respectively. It also includes the remuneration of Ms. Beatrice de Clermont –Tonerre and Ms Maria Teresa Ballester from their appointment as directors on June 3 and July 30, 2019, respectively.

ii) Remuneration of Mr. Javier Monzón de Cáceres (non-executive Chairman since January 1, 2019) and of Mr. Manuel Polanco Moreno:

The Board of Directors of Prisa held in December 2018 agreed to the cessation of Mr. Manuel Polanco Moreno as non-executive Chairman, effective January 1, 2019, and agreed to the appointment of Mr. Javier Monzón de Cáceres, at that time non-executive Vice Chairman and Coordinating Director, as non-executive Chairman of the Board of Directors of Prisa, with effect also from January 1, 2019.

The General Shareholders' Meeting held on June 3, 2019, modified the Remuneration Policy of the Prisa directors for the period 2018-2020, to establish the new remuneration conditions applicable to the non-executive Chairman of the Board of Directors, with retroactive effect as of January 1, 2019, which was fixed at EUR 400 thousand per year.

Mr. Manuel Polanco Moreno remains a director of Prisa and from January 1, 2019, he receives the remuneration that the Remuneration Policy provides for the directors, in their capacity as such, as member of the Board of Directors and the Delegated Commission.

iii) Within the variable remuneration in cash of the directors are included the following items:

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation (for a 100% achievement of the fixed objectives) of CEO Mr Manuel Mirat, sole executive director of the Company, if 2019 management objectives are achieved. Nevertheless, and as explained above, Mr Mirat waived the annual variable remuneration that may correspond to him in 2019.

- Regularization of 2018 bonus paid in April 2019 to the CEO.

iv) In 2019, an accounting expense of EUR 964 thousand was recorded for the “Incentive Plan 2018- 2020” in relation to the CEO of Prisa. This expense is included within “Compensation systems based on shares” in the previous table.

v) No other credits, advances or loans have been made, nor were pension obligations incurred, in respect of the Board of Directors during 2019.

Information regarding conflict of interest situations of directors-

For purposes of article 229 of the Capital Companies Act it is noted that, as at the end of 2020, the Board of Directors had not been advised of direct or indirect conflict situations that directors or persons related thereto (in accordance with article 231 of the aforesaid Act) might have had with the interests of the Company.

Notwithstanding the foregoing, the Board of Directors has been informed by the Directors of the following activities carried out by them or by certain persons related thereto, in companies engaged in activities of the same or an analogous or complementary kind as the one constituting the purpose of the Company or the companies in its Group:

Director	Activity	Person related to the Director	Activity
Manuel Mirat Santiago	Joint and Several Director of Canal Club de Distribución de Ocio y Cultura, S.A.	-	-
Joseph Oughourlian	*See note below (*)*	-	-
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	Chairman of Dar Al Sharq Printing Publishing & Distribution Co. Dar Al- Sharq maintains a strategic alliance with Diario As (a company of Prisa Group), under which in 2017 they jointly launched "AS Arabia".	-	-
Dominique D´Hinnin	0.1% interest in the share capital of Lagardère SCA.	-	-
Javier Santiso Guimaras	CEO and General Partner of Mundi Ventures, a Venture Capital firm focused on technology-based companies. *See note below (**)*	-	-
Rosauro Varo Rodriguez	0.045% interest in the share capital of Telefónica, SA, owner of the TV platform MOVISTAR+.	-	-

(*) Mr. Joseph Oughourlian controls Amber Capital, its affiliates and subsidiaries (together "Amber Capital"), which act as investment manager, general partners, managing members and managers to funds, accounts, and other investment vehicles (together, the "Amber Funds") that invest in public and private companies in Europe, North America and Latin America, which includes trading in entities with activities the same, similar or complementary to Prisa. Mr. Oughourlian also act as a managing partner to Amber Capital and as a portfolio manager to various Amber Funds.

(**)Mundi Ventures has investments in 50 technology companies, which are listed on the website www.mundiventures.com.

The companies in the Prisa Group are not included in this list. As already indicated in the Annual Corporate Governance Report of the Company, as of December 31, 2020, the directors Manuel Mirat Santiago and Manuel Polanco Moreno were members of management bodies of certain companies in the Prisa Group or indirectly participated by Prisa.

(24) GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2020, Prisa had furnished personal guarantees (including counter-guarantees) amounting to EUR 8,433 thousand.

The Company's directors do not consider that significant impacts in the financial statements of the Group will arise from the guarantees provided.

(25) FUTURE COMMITMENTS

On November 27, 2017, they were signed with Indra Sistemas, S.A. various service contracts with a duration of 5 years assuming commitments amounting to EUR 47,132 thousand. This agreement has been modified after the sale of Santillana Spain, leaving a commitment of EUR 8,494 thousand until 2022.

Likewise, also includes the agreement signed with Axion for using the radio frequencies which expires in June 2031 for an amount of EUR 82 million.

At December 31, 2020, the Group had payment obligations and collection rights for a net amount payable of approximately EUR 105,671 thousand. This amount does not include the payment commitments derived from the contract leases, which are detailed in note 12b. The net amounts payable in relation to these obligations fall due as follows:

Year	Thousands of euros
2021	15,109
2022	14,643
2023	10,643
2024	9,701
2025	10,544
2026 and subsequent years	45,031
	105,671

The obligation to pay the amounts agreed upon in the purchase agreements arises only if the suppliers fulfil all the contractually established terms and conditions.

These future payment obligations were estimated taking into account the agreements in force at the present date. As a result of the renegotiation of certain agreements, these obligations might differ from those initially estimated.

Past-due payments to creditors-

The information required by the third additional provision of Law 15/2010, of July 5 (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January

29, 2016, in relation to the average period of payment to suppliers in commercial operations, is as follows regarding to Spanish companies:

	12/31/2020	12/31/2019
	Days	
Average period of payment to suppliers	**66**	**72**
Ratio of settled transactions	71	73
Ratio of transactions pending payment	46	67
	Amount (thousands of euros)	
Total payments made	257,662	329,888
Total pending payments	62,098	68,970

To calculate the average period of payment to suppliers, the payments made in each period for commercial operations corresponding to the delivery of goods or service provisions are taken into account, as well as the amounts for these operations pending settlement at the end of each year that are included under *"Trade payables"* of the attached consolidated balance sheet, referring only to the Spanish entities included in the consolidated group.

"Average period of payment to suppliers" is understood to mean the period from the delivery of the goods or provision of the services by the supplier to the eventual payment of the transaction.

The maximum legal period of payment applicable in 2020 and 2019 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers. The average period of payment to the Group's suppliers exceeds the statutory maximum period partially on account of agreements arrived at with suppliers to defer payments or, where relevant, to initiate expenditure.

During the coming financial year, the Directors will take the appropriate measures to continue reducing the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferments.

(26) ONGOING LITIGATIONS AND CLAIMS

A) Corporativo Coral

On July 17, 2019, the company Corporativo Coral, S.A. de C.V. (hereinafter "Coral") entered into a shares purchase agreement with a third party of a 50% stake in Sistema Radiópolis, S.A. de C.V. (hereinafter "Radiopolis"). On such day, Coral entered into a shareholders' agreement with Sociedad Española de Radiodifusión, S.L.U., owner of the other 50% of the capital of Radiópolis. The acquisition of the stake by Coral was completed in July 2020.

Once the stake was acquired, Coral refused to execute the agreements within the shareholders' agreement, incurring in several breaches thereof. Consequently, Sociedad Española de Radiodifusión, S.L.U. has initiated several processes, before both the judges of Mexico City and the Court of Arbitration of the International Chamber of Commerce of Paris, to claim the compliance of the shareholders agreement by Coral and defend its position as a shareholder of Radiópolis. Up to the date of approval of these consolidated annual accounts, the resolutions issued in the course of mentioned processes, both in court and in arbitration, have been recognizing the rights of Sociedad Española de Radiodifusión, S.L.U. and requiring Coral to adhere its conduct to the agreements signed between the two.

The Group's directors and both internal and external advisers consider that the processes initiated will most likely conclude positively for Sociedad Española de Radiodifusión, S.L.U., without deriving significant liabilities that have not been recorded in these consolidated annual accounts nor the need to record an additional impairment on the value of the stake in Radiópolis.

B) CNMC

On May 30, 2019, the National Markets and Competition Committee (CNMC), by Resolution declared that certain companies within Grupo Santillana -i.e. Grupo Santillana Educación Global, S.L., Santillana Educación, S.L., Ediciones Grazalema, S.L., Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L. y Grup Promotor d'Ensenyament i Difusio en Catala, S.L. (collectively, the "Affected Companies") (as well as companies belonging to other editorial groups) allegedly committed two serious infringements to Article 1 of the 15/2007 Competition Defense Law and to Article 101 of the Treaty on the Functioning of the European Union; imposing an accumulated penalty of EUR 9,214 thousand, without prejudice to the breakdown of the penalties that the Resolution applies to each society.

On July 19, 2019, an administrative contentious appeal was lodged against said Resolution before Section Six of the National Court (Audiencia Nacional) and requested the suspension of the enforceability of the Resolution for the duration of the procedure. On November 4, 2019, the National Court (Audiencia Nacional) suspended the enforceability of the Resolution subject to the guarantee submission for the amount of the penalty imposed by the Resolution.

On November 4, 2019 a bank guarantee for the said amount was submitted before the National Court (Audiencia Nacional) and by Order of November 6, 2019, the Chamber agreed to consider complete in due time and form the imposed condition and therefore to suspend the enforceability of the Resolution.

On April 16, 2020, the Affected Companies have filed the corresponding lawsuit before the National Court (Audiencia Nacional) requesting the complete nullity of the Resolution and, alternatively, the complete nullity of the sanction imposed or its significant reduction. The State Attorney submitted the corresponding statement of defence properly and on time, having held the hearing to take the expert evidence (ratification) on October 26, 2020. The Affected Companies and the State Attorney deposited their closing argument memorandum on November 26, 2020 and on December 22, 2020, respectively. The procedure pending resolution.

On December 31, 2020, Grupo Santillana Educación Global, S.L. sold Santillana Educación, S.L. and its subsidiaries (Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L., Ediciones Grazalema, S.L. and Grup Promotor d'Ensenyament i Difusió en Catalá, S.L.) to Sanoma Pro Oy, so that such companies are not a part of the Group perimeter. However, and in accordance with the terms of the sale and purchase agreement entered into, Grupo

Santillana Educación Global, S.L. granted an indemnity to Sanoma Pro Oy on the result of this process.

The Group's Directors and internal and external advisors, do not consider that any relevant liabilities, not recorded by the Group, will arise from the resolution of this procedure.

C) Other litigations

In addition, the Group is involved in other litigations for smaller amounts. The Directors and internal and external advisors do not consider that any relevant liabilities will arise from such litigations.

(27) EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since December 31, 2020 until the date of approval of these consolidated financial statements.

(28) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRSs may not conform to other generally accepted accounting principles.

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2020 PERCENTAGE OF OWNERSHIP	DECEMBER 2020 TAX GROUP (*)
EDUCATION					
Full Consolidation					
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing	Santillana Educación Pacífico, S.L Santillana Latam, S.L.U	98.85% 1.15%	
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	99.99% 1 acción	
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U. Santillana Global, S.L. Santillana Formación, S.L. Santillana Educación Pacífico, S.L.	94.90% 4.80% 0.10% 0.10% 0.10%	
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	Santillana Latam, S.L.U	100%	
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	95.00% 5.00%	
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	Santillana Latam, S.L.U	100.00%	
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	100% 1 acción	
Editora Pintangua, LTDA	Rua Padre Adelino, 758. Sala 3- Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Grupo Santillana Educación Global, S.L.U.	100% 1 acción	
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (México)	99.999% 0.001%	
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	99.99% 0.01%	
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	99.00% 1.00%	
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U. Ediciones Santillana Inc. (Pto. Rico)	99.95% 0.040% 0.01%	
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	Santillana Latam, S.L.U	100.00%	
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Nuevo México, S.A. de C.V.	100% 1 acción	
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	99.95% 0.05%	
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Latam, S.L.U Grupo Santillana Educación Global, S.L.U.	94.90% 5.10%	
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Educación Pacífico, S.L Santillana Latam, S.L.U	99.99% 1 acción	
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	Santillana Latam, S.L.U	100.00%	
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	Santillana Educación Pacífico, S.L Santillana Latam, S.L.U	93.52% 6.48%	
Educactiva, S.A.C. (Perú)	Avenida Primavera 2160 Santiago de Surco - Lima	Publishing	Santillana Educación Pacífico, S.L Santillana Latam, S.L.U	99.99% 1 acción	
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	Santillana Educación Pacífico, S.L Santillana Latam, S.L.U	87.12% 12.88%	
Grupo Santillana Educación Global, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Prisa Activos Educativos, S.L.U	100%	2/91

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2020

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2020	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Educación Pacífico, S.L	99.82%	
			Santillana Latam, S.L.U	0.18%	
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies.	Santillana Educación Pacífico, S.L.	99.998%	
			Editorial Santillana, S.A. de C.V. (México)	0.002%	
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Advice and consulting, development and sale of software	Santillana Del Pacífico, S.A.	70.00%	
Richmond Educaçâo, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda.	100%	
			Grupo Santillana Educación Global, S.L.U.	1 acción	
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V.	99.98%	
			Editorial Santillana, S.A. de C.V. (México)	0.02%	
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda.	100%	
			Grupo Santillana Educación Global, S.L.U.	1 acción	
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	Santillana Latam, S.L.U	99.70%	
			Santillana Global, S.L.	0.15%	
			Grupo Santillana Educación Global, S.L.U.	0.15%	
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	Santillana Latam, S.L.U	100%	
			Grupo Santillana Educación Global, S.L.U.	1 acción	
Santillana Editores, S.A. (Portugal)	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing	Santillana Latam, S.L.U	100.00%	
Santillana Educación Pacífico, S.L.	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	Santillana Latam, S.L.U	99.996%	2/91
			Grupo Santillana Educación Global, S.L.U.	0.004%	
Santillana Formación, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online Training.	Grupo Santillana Educación Global, S.L.U.	100%	2/91
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L.U.	100%	2/91
			Santillana Educacion Pacifico, S.L.	1 acción	
Santillana Latam, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L.U.	100%	2/91
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Produce, market and distribute all kinds of training, training, advice and consultancy	Santillana Sistemas Educativos, S.L.U.	94.46%	
			Distribuidora y Editora Richmond S.A.	5.54%	
Santillana Sistemas Educativos, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L.U.	100%	2/91
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	Santillana Latam, S.L.U	99.99%	
			Grupo Santillana Educación Global, S.L.U.	0.01%	
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	Santillana Latam, S.L.U	100%	
			Grupo Santillana Educación Global, S.L.U.	1 acción	
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	Santillana Latam, S.L.U	99.89%	
			Ediciones Santillana, S.A. (Argentina)	0.11%	
Santillana, S.A. (Perú)	Avenida de Primavera 2160 Santiago de Surco -Lima	Publishing	Santillana Latam, S.L.U	95.00%	
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Sistemas Educativos, S.L.U.	99.98%	
			Lanza, S.A. de C.V.	0.02%	
			Nuevo México, S.A. de C.V.	1 acción	
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC)	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda.	100%	
			Grupo Santillana Educación Global, S.L.U.	1 acción	
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Editorial Santillana, S.A. de C.V.	70.00%	
			Lanza, S.A. de C.V.	30.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2020

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2020	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
RADIO					
RADIO SPAIN					
Full Consolidation					
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	99.56%	2/91
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	97.03%	2/91
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	Ediciones LM, S.L.	40.00%	
			Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	46.25%	
Podium Podcast, S.L.U.(Antes Gran Vía Musical de Ediciones, S.L.)	Gran Vía, 32. Madrid	Provision of music services	Prisa Radio, S.A.	100.00%	2/91
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of business radio services	Prisa Media, S.L.U.	80.00%	2/91
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	99.94%	2/91
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	95.00%	2/91
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	66.50%	
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	83.33%	
Radio Rioja, S.A.	Avd de Portugal, 12. Logroño.	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	100.00%	
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Compañía Aragonesa de Radiodifusión, S.A.	66.00%	
			Sociedad Española de Radiodifusión, S.L.U.	24.00%	
Sociedad Española de Radiodifusión, S.L.U.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Prisa Radio, S.A.	100.00%	2/91
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	74.60%	
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	Sociedad Española de Radiodifusión, S.L.U.	75.10%	
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	74.17%	
			Compañía Aragonesa de Radiodifusión, S.A.	4.14%	
			Radio Rioja, S.A.	0.95%	
			Propulsora Montañesa, S. A.	0.95%	
Método de la Participación					
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organization of shows and events	Prisa Radio, S.A.	40.00%	
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	35.99%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2020

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2020	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
INTERNATIONAL RADIO					
Full Consolidation					
Blaya y Vega, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Multimedios GLP Chile , SpA. Comercializadora Iberoamericana Radio Chile, S.A.	99.98% 0.02%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	GLR Services Inc.	100%	
Caracol Estéreo, S.A.S	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	77.04% 2 acciones	
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	77.05% 2 acciones	
Comercializadora de Eventos y Deportes, S.A.S.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	Sociedad Española de Radiodifusión, S.L.U.	100%	
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Production and sale of advertising, promotions and events	Grupo Latino de Radiodifusión Chile, SpA Sociedad Española de Radiodifusión, S.L.U.	99.90% 0.10%	
Compañía de Comunicaciones de Colombia C.C.C. S.A.S	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Caracol, S.A. Promotora de Publicidad Radial, S.A.S. Sociedad Española de Radiodifusión, S.L.U. Caracol Estéreo, S.A.S. Ecos de la Montaña Cadena Radial Andina, S.A.Otros	43.45% 19.27% 16.76% 11.13% 4.42%	
Compañía de Radios, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Sociedad Radiodifusora del Norte, SpA. Iberoamerican Radio Holdings Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	44.32% 40.88% 14.80%	
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Consulting services and marketing of products and services	Sociedad Española de Radiodifusión, S.L.U.	100%	
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	GLR Services Inc. Sociedad Española de Radiodifusión, S.L.U.	76.20% 23.80%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	76.8% 1 acción	
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	75.72% 1 acción	
Fast Net Comunicaciones, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A. Compañias de Radio,S.A.	99.86% 0.14%	
Grupo Latino de Radiodifusión Chile, SpA (**)	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U. Caracol, S.A.	99.9986% 0.0014%	
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.U.	100%	
Iberoamerican Radio Holdings Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A Grupo Latino de Radiodifusión Chile, SpA	100% 1 acción	
Iberoamericana de Noticias Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	Grupo Latino de Radiodifusión Chile SpA. Comercializadora Iberoamericana Radio Chile, S.A.	99.9996% 0.0004%	
La Voz de Colombia, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Caracol, S.A.	75.64% 0.01%	
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of broadcasting and advertising services	GLR Services Inc. Corporación Argentina de Radiodifusión, S.A.	70.00% 30.00%	
Multimedios GLP Chile SPA	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	Comercializadora Iberoamericana Radio Chile, S.A.	100%	
Nostalgie Amsud, S.A.	Marcelo T. de Alvear 636, 6ª planta . Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	LS4 Radio Continental, S.A	100%	
Promotora de Publicidad Radial, S.A.S	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U. Prisa Radio, S.A.	77.04% 2 acciones	
Radio Estéreo, S.A	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	GLR Services Inc. Corporación Argentina de Radiodifusión, S.A.	70.00% 30.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91
(**) Datos consolidados

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2020

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2020	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Sociedad Radiodifusora del Norte, SpA.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago.	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A.	100%	
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U. Unión Radio del Pirineu, S.A.	99.00% 1.00%	
Método de la Participación					
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	100%	
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Providing all kinds of public telecommunications and broadcasting services	Sistema Radiópolis, S.A. de C.V. Cadena Radiodifusora Mexicana, S.A. de C.V.	99.90% 0.10%	
Caja Radiopolis, S.C	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Business management services	Servicios Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V. Xezz, S.A. de C.V.	67.00% 31.00% 2.00%	
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the market of Latin radio in the U.S.	GLR Services INC.	25.00%	
Fondo Radiopolis, S.C.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Business management services	Servicios Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V. Xezz, S.A. de C.V.	67.00% 31.00% 2.00%	
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the market of Latin radio in Panama	Sociedad Española de Radiodifusión, S.L.U.	34.95%	
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial broadcasting services	Caracol, S.A. Promotora de Publicidad Radial, S.A.S	25.00% 25.00%	
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogotá, Colombia	Operation of the business of broadcasting and advertising	Caracol, S.A.	50.00%	
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Exploitation of broadcasting stations	Sistema Radiópolis, S.A. de C.V. Cadena Radiopilis, S.A. de C.V.	99.97% 0.03%	
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Cadena Radiopolis, S.A de CV	99,00% 1,00%	
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Cadena Radiopolis, S.A de CV	99,00% 1,00%	
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	100,%	
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99,99% 0,01%	
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Xezz, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99,99% 0,01%	
Sistema Radiópolis, S.A. de C.V. (**)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	Prisa Radio, S.A.	33.00%	
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	El Dorado Broadcasting Corporation	100.00%	
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Cadena Radiopolis, S.A de CV	99,00% 1,00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

(**) Datos consolidados

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2020

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	OMPANY HOLDING THE OWNERSHIP INTERES	DECEMBER 2020	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
PRESS					
Full Consolidation					
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile.	Diario As, S.L.	100%	
Diario AS Colombia, SAS	Cl 98, nª 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia.	Diario As, S.L.	100%	
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA.	Diario As, S.L.	100%	
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper.	Grupo de Medios Impresos y Digitales, S.L	75.00%	2/91
Diario Cinco Días, S.A	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper.	Grupo de Medios Impresos y Digitales, S.L	100%	2/91
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina.	Diario El País, S.L. Diario El País México, S.A. de C.V.	95.65% 4.35%	
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil.	Diario El País, S.L. Ediciones El País, S.L.	99.99% 0.01%	
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico.	Diario El País, S.L. Promotora de Informaciones, S.A.	98.39,% 1.61%	
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper.	Prisa Noticias, S.L.	100%	2/91
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products.	Prisaprint, S.L.	100%	2/91
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper.	Diario El País, S.L. Prisa Noticias, S.L.	99.99% 0.01%	2/91
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and explotation of Huffinton Post digital for Spain.	Prisa Noticias, S.L.	100%	2/91
Factoría Prisa Noticias, S.L.	Valentín Beato, 44. Madrid	Administrative, technological and legal services and the distribution of written and digital media.	Prisa Noticias, S.L.	100%	2/91
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Ownership of shares of publishing companies.	Prisa Noticias, S.L.	100%	2/91
Mobvious Corp.	2600 Douglas Road Suite 502 Coral Gables Miami Florida USA 33134	Marketer's advertising in digital media.	Prisa Brand Solutions USA, Inc.	60.00%	
Noticias AS México S.A. de C.V.	Rio Lerma 196 BIS TORRE B 503, Ciudad de México DF	Publication and operation of As newspaper in Mexico.	Diario As, S.L. Prisa Noticias, S.L.	99.00% 1.00%	
Prisa Brand Solutions México, S.A. de C.V	Avenida Paseo de la Reforma 231. Piso 6 Colonia Cuauthemoc. Ciudad de México 06500	Marketer's advertising in digital media.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	99.99% 0.01%	
Prisa Brand Solutions USA, Inc.	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU.	Marketer of advertising in media.	Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	100%	
Prisa Brand Solutions, S.L.U.	C/ Valentín Beato, 48. Madrid	Marketer of advertising in media.	Prisa Noticias, S.L.	100%	2/91
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Operation of press media.	Promotora de Informaciones, S.A.	100%	2/91
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of internet services.	Prisa Noticias, S.L.	100%	2/91
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies.	Prisa Noticias, S.L.	100%	2/91
Método de la Participación					
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	Marketing of the newspaper As on line in Arabic in the countries of the Middle East and North Africa.	Diario As, S.L.	49.00%	
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format.	Prisa Noticias, S.L.	50.00%	
Le Monde Libre Societé Comandité Simple	17, Place de la Madeleine. París	Holding of shares in publishing companies.	Prisa Noticias, S.L.	20.00%	
Wemass Media Audience Safe Solutions, s.l.(Antes Zana investment 2018,S.L.)	Calle Juan Ignacio Luca de Tena, nº7.	Hiring advertising in the media. Design, organization, management and marketing of all kinds of cultural, sports, promotional and leisure activities and events.	Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	33.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2020

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2020	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
OTHERS					
Full Consolidation					
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	Prisa Participadas, S.L.	100%	2/91
Prisa Activos Educativos, S.L.U	Gran Vía, 32. Madrid	The realization of the activities inherent to the publishing business in its broadest sense and, in particular, editing marketing and distribution of all kinds of publications and the provision of editorial, education, leisure services and entertainment.	Promotora de Informaciones, S.A.	100%	2/91
Prisa Gestión Financiera, S.L.	Gran Vía, 32. Madrid	Management and exploitation of information and social communication media whatever their technical support. The action in the capital and monetary market.	Promotora de Informaciones, S.A.	100%	2/91
Prisa Media, S.L.U.(Antes Prisa Activos Radiofónico, S.L.U)	Gran Vía, 32. Madrid	The allowance, or self-employed, of any kind of services, directly or indirectly, related broadcasting. Advice and provision of services to media companies in the field of advertising, programming, administration, marketing and technical issues, computer and commercial and any other related activity. Production, operation and management-account or self-employed, by whatever means, of all kinds of programs and radio and audiovisual products.	Promotora de Informaciones, S.A.	100%	2/91
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Management and exploitation of audiovisual and printed mass media, participation in companies and businesses, and providing all kinds of services.	Promotora de Informaciones, S.A.	100%	2/91
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Local television services	Prisa Participadas, S.L.	61.45%	
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Local television services	Prisa Participadas, S.L.	70.00%	
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, coordination and management of projects of all kinds, national and international, related to the commemoration of the bicentenary of the independence of the American Nations	Promotora de Actividades América 2010, S.L. Prisa Participadas, S.L.	100% 1 acción	
Promotora de Actividades América 2010, S.L. (En liquidación)	Gran Vía, 32. Madrid	Production and organization of activities and projects related to the commemoration of the bicentenary of the independence of the American Nations.	Promotora de Informaciones, S.A.	100%	2/91
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Production and distribution of audiovisual	Prisa Participadas, S.L. Promotora de Informaciones, S.A.	99.00% 1.00%	
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Holding of shares in companies.	Promotora de Informaciones, S.A.	100.00%	
Método de la Participación					
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales.	Promotora de informaciones,S.A.	25.00%	

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

PRINCIPALES MAGNITUDES FINANCIERAS DE LAS SOCIEDADES INTEGRADAS POR EL MÉTODO DE LA PARTICIPACIÓN

ANEXO II

	Diciembre 2020							
ENTIDAD PARTICIPADA	ACTIVO TOTAL	ACTIVO CORRIENTE	ACTIVO NO CORRIENTE	PASIVO CORRIENTE	PASIVO NO CORRIENTE	FONDOS PROPIOS	INGRESOS DE EXPLOTACIÓN	RESULTADO OPERACIONES CONTINUADAS
(Miles de euros)								
UNIDAD DE NEGOCIO PRISA NOTICIAS								
As Arabia For Marketing, W.L.L. ([1])	160	137	23	1,117	0	(957)	163	(230)
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. ([2])	1,316	1,277	39	1,228	170	(82)	835	319
Le Monde Libre ([3])	146,361	73	146,288	169,645	0	(23,284)	0	(2,848)
Wemass Media Audience Safe Solutions, s.l.(Antes Zana investment 2018,S.L.)	8,006	7,937	69	6,760	1,050	196	19,873	7
UNIDAD DE NEGOCIO RADIO								
RADIO ESPAÑA								
Planet Events, S.A.	4,326	4,277	48	5,482	0	(1,156)	1,767	(1,074)
Radio Jaén, S.L.	1,213	680	533	109	0	1,103	769	29
RADIO INTERNACIONAL								
Cadena Radiodifusora Mexicana, S.A. de C.V.	29,828	20,844	8,984	21,036	4,157	4,634	22,086	(345)
Cadena Radiópolis, S.A. de C.V.	5,649	1,510	4,138	335	162	5,152	127	(92)
Caja Radiopolis, S.C	2	2	0	0	0	1	0	(1)
El Dorado Broadcasting Corporation	491	0	491	1,901	0	(1,410)	0	0
Fondo Radiopolis, S.C.	2	2	0	2	0	1	0	(1)
Green Emerald Business Inc.	729	447	282	892	8,604	(8,768)	709	(1,303)
Promotora Radial del Llano, LTDA	57	42	15	6	0	51	44	(3)
Q'Hubo Radio, S.A.S	57	57	0	263	0	(206)	168	(11)
Radio Comerciales, S.A. de C.V.	2,979	1,013	1,966	594	1,086	1,298	2,510	135
Radio Melodía, S.A. de C.V.	1,054	386	668	141	93	820	319	159
Radio Tapatía, S.A. de C.V.	1,342	683	660	176	93	1,073	423	214
Radiotelevisora de Mexicali, S.A. de C.V.	1,912	1,497	415	1,435	76	401	382	(92)
Servicios Radiópolis, S.A. de C.V.	3,020	2,983	37	1,772	1,012	236	9,951	153
Servicios Xezz, S.A. de C.V.	221	187	34	119	26	77	1,102	12
Sistema Radiópolis, S.A. de C.V.	48,169	21,754	26,414	20,078	3,375	24,715	22,862	3,271
Unión Radio del Pirineu, S.A.	540	518	22	158	90	292	268	(21)
WSUA Broadcasting Corporation	4,072	1,482	2,590	3,194	5,567	(4,689)	445	(105)
Xezz, S.A. de C.V.	387	117	270	56	153	178	210	(2)
OTROS								
Canal Club de Distribución de Ocio y Cultura, S.A. ([2])	125	125	0	4	0	122	54	51

(1) Datos a octubre de 2020
(2) Datos a noviembre de 2020
(3) Datos a diciembre 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated Directors' Report for 2020

1. BUSINESS PERFORMANCE

The Group's businesses continue to progress with its strategic roadmap focusing on digital transformation, making progress with subscription models and developing new digital formats. It has been concentrating resources on higher value-added businesses under ongoing efficiency plans and maintaining a sustainable debt structure.

By the end of 2020, the Education business had over 1.7 million students in its subscription models, while the digital subscription payment model of the News business, launched in early May 2020, had approximately 85,000 subscribers. The Radio business reached 24 million monthly downloads of on-demand audio content and 59 million hours monthly of listening via streaming.

Since mid-March, the Group has worked to deal with the impact of the pandemic caused by coronavirus (COVID-19). The world is experiencing an extraordinary and unprecedented social and economic emergency. The health system has never faced such a crisis, the number of infections is counted in their millions, and the number of deaths has reached unbearable numbers. In short, this pandemic has placed everything and everyone in a critical, urgent situation.

In this type of critical situation, Prisa's social mission, as a business group focused on two essential sectors such as Education and Media, becomes even more meaningful. Reliable and accurate information and access to better education play a more significant role than ever before. Therefore, since the beginning of this crisis, the Group has given the highest priority to continuity of its activities, reaffirming its social commitment. In support of families, teachers and students in Spain and Latin America, Prisa has continued to guarantee access to comprehensive, accurate and truthful information; quality entertainment; and, of course, a wide range of educational services.

In this environment, with the severe impact of the COVID-19 pandemic, the summary of the Group's results during the close of 2020, compared to the results at the end of 2019 (not including the activity of Santillana Spain for comparability of information with the previous year), is as follows:

- Operating income amounted to EUR 700.6 million (-27.4% vs 2019; -19.9% in local currency). The Education business has been adversely affected by school closures in virtually all Latin American countries, which has affected performance, especially in the countries of the northern campaign: although sales of educational systems (subscription models) have not been affected as much because of their very nature, there have been significant falls in traditional sales (educational material) and some delays in public sales to 2021. Furthermore, the Media business has been adversely affected by the slump in advertising investment, while the fall in print circulation has been partially offset by the growth of the digital subscription payment model.

- Operating expenses (excluding amortizations, impairments of goodwill and assets) have dropped to EUR 636.8 million (-17.9% vs 2019; -10.3% in local currency, without taking into account the impact of the Mediapro ruling in 2019 of EUR 51 million in costs), largely as a result of the impact of the contingency plan designed by the Group to deal with the impact of the pandemic on the performance of its businesses. This contingency plan, with scope for all business units and across all lines of expenditure, has had an impact of EUR 49 million in the period between March and December 2020.

- EBITDA falls to EUR 63.9 million (-66.2% vs 2019; -59.4% in local currency, without taking into account the impact of the Mediapro ruling in 2019). The Group uses EBITDA as a reference indicator to monitor the progress of its business and to establish the operational and strategic objectives of the Group companies. EBITDA is defined as profit from operations plus assets depreciation expenses plus goodwill impairments and impairment of assets.

The following tables detail the reconciliation between EBITDA and the Group's result from operations for each of the segments of 2020 and 2019 (in millions of euros):

	2020				
	Education	**Radio**	**Press**	**Other**	**Prisa Group**
RESULT FROM OPERATIONS	**34.1**	**(32.5)**	**(21.6)**	**(9.1)**	**(29.1)**
Depreciation and amortization	41.9	17.8	9.7	1.2	70.6
Impairment of goodwill	-	16.7	-	(0.1)	16.6
Impairment of assets	1.0	2.9	1.7	0.2	5.8
EBITDA	**77.0**	**4.9**	**(10.2)**	**(7.8)**	**63.9**

	2019				
	Education	**Radio**	**Press**	**Other**	**Prisa Group**
RESULT FROM OPERATIONS	**70.8**	**43.2**	**0.4**	**(10.0)**	**104.5**
Depreciation and amortization	47.9	17.6	9.9	1.4	76.7
Impairment of goodwill	-	0.9	-	-	0.9
Impairment of assets	3.6	1.8	1.8	0.1	7.2
EBITDA (*)	**122.2**	**63.4**	**12.1**	**(8.6)**	**189.2**

(*)For a comparable basis and in accordance with IFRS 5 the information have been modified to present Santillana Spain as a discontinued operation. In addition, the expense of Mediapro ruling has been excluded in EBITDA 2019 (EUR 51 million).

The Group's **net bank indebtedness** decreased by EUR -381.8 million in 2020 and was EUR 679.3 million at 31 December 2020, after amortisation of the proceeds from the sale of Santillana Spain and Media Capital. The Group has reached a unanimous agreement to refinance its debt until 2025, which will give it significant flexibility to accelerate the delivery of its strategic roadmap, focused on Ed-Tech subscription models in Latin America and the development of digital and subscription models in the Media businesses. This debt indicator includes non-current and current bank borrowings, excluding fair value in financial instruments/ Loan arrangement costs, diminished by current financial assets, cash and cash equivalents.

The following table shows the composition of this indicator as of December 31, 2020 and December 31, 2019:

	Million of euros	
	12.31.20	12.31.19
Non-current bank borrowings	810.6	1,164.9
Current bank borrowings	102.7	50.2
Fair value/ Loan arrangement costs	(6.0)	17.4
Current financial assets	(6.1)	(4.7)
Cash and cash equivalents	(221.9)	(166.6)
NET BANK DEBT	**679.3**	**1,061.1**

The Group has taken steps to maximise its liquidity, with EUR 212 million in cash available at the end of the year.

- Exchange rates have had a negative impact on the performance of the Group's results, mainly due to currency depreciation in Brazil, Mexico and Argentina: EUR -72.2 million in income and EUR -13.0 million in EBITDA. In this sense, Prisa defines the impact of exchange rates as the difference between the financial figure converted at the exchange rate of the current year and the same financial figure converted at the exchange rate of the previous year.

The following table shows the exchange rate effect on operating income and EBITDA for the Education and Radio business and for the Prisa Group (in millions of euros):

	2020	**Exchange rate effect**	**2020 excluding exchange rate effect**	**2019**	**Exchange rate effect**	**2019 excluding exchange rate effect**
Education (*)						
Operating income	365.8	(64.2)	430.1	497.0	(66.9)	(13.5)
EBITDA	77.0	(14.7)	91.7	122.2	(30.6)	(25.0)
Radio						
Operating income	186.3	(7.7)	194.0	273.8	(79.8)	(29.1)
EBITDA	4.9	0.8	4.0	63.4	(59.4)	(93.6)
Prisa Group						
Operating income	**700.6**	**(72.2)**	**772.8**	**964.9**	**(192.0)**	**(19.9)**
EBITDA	**63.9**	**(13.0)**	**76.9**	**189.2**	**(112.3)**	**(59.4)**

(*) Excluding the exchange rate effect of Venezuela.

In the Education business, plans to respond to the pandemic that have been implemented by the governments of most countries where Santillana operates, generally based on strict population lockdown measures, have resulted in the closure of schools and the disruption (partial or total) of marketing activities and distribution. The difficulties in closing sales campaigns for educational material (traditional), with a general decline in all countries have been partially offset by: the good performance of subscription models, especially in countries such as Brazil and Colombia; the registration in Brazil of part of the PNLD 2019 institutional sales in 2020; the increase in institutional sales in Chile; and the impact of the savings initiatives implemented in response to the pandemic, within the framework of the aforementioned contingency plan.

- Operating revenues reached EUR 365.8 million in 2020, with a drop of -26.4% compared to 2019 (-13.5% fall in local currency terms). The fall in traditional educational material sales (-42.2% in euros, -34.4% in local currency) and in public sales (-22.7% in euros, -4.5% in local currency) was partly offset by the improvement in subscription models, which grew in revenues by 12.4% in local currency (-3.9% in euros), with a 20.3% increase in the number of students to 1,727 thousand students.

- Operating expenses were EUR 288.8 million, a drop of -22.9% compared to 2019 (-9.7% fall in local currency). All expenditure items have been reduced, both due to the implementation of the contingency plan measures and the decrease in revenues.

- EBITDA amounted to EUR 77 million in 2020, a fall of -37.0% compared to 2019 (-25.0% in local currency).

- The impact of exchange rates represents EUR -64.2 million in operating income and EUR -14.7 million in EBITDA.

- Santillana Spain will be consolidated as a discontinued company in 2020, after Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana") closed the sale of Santillana's pre K-12 and K-12 business in Spain on 31 December 2020 to Sanoma Corporation, a Finnish media company that operates in Europe in the education sector. The Transaction closed as planned. Once all the relevant elements for calculating the impact of the Transaction on Prisa's consolidated income statement were updated to the closing date, the Transaction resulted in a positive result of EUR 377 million.

With the Radio business, according to the latest market reports, the Group maintains its leading position in Spain, Colombia and Chile. The pandemic has enabled the Group to reach record consumption levels, especially digital, with unique visitor figures at December 2020 of 60.7 million monthly on average (+19% compared to 2019) and an average of 24 million podcast downloads in total monthly (+62% compared to 2019). However, the pandemic and its impact on the economy has led in turn to a drastic fall in advertising investment. Globally, Prisa Radio's advertising revenues were down -29.3% compared to 2019: Spain fell by -24.5%, Colombia by -41.6% and Chile by -39.5%. These falls have occurred against the backdrop of sharp contractions of global declines in GDP. The IMF has forecast GDP declines in 2020 of -11.1% in Spain (January 2021 data) and -8.2% in Colombia and -6% in Chile (October 2020 data).

- Operating revenues amounted to EUR 186.3 million in 2020, down -32.0% compared to 2019 (-29.1% in local currency), linked to the aforementioned evolution of the advertising market and lower capital gains from the sale of non-core assets in Chile and Colombia in 2019.

- As for operating expenses, they amounted to EUR 181.4 million in 2020, down -13.8% compared to 2019 (-9.7% in local currency). Savings are made in all items except provisions, both due to the implementation of contingency measures to deal with the pandemic and to the fall in revenues.

- EBITDA amounts to EUR 4.9 million in 2020, compared to EUR 63.4 million in 2019.

- The impact of exchange rates represents EUR -7.7 million in operating income and EUR 0.8 million in EBITDA.

The News business has not only suffered the drastic fall in advertising investment, but also a fall in traditional circulation (print). However, we have also recorded consumption in the digital field. El País averaged 96 million unique visitors in 2020, with +15% over 2019 and Diario As reached 95 million unique visitors, an 88% increase over the previous year's figure. In addition, and in line with the planned strategic route, the El País digital subscription payment business was launched at the beginning of May, reaching almost 85,000 subscribers at the end of December.

- Operating revenues reached 164.7 million euros at the end of 2020, a fall of -21.9% compared to 2019. The drop in revenue was associated with the fall in advertising (-23.3%) both in print (-41.2%) and digital (-9.5%) and also with lower sales of print copies (-25.3%), which was partially offset by the increase in digital copy sales, due to the favourable development of the El País subscription model.

- Operating expenses were EUR 174.9 million, a fall of -12% compared to 2019. Virtually all expenditure items have been reduced, both due to the implementation of contingency measures and to lower expenses associated with lower revenues.

- EBITDA amounts to EUR -10.2 million in 2020, compared to EUR 12.1 million in 2019.

Regarding the Media Capital business in Portugal, in May a 30.22% stake was sold to Pluris Investments, S.A., as a first step towards completing the divestment of a non-strategic asset for the Group. In September, Vertix, SGPS, S.A. ("Vertix"), a wholly-owned subsidiary of Prisa, entered into separate agreements with a number of investors to purchase and sell shares in Media Capital, which together represented the entire remaining shareholding (64.47%) held by Vertix in Media Capital. This represented the culmination of the divestment process by Prisa, in accordance with the Group's roadmap and its focus on strategic assets.

2. FORESEEABLE DEVELOPMENT: BUSINESS DEVELOPMENT PROSPECTS: KEY FACTORS AND TRENDS

The Group's development perspective is to continue working on its strategic roadmap, with a priority focus on generating added value and maximising future business results and strengthening the balance sheet structure, cash generation and debt reduction.

However, recent years, even the last decades, have been marked by a general climate of almost constant volatility, uncertainty, complexity and ambiguity. This makes it difficult to predict future business performance, especially in the medium and long term. A climate where the levels of complexity have been further exacerbated by the impact of the COVID-19 pandemic which, as described above, has had and will continue to have a significant impact on the Group's business developments.

In general, both the Education business and the Media business tend to develop in a way that is very much subject to the macroeconomic environment, especially in the case of the Media business, as far as the performance of the advertising market is concerned. Prisa's activities and investments in Spain and Latin America are exposed to the development of the different macroeconomic parameters of each country, including the development of currency exchange rates.

In this regard, the pandemic is having an unprecedented impact on the global economy. According to the IMF (January 2021 data), global GDP is estimated to have fallen by -3.5%. The consequences for the economies of the countries in which the Group operates will depend largely on the development and extent of the pandemic, the response measures implemented by Governments and cooperation between countries.

According to IMF projections for 2020 (January 2021 data), GDP growth rates in advanced economies are negative, falling by -4.9%. For Spain the fall was -11.1% according to the IMF. Meanwhile, the main countries in which Prisa operates in Latin America have also experienced significant falls: Brazil fell by -4.5% and Mexico by -8.5%. Based on IMF data from October 2020, the IMF forecasts declines of -8.2% in Colombia, 6.0% in Chile, -13.9% in Peru and -11.8% in Argentina. Latin America as a whole is expected to fall by -8.1%.

In line with this development of economic indicators in Latin America, the Group's results have also been affected by exchange rate volatility. In 2020, most of the currencies of Latin American countries have depreciated.

The IMF expects the economy to recover in the coming months. The degree and pace of recovery will depend critically on the development of successive waves of infection caused by the pandemic and the effectiveness of the response and containment processes, especially the process of vaccinating the population. Thus, the IMF (January 2021 data) projects that the world economy will grow by +5.5% in 2021 and +4.2% in 2022. The GDP growth rate of the advanced economies stands at +4.3% in 2021 and +3.1% in 2022. Spain will grow above global forecasts, reaching a growth rate of +5.9% in 2021 and +4.7% in 2022. This growth will also be reflected in 2021 in the main countries where Prisa operates: Brazil +3.6% and Mexico +4.3%. According to IMF forecasts of October 2020, growth is also expected to be +4% in Colombia, +4.5% in Chile, +7.3% in Peru and +4.9% in Argentina.

In this environment, as it has been doing in recent decades, the Group will continue to work to adapt to the new reality of its business by defining and implementing the initiatives that may be necessary: strict control of costs and investments, development of new sources of income, transformation and flexibility of business models, etc.

Another factor that affects the future development of Prisa's business is the advertising cycle. Although the Group's exposure to the performance of the advertising market is limited as a result of income diversification (advertising revenues represent 36.4% of the total in 2020, in line with 2019, where they represented 36.5%), Media businesses, mainly dependent on advertising revenues, have a high percentage of fixed costs. This means that significant variations in advertising revenues have a significant impact on earnings, resulting in an improvement or deterioration of the Group's margins and cash position.

In this regard, the COVID-19 pandemic has led to a drastic decrease in advertising investment, impacting the Group's advertising revenues, which have decreased by -27.5% compared to the previous year. Even digital advertising that grew prior to the pandemic has fallen by -9.7%. In the press business, digital advertising accounts for 67% of advertising revenue (57% in 2019).

The i2P report of October 2020 forecast that the total advertising market in Spain would fall by -23.3% in 2020 and grow 9.1% in 2021. The Group's advertising revenues in Spain fell by -24% in 2020, in line with the market forecast. For 2021, Prisa also expects, like the market, a recovery in advertising revenue growth, in line with the economic recovery.

In Latin America, the advertising market has also suffered from the impact of the pandemic. Thus, in 2020, the radio market is expected to fall significantly in Colombia (-34%) and Chile (-35%), according to internal sources. Prisa has fallen in both countries, but to a lesser extent than the market: -31% in Colombia and -30% in Chile (both in local currency).

According to the strategic roadmap on which the Group has been working in recent years, Media businesses will continue to develop and reduce their dependence on the performance of the advertising market and traditional formats. It will place more and more focus not only on the traditional advertiser, but also on the consumer of content and new digital formats. In this regard, it is worth mentioning the commitment to digital transformation and the development of subscription models. Significant events such as the launch of El País's digital subscription payment model in May 2020, or the development of the value proposition around the concept of audio led by the Radio business, highlight the importance of this trend.

In addition, Prisa has other businesses that are not so dependent on the economic cycle (or advertising), such as the Education business, which accounted for 52.2% of the Group's total revenue in 2020. Although the Education business has been more resilient so far, largely owing to the good performance of the subscription models (growth in both students and revenues at constant exchange rates, notably Brazil and Colombia), the pandemic has also had a negative impact on the development of traditional educational sales campaigns and public sales, mainly as a result of school closures caused by strict population lockdown measures adopted in many of the countries operated in. In Latin America, Santillana's revenues decreased by -13.8% at constant exchange rates (a -27% fall at current exchange rates).

In any of the development scenarios, the strategic roadmap of the Education business will focus on maintaining leadership positioning and maximising leveraged growth in subscription models, committing to increasingly blended formats (face-to-face and distance, printed and digital, school and home, etc.), with increasing emphasis on the digital component.

An important part of the Group's strategy and its business is based on digital development: from continuously developing the value proposition (increasingly digital) to business models more focused on monetisation in the digital sphere (subscription models, new digital formats), to, for example, the implementation of technological platforms adapted to the reality of the businesses, or the development of management and use of user data.

Digital audiences of the Group's Media show significant growth (having reached a monthly average of 236 million media users in 2020, a growth of 40% compared to the previous year) and Santillana's educational platform has experienced record levels of consumption. In this regard, the pandemic has contributed to increased use of technologies for information consumption, education or entertainment, leading to the growth of the Group's digital audiences.

The Group's strategy for the coming years will therefore also continue to be committed to digital development in all its business units.

3. MAIN RISKS ASSOCIATED TO THE BUSINESS

The businesses of Group subsidiaries and, therefore, their operation and earnings are subject to risks that may be grouped into the following categories:

- Risks relating to the financial and equity situation.
- Strategic and operational risks.
- Non financial risks.
- Reputational risks.

In the Corporate Governance Report (*see Section E of that report*) are detailed specific actions and bodies used to identify, valuate and manage these risks.

3.1. Risks relating to the financial and equity situation

Financing risk-

The Group's financial obligations are set out in note 12b "*Financial liabilities*" in the attached consolidated financial statements for 2020.

As of December 31, 2020, the Group's net bank debt level stood at EUR 679.3 million and represents a series of risks:

- It is more exposed to the economic cycle and market performance, especially in those businesses with a higher exposure to economic cycles.
- It requires part of the cash flow from operations to be put aside to cover payment obligations, interest payments and amortisation of the debt principal, hindering the capacity to dedicate these cash flows to cover working capital, investments and finance for future transactions.
- It limits the ability to adapt to changes in the markets.
- It places the Group at a disadvantage with regard to less indebted competitors.

As described in the Prisa consolidated financial statements for the year 2020, the Company reached in the fourth quarter of 2020 an agreement with the creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) and with the creditor of Super Senior debt to refinance and modify the terms of Prisa and Prisa Activos Educativos, S.L.'s current financial debt. On December 31, 2020 the Refinancing agreement came into effect, and among other aspects, it has extended the maturity of the debt until March 2025, has adapted the financial conditions of the debt to the Group's new position in terms of generating cash and has included a relaxation of certain financial covenants and Prisa's commitment to achieving a leverage cap in September 2023 (4.25x Net Debt/EBITDA). Therefore, the Refinancing makes more flexible the financial debt of the Group.

In addition, the contracts governing Prisa's Group debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (*covenants*). These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the *Override Agreement*.

The credit rating assigned to the Company may be reviewed, suspended or removed at any time by one or more of the credit rating agencies. A downward variation in the credit rating of the Company could adversely affect the conditions of a possible future refinancing of the financial debt of the Group, may adversely affect the cost and reduce investors.

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2020, advertising revenue represented 36.4% of Group operating income.

Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana's cash flow. While the seasonality of the Group's cash flow is not significant, so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

In terms of the commercial credit risk, the Group assesses the age of the trade receivables and constantly monitors the management of the receivables and payables associated with all its activities, as well the maturities of financial and commercial debt and repeatedly analyses other financing methods in the aim of covering planned cash requirements in the short, medium and long-term.

However, and as described in note 1 of the accompanying consolidated financial statements, the appearance of COVID-19 (Coronavirus) has lead that the situation of the markets causing a general increase in liquidity pressures in the economy and a contraction in the credit market. In this respect, the Group has a Super Senior debt ("S*uper Senior Term &Revolving Facilities Agreement*") to meet operational needs for a maximum amount of up to EUR 188,5 million, of which EUR 80 million, were drawn as of December 31, 2020. Likewise, the rest of subsidiaries of the Group have credit facilities with a limit amount of EUR 39.5 million as of December 31, 2020, of which, EUR 4.4 million were drawn on that date (*see note 12b of the consolidated financial statements*). Therefore, as of December 31, 2020, the Group had undrawn credit facilities amounting to EUR 143.6 million, together with cash available of EUR 212 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 96.75% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates. A possible increase in interest rates (i.e. Euribor), would mean an increase in interest expense, which would negatively impact in the cash flow of the Group.

Exposure to exchange rate hedges-

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in American companies, as well as revenue and profits from said investments.

In this context, and in the aim of mitigating this risk, if there are credit lines available the Group adheres to the practice of formalizing hedge contracts for exchange rate variations (mainly forex insurance, 'forwards' and options on currencies) based on its monthly analyzed forecasts and budgets, in order to reduce volatility in operations, results and cash flows of subsidiaries operating overseas in currencies other than the euro.

Moreover, a possible unfavourable performance in the economies of the Latin American countries where the Group operates could translate into hyperinflationary situations, with the consequent negative impact on exchange rates.

Tax risks-

The Group's tax risks are related to possibly different interpretations of the rules that the relevant tax authorities may make, as well as to the changes in tax rules in the different countries in which the Group operates.

As of December 31, 2020, Prisa Group had active tax credits amounting to EUR 43 million, of which EUR 32 million euros correspond to temporary differences.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that changes in tax rules or the ability to generate positive tax bases may not suffice to recover the active tax credits.

Intangible assets and goodwill-

As of December 31, 2020, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 98 million and goodwill of EUR 113 million. The analysis of the value of these assets and goodwill used estimates made to date based on the best available information. It is possible that events which could occur in the future make it necessary to modify these estimates down. In this event, the impact of these new estimates in valuing intangible assets and goodwill will be registered on the future consolidated income statement.

3.2. Strategic and operational risks

Macroeconomic risks-

The evolution in macroeconomic variables affect to the Group business performance in Spain and America.

During 2020, 59.3% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 40.7% of Group operating income).

Macroeconomic declines could negatively affect the Group's position in terms of earnings and cash generation, as well as the value of Group assets.

Decline in the advertising market-

An important part of Prisa's operating income comes from the advertising market, mainly in its Press and Radio businesses. As of December 31, 2020, advertising revenue represented 36.4% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

A worsening of macroeconomic figures in the countries where the Group operates (especially GDP), would entail the spending outlook for advertisers could be negatively impacted. Given the large fixed expenses component linked to businesses which rely heavily on advertising, any decline in advertising revenues directly affects operating profits and, therefore, the Group's ability to generate cash.

Changes occurring to the traditional media business-

Press revenues from the sale of copies and subscriptions continue to be negatively impacted by the growth of alternative distribution media, including free news websites and other content.

If the Group's businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group's income and results.

Competition risk-

Prisa's businesses operate in highly competitive sectors.

Competition between companies offering online content is intense in the Press and Radio businesses, and the Group is fighting for advertising against traditional players, multinational online audiovisual and musical content platforms, new online content providers and news aggregators.

In the Education business, the Group also competes against traditional players and smaller businesses, online portals and digital operators offering alternative content and methodology. In addition, there is a growing trend towards access to open educational content through online sites, and the market for second-hand materials is growing. However, the number of schools that do not use books and that develop new content within the scope of their own curricular autonomy is increasing.

The ability to anticipate and adapt to the requirements and new demands from customers may impact the competitive position of Group businesses with regard to other competitors.

Country risk-

Prisa operations and investments may be affected by different risks that are typical to investments in countries with emerging economies or with unstable backdrops, such as currency devaluation, capital controls, inflation, expropriations or nationalizations, tax changes or changes in policies and regulations.

Regulatory risk-

Prisa operates in regulated sectors and, therefore, is exposed to regulatory and governmental risks that could negatively impact the business.

Specifically, the Radio business is subject to having franchises and licenses for its activity, while the education business is subject to public educational policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by legislative changes, changes in the contracting procedures of public administrations, or the need to obtain prior administrative authorization with respect to the content of publications. Curriculum changes force the Group to modify its education contents, which requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

Furthermore, Prisa businesses are subject to many regulations in terms of fair competition, control of economic mergers or anti-monopolistic legislation at a global or local level.

Risk of concentration of customers in the public sector-

The main customers in the Group's Education business are the governments and public bodies in the various jurisdictions where it operates.

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies.

Digital transformation process-

The businesses where the Group operates are in a permanent process of technological change. Recent technological progress has introduced new methods and channels for content distribution and use. This progress is accompanied, in turn, by changes in preferences and audience consumption habits.

In the field of media, alternative digital actors proliferate including social networks or news aggregators as online content through several platforms, which has greatly expanded the options available to consumers, resulting in a fragmentation of the audience. This also implies an increase in the inventory of digital advertising space available to advertisers, which affects, and is expected to continue affecting, the Group's Press and Radio businesses.

In addition, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices. And, on the other hand, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications that visit.

In the field of education, in certain geographies, subscription models with a strong digital component (educational systems) are becoming increasingly important, both in terms of content and in terms of educational experience.

The digital transformation imply several risks such as developing new products and services to respond to market trends, losing of value of contents within a digital environment, importance of technology to develop digital business, the management of the new digital talent or resistance to technological change in businesses of the Group.

Technology risk-

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology ("IT") systems. For example, in education business the Group offers software or technology solutions through web-based platforms.

IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, piracy and the physical damage sustained by IT centers. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa's systems and platforms could result in the loss of data or compromise customer data or other sensitive information. Major faults in the systems or attacks on their security could have an adverse effect on Group operating profits and financial conditions.

In this regard, the Group has externalized with several technology providers its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases or the service was transferred to new suppliers, Group operations could be impacted.

Litigation and third-party claims risk-

Prisa is involved in litigation and is exposed to liability for the content in its publications and programs. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

To manage this risk, the Group manages and monitors legal proceedings and is advised by independent experts.

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group's business.

Intellectual property-

The Group's businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group's pillars of success and ways to maintain a competitive advantage. However, there is the risk that third parties might, without the Company's authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group.

In addition, in order to use third-party intellectual property rights, the Group has non-exclusive paid-for permission from management companies servicing the owners of these rights and companies that create or market intellectual property.

Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights.

3.3. Non financial risks

See section 5 of the Consolidated Directos´s Report.

3.4. Reputational risks

See section 5 of the Consolidated Directos´s Report.

4. CORPORATE GOVERNANCE

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this management report, and was authorized for issue by the Board of Directors. The ACGR details all corporate governance aspects at Prisa and is available at www.prisa.com.

Without prejudice to the above, some of the key aspects of Prisa's corporate governance are set forth below.

Governance bodies

The ACGR details how the Company's management bodies and the decision-making process work. The Annual General Meeting and Board of Directors are the Company's most senior governance bodies.

The main changes in Prisa's Board of Directors and the management team in 2020 were as follows:

i. Board of Directors and Board Committees:

On June 29, 2020, Mr. Javier Gómez-Navarro ceased as a director, as his position had expired. The Ordinary Shareholders' Meeting held on that same date resolved to reduce the number of members of the Board from 13 to 12.

The Extraordinary Shareholders' Meeting held on December 18, 2020 resolved the removal of the director Mr. Javier Monzón de Cáceres (who held the non-executive chairmanship of the Board of Directors) and on that same date Ms. Sonia Dulá resigned as director. They were respectively replaced by two independent directors, Mr. Javier

Santiso and Mr. Rosauro Varo, appointed, by co-option, by resolution of the board of directors held on December 22, 2020.

In February 2021, the Board of Directors approved a series of changes to drive the transformation of the Group, including the appointment of Mr Joseph Oughourlian as Non-Executive Chairman of the Board of Directors. Mr. Oughourlian was the Vice Chairman since April 2019 and his appointment as chairman has been carried out within the framework of the Succession Plan launched by the Board of Directors after the cessation, last December, of the previous chairman.

As a consequence of the condition of proprietary director of the Chairman of the Board, the appointment of the independent director Mr. Rosauro Varo as Vice Chairman of the Board of Directors has been agreed.

Also in February 2021, Mr. Javier de Jaime Guijarro resigned as director and to fill this vacancy, the Board of Directors, appointed, by co-option, Ms. Pepita Marín Rey-Stolle as independent director.

Likewise, the Board Committees (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee), have been reorganized and Ms. Beatrice de Clermont has been appointed coordinating director.

ii. Senior Management

There have also been changes in the perimeter of Senior Management. Luis Cabral, former CEO of Media Capital, has ceased to be part of it, as a result of the sale of said Company.

As per the Company's Board of Directors Regulations and pursuant to the Corporate Enterprises Act, the Board have non-delegable powers to determine certain general strategies and policies of the Company and make certain decisions (including the strategic or business plan; management objectives and annual budgets; investment and financial policy; tax strategy; risk management and control policy; oversight of the internal control and information systems; approval of financial reporting; dividends policy; treasury share policy; corporate governance and sustainability policies; the appointment and dismissal of board members and certain directors; investments or operations of all types which due to their high amount or special characteristics, are of a strategic nature or involve special tax risk for the Company; approval of the incorporation of or acquisition of equity stakes in special purpose vehicles or institutions domiciled in tax havens; agreements concerning mergers, spin-offs and any material decisions that could affect the Company's status as a listed company; approval of related-party transactions; annual evaluation of the Board of Directors' performance, etc.).

Without prejudice to the powers conferred on the CEO, the Board of Directors has a Delegated Committee which has been granted all the powers and competencies of the Board that can be delegated, in accordance with the Law and with the limitations established in the Regulations of the Board of Directors.

When managing the Company, the CEO draws on the support of the Management Committee, the members of which are part of the Company's Senior Management.

Senior managers are appointed by the Board on the CEO's recommendation and based on a report from the Nominations, Compensation and Corporate Governance Committee, and they report directly to the CEO.

Each of the commissions of the Board (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee) has functions in their respective areas. The composition and functions of these committees are described in the ACGR.

Composition of the Board of Directors

As of December 31, 2020, Prisa's Board of Directors had 12 members: 1 Executive Director, 5 proprietary directors and 6 independent directors, with different academic profiles and respectable track records (profiles and bios available at: www.prisa.com).

The Board of Directors has a CEO, who is the chief executive of the Group.

Likewise, and as already noted above, in February 2021 the Board of Directors has appointed a Chairman and a Vice Chairman, both non-executive.

The Board also has a Coordinating Director.

5. NON- FINANCIAL INFORMATION STATEMENT

This Statement of Non-Financial Information (NFIS) has been prepared pursuant to the requirements set out in Law 11/2018, of December 28 on non-financial information and diversity. Furthermore, consideration has been given to the materiality analysis updated in 2020, the Group's non-financial risk map and the GRI standards selected in the table entitled "Content required under Law 11/2018 of December 28" have been taken as a reference, as defined in the *Global Reporting Initiative* (GRI) Guidelines for preparing sustainability reports.

As the NFIS is included as an additional section in Prisa's Consolidated Management Report, reference shall be made to the information required in the NFIS that is set out in other sections. With this objective in mind, reference may be made to the Annual Corporate Governance Report (ACGR) included as an appendix to the Consolidated Management Report, and the Consolidated Report of the Prisa Group for 2020, both published and accessible on the Prisa corporate website under the Shareholders and Investors section. Furthermore, each year the Prisa Group publishes the Social Responsibility and Sustainability Report that complements this NFIS.

In this regard, worth particular mention in 2020 were the effects of COVID-19, the impact of which on the Group at December 31, 2020 have been measured and quantified, with significant uncertainties remaining as regards the additional consequences in the short and medium term (*see Note 1.b of the accompanying Consolidated Report*).

Also in 2020, the Media Capital businesses and Santillana's pre K12 (infant schooling) and K12 (primary and secondary schooling) businesses in Spain were sold (*see notes 1.b and 3 of the accompanying Consolidated Report*) and are therefore no longer considered within the perimeter of the Prisa Group. In this regard, to compare the information in last year's NFIS, consideration must be given to the fact that some key indicators in this report may have been affected by the departures of these companies from the consolidation perimeter.

5.1. The Prisa Group and its Business Units

The Prisa Group (the Group) is mainly dedicated to the creation and distribution of cultural, educational, informational and entertainment content on a global scale, with a focus on Spanish and Portuguese-speaking markets.

Its different Business Units, which own brands including El País, Santillana, Moderna, Compartir, UNO, Ser, Los40, WRadio, Radio Caracol and As, boasts a presence in 24 countries, with 40.7% of its operating income, based on data for 2020, generated in Spain and the remaining 59.3% by the rest of the world. Five countries currently accounted for 86% of the Group's total operating income in 2020: Spain, Brazil, Mexico, Colombia and Chile.

Below is a description, broken down by Business Unit, of the markets and sectors in which the Group has a presence, in addition to its business models, business environment, organization and structure, objectives and strategies. The performance of the businesses and the factors and trends affecting the business model are described in notes 1 and 2, respectively, of the consolidated director´s report.

5.1.1. Markets and sectors, business model, business environment, organization and structure

The Group is divided into three business units (equivalent to the operating segments indicated in the consolidated report attached in note 18: Education (Santillana), Radio (Prisa Radio) and Press (Prisa Noticias).

In addition to the Business Units, Prisa has a corporate center, which defines the Group's strategy and guarantees that the business follows said corporate strategy.

Education (Santillana)

The Education Business Unit is dedicated to the creation and distribution of educational content for all levels of education, from ages 3 to 18 (with a particular focus on K-12), in Spanish, Portuguese and English, in different formats and pursuant to the educational regulations and models in force in the countries in which the Business Unit is present.

Through brands like Santillana, Compartir, UNO and Moderna, the Business Unit has a presence in 20 countries (Portugal and 19 countries in Latin America). Its structure is divided up by countries, with a corporate center that coordinates and steers the strategy of the entire Business Unit.

The business model is oriented towards the distribution of educational content, offering integrated solutions not only for students, but also for teachers.

Geographically, the two main markets of the Education Business Unit are Brazil and Mexico, which accounted for 59% of total operating income in 2020.

In 2020, 95 million books were sold on aggregate across all countries in which it boasts a presence; at present, around 29 million students use educational content generated by the Business Unit. Of these, more than 1.7 million study in integrated, flexible and disciplinary education system, under a subscription model.

Radio (Prisa Radio)

The Radio Business Unit includes the generation and distribution of informational and entertainment radio content, both in the form of talk radio and music radio (analog and digital) and native digital formats (podcasts); these activities are complemented by the organization of events, harnessing the pull of its brands.

Thanks to brands including but not limited to SER, Los40, Dial, Caracol Radio, WRadio or Podium Podcast, the Business Unit boasts a presence in 11 countries either directly or through franchises. Its structure is divided up by countries, with a corporate center that coordinates and steers the strategy of the Business Unit.

Geographically, the three main markets of the Radio Business Unit in 2020 were Spain, Colombia and Chile, which accounted for 99% of total operating income.

At present, the business model is structured around the monetization of advertising and events generated by its radio and digital audio assets, while making progress with the search for alternative forms of monetization, as the digital transformation gains speed.

It reaches a local audience of approximately 22 million listeners according to the aggregate data of the countries in which it is present, with 61 million unique listeners online.

Press (Prisa News)

The Press Business Unit (Prisa News) performs general, sporting and economic information activities in both digital and printed media, structured around the principle of high-quality journalism. In addition, since 1 January 2019, it includes the central advertising and technology services.

Through brands like El País, As, Cinco Días, it boasts a presence in 9 countries. It is organizationally structured by products, coordinated centrally from Spain.

The main market based on volume of income is Spain, which accounted for 95% of the Business Unit's total operating income in 2020.

The business model is mainly focused on monetizing audiences through two lines of activity: advertising (which accounts for 49% of income), which is gradually more digital (67% of all advertising income) and the sale of digital and paper copies (30% of total income). Furthermore, the Press Business Unit continues to make progress with its transformation towards a more digital model and with a greater focus on the subscription model.

The aggregate online audience of all publications came to 188 million unique views around the world, with El País boasting more than 80,000 subscribers in December 2020.

5.1.2. Objectives and strategies

The Group's main strategic pillars are as follows:

- ✓ Growth of the Education business thanks to continued expansion in operated markets and the development of subscription models.
- ✓ Speed up of the digital transformation of media and consolidation of its leadership position.
- ✓ Resources aimed at businesses with a higher added value and consistent efficiency plans, preserving a sustainable debt structure.

5.2. Risk management

Prisa permanently monitors the most significant risks, including taxation risks, that could affect compliance with the goals set out in the Strategic Plan of the Group and its businesses.

On November 16, 2020, the Board of Directors approved the Prisa Group Risk Control and Management Policy, which identifies the Group's main risks, divided into four categories: risks related to the financial and property situation, strategic and operating risks, non-financial risks and reputational risks.

This policy defines the reference framework for the control and management of risks associated with the Group's activities, with a view to controlling, mitigating and managing any threat to compliance with the defined objectives and facilitating the adequate implementation of the strategic roadmap.

The Risk Management System is divided up by business unit, with the management approach consolidated through an integrated management model, in addition to other specific tools, focused on the ad-hoc analysis of different risks, based on their evolution and the assessment performed on them and the circumstances over time. Risks are identified by the General Management of the business units and the corporation, defining both the persons responsible for the management of each risk and the associated action plans and controls. As indicated, at a corporate level, risk management is consolidated via the integrated management model, which makes it possible to obtain a dynamic, consistent vision that is more appropriate for the purposes of monitoring, control and management.

In this regard, in addition to corporate management, the business units contribute to the correct functioning of risk control and management systems and, in particular, their objective is to identify, manage and adequately quantify the risks that affect them. Furthermore, they are actively involved in the definition of the risk strategy and the corresponding management decisions, in addition to overseeing how the established systems adequately mitigate risks in the framework of the policy defined by the Board of Directors and the Audit, Risk and Compliance Committee.

Furthermore, the Group has a risk map and a specific non-financial risk map that serve as tools for graphically representing these risks, used to identify and assess the risks inherent to the activities of the businesses and the Group as a whole.

Each year, the Internal Audit Department aggregates and standardizes the risks identified by each business unit with a view to producing risk maps for the Group and the businesses.

Both the integrated management model and the risk maps are reported to the Audit, Risk and Compliance Committee, which is responsible for periodically supervising and assessing the Group's risk control and management systems and establishing a risk level considered acceptable, based on the risk aversion, tolerance or appetite in each case.

The Group's main risks are described in Note 3 of this Consolidated Management Report.

Furthermore, it is worth noting that the Group has a Internal Control over Financial Reporting (ICFR) System initially developed based on the COSO 1992 methodological framework, adapted in 2014 to the new COSO 2013 framework.

Furthermore, as regards the management of crime risks, Prisa has a Crime Prevention and Detection Model in Spain, in addition to having developed regulatory compliance models in the main countries in which the Group is present (Brazil, Mexico and Colombia). In the context of the compliance models, risks including but not limited to environmental, occupational and corruption and bribery risks related to the different activities and business transactions are analyzed. For each of these risks, the Group defines, based on its impact on the business, control activities that mitigate the exposure to risk.

Non-financial risks can be divided into five main categories pursuant to the scopes defined in Law 11/2018. Below, details are provided of some of the risks identified for each of the categories in addition to the corresponding key performance indicator:

- Environmental management: Responsible or sustainable raw material supply risk and waste generation and circular economy risk. The corresponding indicators are the percentage of paper purchased from sustainable sources and renewable or recycled paper.
- Social and staff management: Risk in the ability to attract and retain talent, risk in the promotion of equality, risk of corruption and bribery. The key performance indicators are the turnover rate, percentage of the workforce subject to equality plans and number of reports received in relation to corruption and bribery.
- Society: Risk of impact on consumers and risk of cybersecurity and privacy of information (in-house staff, consumers and supply chain). The key performance indicators are the number of claims and complaints received and the instances of private information filtering risk.
- CSR performance: Risk of a lack of transparency in the accountability process. The indicator in this case is the number of reservations included in the external review of the NFIS.
- Supply chain: Risk of association with third parties who have no approval process and whose indicator is the percentage of payments to approved suppliers.

The key performance indicators are used to monitor progress. In each chapter of this report, further details are provided about the indicators used to monitor and assess these risks. In the table at the end of this NFIS, the information is linked to the GRI standards.

5.2.1. About this report

The procedure used by the Group for drawing up this report is supported by standardized information reporting across all business areas, including the data corresponding to the performance indicators mentioned above.

In preparing this NFIS, consideration has been given to the Group's non-financial risk maps, based on which information reporting criteria and models have been defined, including the management indicators required under Law 11/2018. These information reporting models have been prepared pursuant to the GRI (SRS) standards published in the guidelines for preparing sustainability reports and detailed in the "Content required under Law 11/2018 of December 28".

In this table, the Company has identified the aspects considered material and immaterial, in line with its activities, based on the materiality analysis and the analysis performed on the company's non-financial risks. Furthermore, it identifies the principles of the Global Compact and the Sustainable Development Goals (hereinafter, SDGs) that are related to the different aspects of the Law and the GRI indicators.

In this regard, to prepare this report and complete the review of the non-financial risk maps, consideration has been given to the outcome of the materiality analysis performed in 2020, in which Prisa stakeholders participated.

The materiality analysis has been used to update the relevant topics in the context of sustainability at the organization pursuant to the assessment of Management and stakeholders, who have actively been consulted. To identify the relevant topics requiring assessment, consideration has been given to international standards, regulations and other aspects, including Law 11/2018, GRI standards, the standards defined by the *Sustainability Accounting Standards Board*, the existing materiality study, the non-financial risk matrix and a study of the sector.

As a result, 30 material topics have been identified, 13 of which are considered highly relevant and another 17 as relevant. The relevant topics include climate action, even though from a risk analysis perspective, this could be considered residual. In this sense, even though Prisa's activities have a limited impact on the environment, the Group, mainly through its media outlets, makes a significant contribution to raising awareness among readers and listeners in relation to the fight against climate change.

Finally, in November 2020, Prisa's Sustainability Policy, approved in December 2018, was reviewed and updated; its objectives include ensuring sustainable development and promoting social interest, fostering a culture of ethics and compliance, accompanying the development of the social environments in which it operators and sustainably using the resources required for its activities with a view to creating shared value for all stakeholders. The document is available for consultation on Prisa's corporate website, www.prisa.com.

5.3. Responsible environmental management

By updating its Sustainability Policy, as indicated above, Prisa has reasserted the Group's commitment and focus towards the development of each business model under the principle of responsibility and in line with the SDGs in the 2030 Agenda. In this context, Prisa has prepared an Environmental Policy that establishes the environmental principles that serve as the basis for its framework of action and reference in the operation of its businesses, to promote awareness raising, eco-efficiency and sustainable development in the activities it performs.

5.3.1. *Atmospheric pollution and energy efficiency*

a) Pollution

Having performed the corresponding review, the use of vehicles by our employees remains the main factor with a direct impact on atmospheric pollution, with noise and light pollution not considered relevant for the purposes of assessment and reporting.

Although the effects of lockdown and working from home have had a significant impact on reducing travel by our teams, the Group has set itself the objective of continuing to promote initiatives to reduce the carbon footprint associated with this consumption. Worth particular note in 2020 were the following:

- The progressive incorporation of vehicles using environmentally more sustainable technologies in the fleet of renting vehicles in Spain, accounting for 16% of the total in 2020 (6% in 2019).
- Doubling the number of electrical recharge stations for vehicles (from 4 to 8) at the Miguel Yuste site (Madrid) and bicycle parking on the campus (from 8 to 16 places).

Furthermore, Prisa maintains other measures such as promoting the use of more sustainable, public transport facilitating the purchase of monthly public transport passes with tax benefits.

b) Energy efficiency of buildings

The aim of all Prisa business units is to ensure that in each country in which the unit operates, the energy required for its activities is consumed while efforts are made to progressively equip the corresponding premises with the technology to facilitate the rational and efficient use of this energy, in addition to the option of self-generation to reduce the carbon footprint and the release of greenhouse gases.

The main measures undertaken in 2020 were1:

- The start of the process (in December 2020) to renew the energy audits of facilities in Spain pursuant to Royal Decree 56/2016, when the validity of the first audit performed in 2016 came to an end.

- Implementation of LED technology on floors 7, 8 and 9 of the Prisa Radio building on Gran Vía (Madrid), which is expected to secure annual savings of 360 Mwh at the building, preventing the release of 139 tons CO2eq.
- Prisa Radio has opened new offices belonging to Radio Club Tenerife; the design of these offices took eco-efficiency principles into account: 100% of lighting uses LED

1 Conversion factor used: 0.386 tons CO_2 eq / Mwh
Conversion factor used for natural gas: 0.2016 tons CO_2 eq / Mwh

technology and the climate control equipment installed is the most efficient on the market.

- At the Miguel Yuste site (Madrid):

    o Installation of a 100 kW photovoltaic plant (measuring 900 m^2) for the purposes of self-consumption, delivering (and providing savings) between June and December 2020 of 112.31 MWh, reducing the emission of CO_2eq per year into the atmosphere of 80 tons. In addition, and to promote internal awareness raising, informational screens have been installed for employees to view energy generation performance online and its positive contribution in environmental terms.

    o Harnessing the overhaul of spaces and facilities, sanitary hot water production equipment has been installed in the form of solar panels, which complement the hot water produced by boilers in winter and prevents their unnecessary operation in summer, offering estimated annual gas savings of 83 MWh and 17 tons of CO_2eq emissions.

    o Modernization of 4 elevators, renewing the traction machines with cutting-edge equipment using electrical traction and speed variators, providing estimated annual savings of 40% in electricity consumption (15 MWh and 5.8 tons of CO_2eq). Furthermore, this has helped to reduce waste, as oil is no longer needed for the mechanisms inside the elevator's engine.

5.3.2. Circular economy, prevention and waste management

a) <u>Prevention measures</u>

In addition to committing to internal awareness raising and the awareness generated through our content to progressively increase circularity within the scope of our activities, Prisa believes in the principle of precaution and has therefore included guarantees in its insurance program in different countries to cover the potential impact of accidental, unexpected pollution that could be generated by the Group's activities.

Prisa continues to select and collaborate with suppliers who guarantee and promote responsible, sustainable management and the protection of nature, both in the procurement of materials directly associated with the publication business and paper, and the management of the recovery, reuse or recycling of waste generated by its activities; to this end, it cooperates with authorized waste managers.

To continue making headways with its preventive measures, Prisa now requests information in its specifications for the provision of outsourced services on the company's commitment, and how this is reflected in its operations, to compliance with the Sustainable Development Goals in the 2030 Agenda.

b) <u>Recycling and reuse and other ways of preventing waste generation</u>

The reduction in business volume caused by the pandemic has had a positive impact on reducing resources sourced from forests, as the consumption of paper for publications (37%)

and offices (67% in Spain) has dropped, given that most of our teams have been working from home and have had very limited access to printing in paper format at our facilities.

The Group's aim is to harness the changes in working methodologies during the pandemic to transform use dynamics and promote an approach to office work based on the clean-desk policy with a minimum use of paper. To this end, in 2021, the responsible printing project launched in 2020 and put on hold on account of the pandemic will resume.

In terms of production, the continuous improvement and exploration process remains in place to minimize the consumption of raw material:

- At Santillana Brazil and as part of the PNLD (Programa Nacional do Livro e do Material Didático) campaign, 2020 saw a project launched to increase the reuse of pallets and cardboard, with 70% of pallets and 25% of packaging cardboard reused.
- At Santillana Puerto Rico and Chile, a plan has been implemented to reduce the consumption of paper used to promote new releases, for both books and teacher's guides, replacing them with a sample in digital format. This measure has also made it possible to reduce the number of physical shipments to subscribers in these countries.
- Prisa News continues to work on providing our readers with a top-quality product, while generating a lower impact on recyclability. To this end, there has been an increase in the supply of 40 gr/m2 paper, which accounted for 17% of paper purchased in 2020 and in comparable terms, this has involved purchasing (distributing, recycling, etc.) 44 tons less.
- At Distasa, Prisa News' print plant in Seville, the implementation of new technology that minimizes the sue of chemical products (developers, etc.) in the plate printing process has been completed, making it possible to not only reduce chemical waste (1,200 liters/year) but also reduce electricity consumption (8.5 MWh/year), and improve the plant's water performance (8,000 liters/year).

In other types of project, consideration has been given to criteria that reduce the use of materials and the generation of waste at the end of their useful life, such as in the case of the refurbishment of the offices in building 3 at the Miguel Yuste site, where 100% recyclable materials have been used including the 105 m2 of blinds installed, made exclusively from recycled polyurethane or the 940 m2 of paving containing 20% recycled material.

c) Waste management

The Group's different companies have fully rolled out the operational and awareness raising measures to reduce the generation of waste, while continuing to incorporate improvements to segregate this waste before subsequently recycling it.

Although in 2020, generation was down on the whole (on account of COVID-19), the following actions have been taken nonetheless:

- A plan has been launched to replace 140 ionization smoke detectors at the different premises in Spain, using alternatives with optical technology and free from americium-241, handling them pursuant to Royal Decree 110/2015 on waste electrical and electronic appliances with an authorized manager. The renovation work is expected to be completed during 2021.

- Stocktaking, selective separation of defective (4,280 kg) and reusable (8,160 kg) furniture and its subsequent handling by authorized managers at the Miguel Yuste site (Madrid).
- In Ibero Americana Radio (Chile), a company absorbed in October 2020 by Comercializadora Iberoamericana Radio Chile, S.A., an agreement has been secured with an authorized manager for certified recycling, harnessing 360 kg of glass, 120 kg of cans, 30 kg of cardboard, 180 kg of plastic and 40 kg of paper in 2020.

5.3.3. *Sustainable use of resources*[2]

In relation to all sections of this point and the following point, it is worth noting that in 2020, consumption at the Group was affected by the restrictions placed on mobility and activities at places of work on account of COVID-19; as a result, the impact of some of these measures has been diluted.

a) Consumption and supply of water

2020	2019
59,278 m³	**130,094 m3**

The consumption recorded by all Group companies in 2020 involved, for the most part, cleaning activities and the use of sanitary water obtained from the corresponding public water network. Prisa does not have its own water supply points.

The reduction of water use (54%) in this case can mainly be attributed to the closure of work centers or minimum occupancy levels since March on account of the mobility restrictions implemented on account of COVID-19.

b) Consumption of raw materials

Type of material	2020 (*)		2019	
	Total consumption of material (t)	% Renewable and sustainable material	Total consumption of material (t)	% Renewable and sustainable material
Total paper consumed	**50,120**		**79,400**	
Paper from renewable or recycled sources	17,567	35%	22,162	28%
Paper from sustainable sources (FSC or equivalent)	32,553	65%	55,134	69%
Cardboard	**2,512**	**100%**	**4,780**	**100%**
Plates	**62**	**0%**	**102**	**0%**

(*) In 2020, as a result of COVID-19 and the changes made to the operating environment (working from home) and businesses (greater demand for EduTech vs traditional sale of books, reduction in print runs, etc.), there was a notable reduction in the purchase of paper.

2 The data for 2020 no longer include the business units outside the Prisa perimeter (Santillana España and Media Capital in Portugal)

c) Consumption of electricity

	2020	2019
Renewable	5.1 GWh	11.0 GWh
Non-renewable	20.5 GWh	40.6 GWh
Total consumption	**25.6 GWh**	**51.7 GWh**

The change to the perimeter and the reduction in demand on account of the coronavirus crisis aside, the reduction in consumption in 2020 can be linked to the implementation of the energy efficiency measures across all countries in which the Group operates.

d) Consumption of fuel

Natural Gas	
2020	2019
154,732 m³	**378,183 m³**

Diesel	
2020	2019
112,446 l	**991,365 l**

In addition to the investments made to reduce the energy consumed using natural gas and the additional efforts made in terms of preventive management at facilities to optimize temperature conditions at buildings, there has also been a reduction in the demand for these supplies, due to the restrictions placed on mobility and activities at offices due to COVID-19.

e) Use of renewable energy

2020	2019
20%	**21%**

In global terms, the % use of renewable energy remains the same. In countries like Spain, where specific investments have been made with a direct impact (photovoltaic self-generation) to improve this ratio, the improvement this year was 27% compared to 23% in 2019.

5.3.4. Climate change[3]

a) Important aspects of greenhouse gas emissions

The direct greenhouse gas emissions caused by Prisa's activities due to the direct consumption of fuels (natural gas and diesel) and power were as follows:

	Annual emissions tons CO_2 eq		
	2020	2019	% change 2020/19
Scope 1 (natural gas and diesel)	619	3,722	-83 %
Scope 2 (electricity)	5,683	11,381	-50 %

3 The data for 2020 no longer include the business units outside the Prisa perimeter (Santillana España and Media Capital in Portugal)

Emissions related to the indirect consumption of energy, pursuant to Scope 3 of the GHG Protocol, which in our case can be traced to business trips using vehicles not owned by Prisa (planes, hire cars, trains, etc.) and paper consumption are as follows:

		Annual emissions tons CO_2 eq		
		2020	**2019**	**% change 2020/19**
Plane	Short-haul flights	854	4,135	**-79.3 %**
	Medium-haul flights	188	1,062	**-82.3 %**
	Long-haul flights	776	3,092	**-74.9 %**
Train		48	118	**-59.3 %**
Car	Diesel	82	2,158	**-96.2 %**
	Petrol	1,403	3,523	**-60.2 %**
Paper		24,134	38,220	**-36.8 %**
Total Scope 3		**27,484**	**52,317**	**-47.5 %**

5.3.5. *Climate change measures adopted*

In addition to the actions to improve energy efficiency and reduce the consumption of fuel indicated above, in 2020, Prisa's businesses have taken the following measures that will help adapt better to the impacts of climate change:

- Focus on the digitalization of the businesses to help our content reach more students, teachers, listeners and customers, thus reducing the use and limitations of formats like paper.
- The inclusion in our educational content (Santillana Purpose project) and informational content (new Climate and Environment section in El País) of an explicit commitment to dissemination, awareness raising, respect and action in relation to the sustainable development goals in the 2030 Agenda (SDG 13 Climate Action), as indicated in section 5.6.1.

An initial indicator has also been established to monitor and provide a point of reference for the actions that Prisa can manage directly when it comes to its environmental impact and the energy it needs to go about its business:

- **Indicator:** tons of CO2 equivalent issued to invoice EUR 1 million.

tons of CO_2 eq. / EUR 1 billion invoiced[4]	
2020	2019
8.99	**13.78**

- **Objective of the indicator:** quantify the cost on the carbon footprint generated by Prisa's business due to direct emissions required for its activities.

4 Calculation method: tons of CO2 eq. Consolidated for scopes 1 (natural gas and diesel) and 2 (electricity) / Annual consolidated billing (millions of euros)

- **Evolution observed:** the effects of the health crisis in 2020 aside, it would appear that the energy efficiency measures undertaken have had a positive impact on the indicator and, therefore, positive progress has been made with the sustainable development of Prisa's business.

5.4. Information about social factors in relation to staff

5.4.1. Employment

The number of Group employees at year-end 2020, distributed by country, gender and contract type, is as follows:

	Permanent contract + RCF (***)			**Temporary, ad-hoc contracts and RCT (***)**			**Total**		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Argentina	187	264	451	11	7	18	198	271	469
Bolivia	21	20	41	0	0	0	21	20	41
Brazil	455	577	1032	0	0	0	455	577	1032
CAN (*)	68	74	142	0	0	0	68	74	142
Chile	215	164	379	9	1	10	224	165	389
Colombia	737	538	1,275	25	18	43	762	556	1,318
CAS(**)	33	35	68	12	2	14	45	37	82
Ecuador	58	44	102	0	0	0	58	44	102
Spain	1,306	1,064	2,370	60	67	127	1,366	1,131	2,497
Mexico	246	276	522	0	0	0	246	276	522
P.Rico	14	10	24	0	0	0	14	10	24
Paraguay	16	15	31	0	0	0	16	15	31
Peru	63	81	144	46	61	107	109	142	251
Portugal	4	5	9	0	0	0	4	5	9
Dom. Rep.	71	44	115	0	0	0	71	44	115
Uruguay	8	13	21	0	0	0	8	13	21
USA	20	8	28	0	0	0	20	8	28
Venezuela	5	7	12	0	0	0	5	7	12
Total	**3,527**	**3,239**	**6,766**	**163**	**156**	**319**	**3,690**	**3,395**	**7,085**

(*) Northern Central America: includes the following countries: Guatemala, Honduras and El Salvador
(*) Southern Central America: including Costa Rica and Panama
(***) RCT = Temporary sales representative, RCF = Temporary sales representative

Based on the foregoing, it can be concluded that 95% of the total workforce at Prisa are on permanent contracts and 5% are on temporary contracts (compared to 92% and 8% in 2019, respectively). Men account for 52% of the total workforce while women account for 48% (compared to 53% and 47% in 2018 respectively).

At year-end, 74% of the workforce was working full-time hours compared to 98% in 2019.In Spain, this ratio stood at 28% compared to 95% in 2019, mainly on account of the different temporary lay-offs enforced across the Group.

The breakdown by gender and professional category comparing 2020 and 2019 is as follows:

	2020			2019		
	Men	Women	**Total**	Men	Women	**Total**
Executives	186	109	**295**	240	127	**367**
Middle managers	546	446	**992**	640	500	**1,140**
Other employees	2,958	2,840	**5,798**	3,898	3,546	**7,444**
Total	**3,690**	**3,395**	**7,085**	**4,778**	**4,173**	**8,951**

The average age of men is 3.7% higher than the average age of women at the Group; the average age across the Group in 2019 was 43.1, compared to 42.8 the previous year. 10% of employees are aged under 30, 65% between 30 and 50 and 25% are aged over 50.

The comparison of average ages by gender in 2020 and 2019 is as follows:

	Men	**Women**	**Total**
Average age at the Group in 2020	43,8	42,2	**43,1**
Average age at the Group in 2019	43,3	42,2	**42,8**

The distribution of Group employees by location and average age is as follows:

	2020	**2019**
Spain	45,6	45,5
Latin America	41,6	41,1
Portugal	48,1	42,7
Total	**43,1**	**42,8**

The distribution by age ranges and categories is as follows:

	Under 30	**Between 30 and 50**	**Over 50**
Executives	0,0%	2%	2%
Middle managers	0,1%	8%	6%
Other staff	10%	54%	18%
Total	**10%**	**65%**	**25%**

The main business areas in terms of the workforce are Santillana (47% compared to 45% in 2019) and Radio (36% compared to 29% in 2019), which can be broken down by gender as follows:

	2020			2019		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Santillana	1,517	1,808	3,325	1,925	2,146	4,071
Radio	1,529	1,056	2,585	1,550	1,046	2,596
Press (News)	608	482	1,090	599	440	1,039
Media Capital	-	-	-	657	466	1,123
Other	36	49	85	47	75	122
Total	**3,690**	**3,395**	**7,085**	**4,778**	**4,173**	**8,951**

The Group's total workforce fell by 21% between 2019 and 2020, mainly on account of the sale of Santillana España and Media Capital. The turnover rate (voluntary resignations divided by the total workforce) was 5.58%, similar to 2019, and mainly attributable to Latin America; the dismissal rate stood at around 4.02%, similar to the rate registered in 2019 (dismissals for which compensation was paid divided by the total workforce), mainly associated with dismissals to renew the workforce in most companies.

From the dismissals for which compensation was provided across the Group, 56% were men and 44% were women, with 68% aged between 30 and 50. 17% corresponded to executives and middle managers, and 83% to other employees.

From the resignations seen across the Group, 54% were men and 46% were women, with 61% aged between 30 and 50.

The total average remuneration across the Group across all professional categories was EUR 28,000; broken down by gender, this stands at EUR 32,000 for men (+12 on the average) and EUR 25,000 for women (-13% on the average).

The company has performed an exercise to calculate the wage gap across its different professional categories with the following results. As part of the calculation, average remuneration and the weight of each category has been weighted, obtaining accumulated data of 10.7%. In 2018, according to Eurostat, the wage gap between men and women in the European Union was 14.8% compared to 8.06% for Prisa Group employees in Spain in 2020.

Information regarding director remuneration can be consulted in notes 22 *"Transactions with related parties"* and 23 *"Payments and other benefits to the Board of Directors* of the accompanying consolidated report.

In terms of the integration of people with disabilities at the Prisa Group, in Spain, collaboration agreements have been entered into with Special Employment Centers for the provision of different services (mainly cleaning), in addition to other collaboration mechanisms established in our legal system (donations to special employment centers). Furthermore, the Group employs 23 people with disabilities of 33% or more (32 in 2019), distributed by location as follows:

	2020	2019
Spain	15	21
Other	8	11
Total	**23**	**32**

In terms of disabilities in Latin America, different regulations apply in different countries, with the Group complying with the regulations in force in each one. In the countries in which the Group has a greater presence (Brazil, Colombia and Mexico), local regulations mainly involve adapting facilities and the systems for organizing work to people with disabilities, in addition to the suitability and accessibility of facilities.

5.4.2. *Organization of work*

Initiatives are in place to attract and retain the best talent, although there is no formal Group-wide policy to ensure disconnection from work.

In Spain, the workforce also enjoys social benefits, life and accident insurance, disability cover and maternity and paternity benefits. Generally speaking, the companies in Spain do not discriminate between full or part time or between permanent or temporary contracts when it comes to social benefits.

The flexible remuneration program designed in 2012 remained in force in 2020 for some companies in Spain, with the catalogue of products permitted under the regulations.

In Spain, practically all collective work agreements applicable to the different companies include working hours below the maximum number of hours allowed by law (40 hours per week); only on an exceptional basis do the companies in Spain resort to the use of overtime. Some of the collective agreements to which companies operating in Spain are party stipulate that overtime worked will be compensated in the form of time off.

Furthermore, the distribution of working hours, both in Spain and Latin America, includes flexi-time measures and the adaptation of working hours and compact work days at certain times of the year (summer, Christmas and Easter). The non-standard distribution of working hours must be agreed upon by the different departments and/or the legal representatives of workers.

In Spain, some companies have maintained the plan of measures to promote striking a work/life balance:

- Sabbaticals with guaranteed reinstatement, economic benefits and Social Security contributions.
- Extension of holiday time with economic benefits and Social Security contributions.
- Extension of weekly rest time (4-day week), without any impact on Social Security contributions.
- Leave for subsidized training and Social Security contributions.
- Reduction of working hours without the need for legal custody.
- Flexi-time at companies and areas in which working hours are not divided into shifts, as may be the case of summer working hours.
- Paternity/maternity leave, with 100% of the employee's salary paid.
- Subsidized childcare as part of the Flexible Remuneration Plan for employees requesting this.

In Spain, there are no outstanding lawsuits concerning a work/life balance and work organization and there are currently no disputes in relation to this matter.

In the case of Latin America, the most common practice across the different countries is the use of flexi-time.

Absence time and rates at the Group are as follows:

Absence rate (1)	**2.3%**
Total days lost	**42,547**

(1) Absence rate: (Total number of hours absent / Total number of theoretical hours worked) x 100

5.4.3. *Health and safety*

Promoting a preventive culture among all companies at the Group remains a primary objective. Worth note is the commitment across the companies to include occupational health and risk prevention in their general management system.

Prisa Group has an Occupational Risk Prevention department in Spain that forms part of the Human Resources division and it is responsible for continuously identifying psycho-social risk factors across Group companies that could pose a risk to the health of staff.

This year, on account of the pandemic, all efforts have focused on preventive measures and offering COVID-related advice to our workers.

In the face of the unprecedented coronavirus crisis, Prisa Group has implemented, right from the onset of the pandemic, a series of policies, procedures and recommendations that seek to safeguard the health of all employees and associates. To this end, the Group has made significant efforts to continue with its activities as normal in the media and education areas, providing workers with the tools required to perform their professional duties from home.

This new working method has required that the company establish new ways of interacting with its employees to maintain a sense of belonging to the Group and optimize remote working in both Spain and Latin America. These new communications form part of the *Comunica* tool, which offers a variety of content ranging from health prevention recommendations, news on activities performed by the Group, online training courses, emotional support and resilience conferences, activities to promote striking a work/life balance and the digital disconnection, and the promotion of projects with high employee participation. Furthermore, the company is in the process of planning and developing a policy for disconnecting from work, while implementing corrective measures to promote this when it comes to handling emails.

In addition to these activities, the Group has focused a large part of its efforts on promoting health prevention, establishing workplace isolation and security policies, employee control and testing surveys, monitoring of those affected, etc., optimizing process using digital tools.

The situation caused by the pandemic, resulting in the prioritization of working from home, has helped to reduced occupational accidents, with just 5 occupational accidents recorded in Spain in 2020 (2 men, 3 women) compared to 47 in 2019.

In the case of other countries, the number of occupational accidents came to 62 (53 men and 9 women) compared to 67 in 2019.

No occupational diseases were reported in 2020 or 2019.

The Group's main occupational health and safety measurement indexes are as follows:

	Severity Index (1))	Frequency Index (2)
Men	0.06	7.30
Women	0.06	1.32
Total	**0.06**	**4.41**

(1) severity index: (No. days lost/No/ hours worked) x 1,000;
(2) frequency index: (Total number of accidents resulting in time off/Total number of hours worked) x 1,000,000;

In terms of the accessibility of work centers, the Group has adapted its facilities pursuant to the applicable regulations in each country. Furthermore, in 2020 renovation work was completed at the Miguel Yuste site in Spain, ensuring that the building boasts universal access, parking and has public transport links. There have been no accessibility lawsuits nor have complaints been received due to a lack of mechanisms in place to this end.

5.4.4. *Social relations*

The collective bargaining agreements in place offer improved working and employment conditions when compared to the minimum rights protected by law. Generally speaking, information, representation and consultation procedures with workers are enshrined and regulated in the different collective bargaining agreements and are coordinated by the workers' representatives defined in these agreements.

Freedom of association is protected across all companies and the necessary social dialogue to develop the business, in compliance with the applicable employment regulations is encouraged.

Group employees, given their geographic distribution and local regulations are subject to collective bargaining agreements in some countries (Spain, Colombia, Brazil or Argentina), while in others, they are subject to local regulations as collective bargaining agreements are not typically used (USA, Chile or Peru). In this sense, in Spain, 97% of employees are subject to collective bargaining agreements, excluding only very specific sections of senior management.

During 2020, on an exceptional basis, and on account of the presence of COVID, companies in Spain, with the exception of the Santillana businesses and Espacio Editorial, a furlough scheme has been used on organizational, production or economic grounds, coming to an end on 31 December. These furloughs have generally involved reducing working hours by 10% between May 15 and the end of the year. Furthermore, Radio companies in Spain broadcasting to a specific audience were subject to a suspended furlough scheme for two months.

5.4.5. Training

The workforce has access to online training via Prisa Campus *(online in-house* platform).

The training initiatives performed at the different companies are available on the training platform.

Total training hours at the Group	
2020	**2019**
52,854	**46,430**

Training hours increased by 10% in 2020 compared to 2019.

In total, 80% of training hours were imparted at the Santillana unit and 20% at the Prisa News and Prisa Radio units.

In terms of the distribution of training hours by responsibility of employees, 12% of training hours were invested in executive staff, 24% in middle management and 64% in other staff.

In terms of the distribution of training hours by region, 13% of training hours were invested in Spain and the remaining 87% were invested in other regions in which the Group operates.

5.4.6. Equality

The collective bargaining agreements applicable to the different companies in Spain contain specific sections on equal treatment and opportunities between men and women, harassment action protocols and other measures that promote equality across all areas.

Specifically, in the Prisa Radio bargaining agreement, there is a section entitled “Prisa Radio Group Equality Plan”, including measures that seek to promote equal treatment and opportunities between men and women, both in terms of selection, promotion and professional development, training and striking a work/life balance. The Ediciones El País collective bargaining agreement also contains a section entitled “Equality Plan and Work/Life

Balance", indicating the objectives of ensuring the balanced representation of women in the workplace and the access of women to positions of responsibility.

In turn, on February 17, 2020, Santillana signed the 2020-2024 Equality Plan applicable to workers of this business in Spain.

In terms of harassment, the Group has a psycho-social damage communication and response procedure applicable to all workers.

The Prisa workforce is diverse in terms of location, culture, gender and age:

- Employees present in 22 countries.
- More than 30 different nationalities across Prisa Group.
- At year-end 2020, the workforce was 52% male and 48% female.
- The average age at the Group in 2020 was 43.1: 43.8 for men and 42.2 for women.

5.4.7. Diversity on the Board of Directors

Section 4 of the Consolidated Director´s Report and the ACGR provides details of the Board of Directors which, at December 31, 2020, consisted of 12 directors: 1 executive director, 5 proprietary directors and 6 independent directors.

The Board of Directors is made up of highly-qualified professionals of both professional and personal repute, with skills and abilities in different fields and sectors of interest to the Company, from different countries, pursuant to the principles set out in the Policy for ensuring diversity in the composition of the Board of Directors and director selection and the Regulations of the Board of Directors. The directors have different academic profiles and exceptional professional experience (see profile and biography at www.prisa.com).

The principles and objectives of the Policy for ensuring diversity in the composition of the Board of Directors and director selection can be summarized as follows:

i. Diversity in the composition of the Board in the broadest sense of the term (knowledge, experience, background, age and gender), with a particular emphasis on gender, in relation to which: (i) the Company having a significant number of women in senior management shall be encouraged, and (ii) the goal shall be that prior to the end of 2022, the number of female directors shall account for at least 40% of all members of the Board of Directors, and shall not be less than 30% prior to that deadline.

ii. Appropriate balance on the Board as a whole with a view to enriching the decision-making process and providing different points of view as part of the debates on matters within its remit.

The Appointments, Remuneration and Corporate Governance Committee (APCGC), at its meeting on January 25, 2021, performed the annual check on the Policy for ensuring diversity in the composition of the Board of Directors and director selection, concluding that the composition of the Board of Directors is reasonably diverse in terms of knowledge, experience, background and age of directors, with a positive balance overall, although the same could not be said for gender diversity.

The APCGC has found that, during 2020, the principles, objectives and procedures set out in the Policy for ensuring diversity in the composition of the Board of Directors and director selection had been taken into consideration in relation to the proposed appointment and reelection of directors, in addition to the election to office, notwithstanding the reservations made in relation to gender diversity.

During the director selection process performed at the Company in 2020, diversity was considered as a criteria for steering the composition of the Board of Directors. At the start of 2020, the aim of the ARCGC was to implement a plan for identifying female candidates with a view to prioritizing them in the proposed appointments of new external non-proprietary directors to fill vacancies arising on the Board. However, the Statement of Non-Financial Information provides further details of the results of this plan and the reasons that it has not been possible to include more women onto the Board during 2020.

In December 2020, the Company had 3 female directors, accounting for 25% of the members of the Board. However, following the resignation of Ms Sonia Dulá on December 18, the number of female directors was reduced to 2, meaning that at year-end 2020, 16.66% of the members of the Board were women (at year-end 2019, the number of female directors was 3).

In February 2021, the Board appointed a new female director by co-optation, Ms Pepita Marín Rey-Stolle, as an independent director, to cover the vacancy left by the resignation of independent director Mr Javier de Jaime Guijarro. As a result, female directors now account for 25% of the total members of the Board.

Female directors have a notable presence on Company bodies: Ms Beatriz de Clermont-Tonerre is the Lead Independent Director, Chairwoman of the ARCGC and member of the Executive Committee and Ms María Teresa Ballester and Ms Pepita Marín Rey-Stolle sit on the Audit, Risk and Compliance Committee.

The Statement of Non-Financial Information provides details of the result of the analysis performed by the ARCGC and the future actions planned to continue making improvements in terms of gender. However, both the ARCGC and the Board itself have raised that the shortcomings in terms of gender diversity with the Board of Directors must be made a priority in the future. The Group must work towards the new goal recommended by the Spanish National Securities Commission (and specifically mentioned in the Policy), that female directors account for at least 40% of the members of the Board of Directors prior to the end of 2022, and never fall below 30% beforehand; furthermore, the Company must ensure that there are a significant number of women in senior management positions.

5.5. Respect for Human Rights and Fighting Corruption and Bribery

5.5.1. Compliance: Code of Ethics, Compliance Unit, Whistleblowing Channel

Prisa Group is committed to strictly complying with all the applicable regulations and the principles and rules of conduct included in its Code of Ethics, which is the pillar of its compliance model.

The Code of Ethics referred to in section F.1.2 of the ACGR contains the catalogue of principles and rules of conduct that must govern companies that make up the Group and all its professionals, with a view to ensuring an ethical and responsible approach to their duties. It can be consulted in Spanish and English on both Prisa's website and the Group's intranet, and forms part of the welcome pack provided to all employees when they join the Group.

The Code sets out a number of general ethical principles in relation to respect for human rights and public freedoms, professional development, equal opportunities, non-discrimination and respect for people, health and safety in the workplace in addition to environmental protection.

Furthermore, the Company has its own Compliance Unit, which reports to the Audit, Risk and Compliance Committee, responsible for factors including but not limited to overseeing and promoting the ethical behavior of employees and professionals at the Group and identifying, managing and mitigating compliance risks, as described in section F.1.2 of the ACGR.

The Compliance Unit also assumes the functions of the Crime Prevention Body required under the Criminal Code.

The main Business Units at the Group have their own compliance units, whose activities are coordinated on a joint basis. In turn, some Group companies, on account of their size or requirements of the legislation in the countries they operate in, have specific compliance units or have appointed a compliance manager. In this connection, there are compliance managers or units at companies in Brazil, Mexico, Ecuador, Colombia and El Salvador.

Furthermore, as described in section F.1.2 of the ACGR, Prisa has a whistleblowing channel.

To make queries concerning the Code of Ethics and other matters in relation to internal regulations and compliance, the Company's employees can also send an email to a dedicated inbox (cumplimiento@prisa.com) managed by Prisa's Compliance Unit.

Furthermore, there are compliance mailboxes associated with the Compliance Units for each business that redirect to the Company's compliance mailbox, through which queries can be raised about the Code of Ethics and other matters, in addition to reports of inappropriate behavior. Claims are handled via these mailboxes in the same way as the procedure defined for the whistleblowing channel.

In 2020, 28 claims were filed, 5 less than in 2019. Of these, 6 were upheld and 22 were unsubstantiated.

5.5.2. Respect for Human Rights

Prisa's Code of Ethics defines respect for human rights as a general ethical principle. Prisa is committed to respecting and protecting human rights and public freedoms. Respect for human dignity is the main objective of this commitment.

Furthermore, as set out in section *5.6.2.1*, the inclusion of social, gender equality and environmental issues in contracting procedures are enhanced with our suppliers through the general contracting conditions available on the corporate website.

The non-financial risk map, as a tool for monitoring respect for human rights, takes the number of valid claims received as a reference. Of all the claims received and handled in 2020, 15 concerned human rights and, for the most part, corresponded to harassment in the workplace, 4 more than in 2019. Having analyzed these claims, it was concluded that 3 were valid compared to the 1 considered valid in 2019. In these cases, the corresponding corrective measures have been adopted.

5.5.3. Fighting corruption and bribery

The Code of Ethics sets out the main principles in relation to internal control and preventing corruption, addressing aspects such as the transparency, accuracy and reliability of information and control of records and measures against corruption, anti-money laundering and unusual payments.

In December 2020, Prisa Group employees were provided with an online course about the Code of Ethics, covering all the principles, values and rules of conduct included in it. The purpose of the course is to help Group employees remember and understand the principles and values that must guide their professional duties on a daily basis to act ethically, integrally and responsibly.

Principles in relation to internal control and the prevention of corruption are reinforced with other specific rules in our compliance model, such as the Anti-corruption policy, approved by the Board of Directors in February 2017, establishing the commitment of the Prisa Group in the fight against corruption in all its forms, in all areas of action and in all countries in which the Group operates. The policy establishes guidelines, precautions and procedures that must be observed by all Group employees and companies in the performance of their professional duties.

Furthermore, using the Code of Ethics and the Anti-Corruption Policy as a basis for its preparation, in October 2018 the Board of Directors approved the Prisa Group Investments and Financing Policy, which seeks to establish the framework applicable to the analysis, approval and control of investment and divestment projects and coverage of financial needs and financial risk management and control of the Group's business.

Furthermore, the Guidelines issued for Group companies to enhance measures to prevent and avoid money laundering as a result of unlawful activities are another specific rule in this regard.

The Company's specific rules also include a Gifts Policy, which seeks to guide professionals and bodies at Prisa Group responsible in taking the right decisions in terms of accepting and offering gifts, services and other support in the framework of Prisa Group´s commercial relations.

Furthermore, in addition to the Code of Ethics and the specific rules indicated in this section, another of the pillars of the compliance model is the Crime Prevention and Detection Model. Specifically in relation to preventing and detecting corruption and bribery, it is essential to have a crime control and risk matrix in place, with the crime prevention and detection model subject to constant verification and updates to ensure its effectiveness and the correct functioning of the controls established therein.

A key indicator in assessing corruption risk, in all its forms and in both the public and private sectors, is the number of valid claims filed in different years. In this respect, of the 28 claims received and analyzed in 2020, 8 involved corruption comparted to the 7 corruption-related claims received in 2019. Of the reports of corruption received in 2020, 3 were considered valid compared to the 4 considered valid in 2019. As was the case in the previous year, the corresponding corrective measures were adopted.

In turn, the Group has another series of policies and procedures, plus additional measures to prevent bribery and fight corruption, including the following:

- Procedure for action before the public authorities.
- Restricted power of attorney structure.
- Travel and entertainment expenses policy.

In relation to the protocol for action in cases of corruption, bribery and money laundering, employees and third parties have access to the whistleblowing channel and compliance inboxes; in addition, employees are encouraged to consult their line manager and/or Human Resources, encouraging “claims without fear of reprisals”, as the Code of Ethics itself prohibits any form of retaliation against employees who report breaches or potential instances of misconduct in good faith.

5.5.4. Donations to foundations and non-profit organizations

In 2020, Prisa Group made 24 donations to foundations and non-profit organizations for the sum of EUR 1,495 thousand. In 2019, made 53 donations to foundations and non-profit organizations for the sum of EUR 1,698 thousand (Santillana: EUR 1,269 thousand, Prisa Corporate: EUR 286 thousand, Prisa Radio: EUR 72 thousand, Prisa News: EUR 70 thousand).

Below is a breakdown by countries and business units of the donations made this year in thousand of euros:

	Prisa Corporate	Santillana	Prisa News	Prisa Radio	Group Total
Spain	263	425	634	115	1,437
Brazil		4			4
Chile		2			2
Colombia		2			2
El Salvador		38			38
Guatemala		9			9
Honduras		2			2
Total	**263**	**483**	**634**	**115**	**1,495**

The list of foundations and non-profit organizations cooperated with in 2020 can be consulted in the next section of this report.

5.6. Social information

5.6.1. Corporate commitments to sustainable development

Permanent dialog with society allows Prisa to ascertain the expectations and interests of the communities in which it operators and become involved in their development. The different types of dialog can be consulted in the Prisa Code of Ethics and the Sustainability Policy updated in November 2020, which establish the framework of reference to ensure responsible behavior with sustainable development and its stakeholders; the objectives of this process can be consulted in section 5.2.1 of this report.

As an example of this dialog with its stakeholders, in 2020 Prisa updated its material analysis and prioritized the Sustainable Development Goals (SDGs) by consulting the main stakeholders in the framework of the project launched with a situation diagnosis, the aim of which is to integrate the sustainability strategy in line with the 2030 Agenda throughout the organization.

As a result of this process, five strategic objectives were defined for Prisa: SDG 4: High-quality education, SDG 8: Decent work, SDG 5: Gender equality, SDG 16: Peace, justice and strong institutions and SDG 13: Climate action. In addition to 4 complementary objectives:

SDG 10: Reduced inequalities, SDG 17: Partnerships for the goals, SDG 11: Sustainable cities and communities and SDG 1: No poverty.

Prisa's contribution to the five strategic SDGs:

SDG 4: High-quality education
As part of its activities, in particular in the field of Education, and its lead role in raising awareness, a key factor in achieving the 2030 Agenda, across society about sustainable development. With a particular impact on goals 4.7: contributing to all students acquiring the theoretical and practical knowledge required to promote sustainable development, including through education for sustainable development and sustainable life styles, human rights, gender equality, promoting a culture of peace and non-violence, world citizenship and the appreciation of cultural diversity and the contribution of culture to sustainable development. Goal 4.5: contributing to eliminating gender imbalances in education and securing equal access across all levels of education and professional training for vulnerable persons, including people with disabilities, indigenous peoples and children in vulnerable situations. Goal 4.c: contributing to increasing the supply of qualified teachers.

SDG 8: Decent work and economic growth
Through the promotion of local employment and economic growth by prioritizing purchases from local suppliers.

SDG 5: Gender equality
Raising awareness on equal opportunities and non-discrimination, coordinated through content, initiatives and campaigns.

SDG 16: Peace, justice and strong institutions
In the performance of its duties, which promotes respect for human rights and individual freedoms, the construction of democracy and freedom of expression.

SDG 13: Climate action
On account of its significant role raising awareness across society about climate change, to which end it develops specialist content and specific partnerships.

The initiatives undertaken by the Group in relation to sustainable development are focused on contributing in particular to these goals to achieve the 2030 Agenda.

As a testament to its commitment to sustainable development, Prisa forms part of important social agents. To this end, it is a partner of the United Nations Global Compact and forms part of the executive committee of its Spanish Network; it has also signed up to the Ten Principles that this global organization uses to promote human rights, the fight against corruption, labor rights and care for the environmental. Prisa also collaborates with the Global Compact as part of the UN's mandate to promote the Sustainable Development Goals (SDGs). To this end, Prisa has participated in the #apoyamoslosODS campaign, which seeks to serve as a loudspeaker to achieve a multiplier effect and raise awareness of and work on the 2030 Agenda. Furthermore, it forms part of the companies that promote the *Reconocimientos go!ODS*, which recognize innovative projects that make a contribution to the achievement of the SDGs.

Prisa also forms part of the group of companies that make up Fundación SERES. In 2020, it participated in the dissemination of the foundation's initiatives, emphasizing the social action of the companies in the face of COVID-19 and the promotion of the SERES Awards; this acknowledgement seeks to recognize the best strategic and innovative actions that add value to society and the company, and in 2020, special emphasis was placed on projects that respond to the COVID-19 crisis.

In 2020, Prisa became a member of Forética, a leading organization in sustainability and corporate social responsibility matters, whose mission is to integrate the social, environmental and good governance aspects in the management and strategy of companies.

In terms of education, Prisa is one of the trustees of Fundación Conocimiento y Desarrollo (CYD), which analyzes and promotes the contribution of universities to the economic and social development of Spain, and Fundación Princesa de Girona, which supports young people in their professional and personal development.

It collaborates with Fundación de Ayuda contra la Drogadicción (FAD), of which it is a founding trustee and member of its media committee to promote the personal development of young people through education in positive attitudes and the prevention of behaviors engendering social risk.

As part of its commitment to fighting climate change, the Group collaborates with the World Wide Fund for Nature (WWF), the largest independent international organization dedicated to defending nature and the environment. Since 2008, it has supported *Earth Hour*, the largest global initiative to mobilize citizens against climate change. Through this initiative, it reinforces its commitment to SDG 13 of the 2030 Agenda.

In the field of innovation, research and development, Prisa is a trustee of Fundación Pro CNIC (Spanish Cardiovascular Research center) and participates in the dissemination of its campaigns.

In response to the social emergency caused by the pandemic, Prisa has collaborated with the Emergency Committee it forms part of, created in 2015 in Spain by six NGOs (Acción contra el Hambre, ACNUR Comité Español, Médicos del Mundo, Oxfam Intermón, Plan International and World Vision), who decided to join forces to consolidate public and private solidarity for major humanitarian crises. As a result of COVID-19, in April 2020, the Emergency Committee was activated and Prisa implemented a campaign via its media resources to raise funds and allocate them to the urgent needs arising in Spain and developing countries. In total, EUR 200,000 were raised.

The pandemic has defined 2020. The health crisis has put the Group's communication resources to the test, which have demonstrated their social commitment and the leading role they play in providing accurate, quality information with useful content for the general public.

Press (PRISA News)

In Spain, the processing for launching the digital subscription model at EL PAÍS, which began in March, was postponed due to the severity of the situation caused by the pandemic. Over lockdown, the newspaper stepped up its coverage of the health crisis across all supports and readers had free access to the printed edition of the newspaper and its magazines and supplements.

In line with Prisa's sustainability strategy, the newspaper has launched two new digital sections on particularly relevant social topics, including education on the one hand and climate and the environment on the other.

In the context of the pandemic, in which information became more important than ever, Press (PRISA News) has also focused on promoting the debate through a series of events with a particular social impact:

EL PAÍS Retina organized *Retina Reset: building a digital and sustainable future*, a virtual event focusing on how the pandemic has affected plans around the world, bringing the world that we knew to a standstill and how we now need to respond to the challenges posed by the coronavirus crisis. Impacts: more than 8,200 unique users, 11,597 page views and almost 3,200 video views.

EL PAÍS organized a debate entitled *Rethinking Spanish health. A new health system for a new normality*, which offered the opportunity to analyze the changes needed in Spain's health system in light of the pandemic. The event streamedlive from EL PAÍS' website. Impacts: more than 6,000 unique users, more than 15,000 page views and 2,657 video views.

In October, EL PAÍS held an event under the slogan *Sustainable investment, responsible revolution* in alliance with BBVA, about the positive impact of assets managed using environmental criteria. Impacts: 1,837 unique users, more than 2,800 page views and 972 video views.

The *Future Forum: Observatory of economic trends* organized by CincoDías to address the reforms necessary for the job market and the future of economic and financial activity. Impacts: the figures of the articles published in *cincodias.elpais.com* are as follows: 10,281 unique users and more than 13,500 page views.

EL PAÍS, CincoDías and Cadena SER joined forces to celebrate *Building a sustainable future*: *Dialogs for recovery* a forum in which representatives of the administration and several experts analyzed the impact of the crisis caused by COVID-19 and the keys for creating a sustainable wealth model. Impacts: 3,500 unique users, more than 4,700 page views and more than 900 video views.

Furthermore, EL PAÍS, CincoDías and Cadena SER organized the event *The elderly, a forgotten generation*, reflecting on the elderly and their place in society after the lessons learned from COVID-19. Impacts: 2,683 unique users, 3,254 page views and more than 500 video views.

The actions performed by Press (PRISA News) to contribute to local employment include projects like *El País with your future,* an educational event focusing on the labor market and professional development that helps young people to orient their future. The event was streamed on EL PAÍS's website for anybody interested to access the content. It was held in May and December. Impacts: the articles published in *elpais.com* about these events returned the following figures: 2,769 unique users, 3,563 page views and almost 300 video views.

The UAM-El País School of Journalism, created in 1986, belongs to a non-profit foundation in which the Autonomous University of Madrid and EL PAÍS have an equal share. The School's main activity is the *master's degree in journalism,* taken by 70 students in 2020. The School of Journalism also imparted thematic workshops to 667 students.

Sponsorship activities by Press (PRISA News) have focused on Fundación Human Age to promote the employability of groups at risk of exclusion and Reporters Without Borders to support the freedom of information.
In response to the social emergency caused by the COVID-19 pandemic, it has collaborated with Action Against Hunger in Spain, as part of its campaign #*NoNosRendiremos,* which seeks to raise funds for the solidarity aid cards program and with Fundación Reina Sofía as part of *Operación Frío*, the objective of which is to obtain donations for the food bank in Spain to purchase refrigeration equipment that makes it possible to store and distribute fresh food.

PRISA Radio

In 2020, PRISA Radio has had the opportunity to respond to significant social demand for information and entertainment among people in lockdown. During this period, all radio programming was guided by the idea of being useful to listeners and being *the voice in the middle of the noise*, responding to all expectations of obtaining better information about the circumstances and offering entertaining and high-quality programming that would help listeners to overcome the difficult times.

The impact on society of PRISA Radio is reflected in Spain via initiatives like the *Well-Being Conferences* hosted by Cadena SER, a space for dialog in which experts in different fields of knowledge debate the search for well-being in our society.

The coronavirus crisis has generated a food emergency that has affected thousands of people in our country. Food banks are being overwhelmed, with a shortfall in supply that is making it impossible to respond to demand. Cadena SER, LOS40 and Cadena Dial have collaborated with Fundación Carrefour and the Red Cross as part of the operation #*Kilosdesolidaridad* to help the most vulnerable families, by mobilizing their audiences as part of the food drive. Impacts: 2,700 unique users, estimated reach of 1,300,000 actual readings and a total of 93 media outlets covered the operation, with a potential audience of 37.8 million users. 1,139,000 kg of food were donated, to be distributed to the most vulnerable families.

With PRISA News, it has also collaborated with Fundación Reina Sofía as part of *Operación Frío,* as explained above.

In 2020, LOS40 launched the campaign *Connecting to your planet* as a continuation of *Join the fight against climate change, #IDo,* which responds to the need to enhance the visibility of the problems caused by climate change and how they affect our planet and society. This initiative reinforces its commitment to SDG 13 of the 2030 Agenda and seeks to serve as a call to action.

In a year in which live music has been affected directly by the pandemic, LOS40 has demonstrated its firm commitment to the music industry and its followers. The music radio station has remained faithful to its values to entertain and brighten thousands of people's lives and has committed to continue holding the LOS40 Music Awards, adapted to the safety measures required by COVID-19 with an audiovisual format. Impacts: 24,000 unique users, 23,500,000 *reach* and 587 publications in media.

During 2020, Cadena Dial has reinforced its commitment to social responsibility through the campaign *Be Dial*, an initiative originally launched in 2018 and that seeks to contribute to SDG 5, for equality, and SDG 10, to reduce inequalities. This year, Dial has undertaken various initiatives through its broadcasts, social media platforms and on important days like Women's Day 2020, World Day for Diversity or LGTBQ Pride+.

In Colombia, radio has focused a large part of its efforts on social campaigns and initiatives that seek to reduce the effects of the COVID-19 pandemic in society, in addition to projects aimed at helping disadvantaged children.

Radio W ran the *Vamos pa' lante* social campaign, raising EUR 1,168 thousand in donations to help young people with limited resources to continue with higher education.

Radio Caracol signed up to the *Colombia cuida Colombia* initiative to collect food for vulnerable populations and support the protection of health workers.

Other important milestones included the partnership between Radio Caracol with UN Women to develop content related to the defense of human rights and gender equality, and the maintenance of the partnership with ICBF (Colombian Institute for Family Well-Being) to support the promotion of the rights of boys, girls, adolescents and families in the framework of the Code of Infancy and Adolescence.

Oxígeno Villavicencio embarked upon partnerships with companies in the city to contribute to social efforts and in the form of donations, purchase gifts for children from vulnerable districts and foundations like La Casa del Alfarero, in the Porvenir district, and Llenando Corazones de Alegría in the La Reliquia district.

Bésame collaborated in gathering donations in different cities to purchase gifts for children with limited resources and Tropicana participated in the collection of food for the most vulnerable communities.

Radioactiva organized its traditional Jingle Bell Rock which, on account of the pandemic, had to be held online; more than 700 toys were donated which were provided to children in Medellín, Cartagena and Santa Marta through Fundación Juanfe.

In Chile, different solidarity actions were undertaken with music as the common theme. *The "Quédate en Casa" festival*, a free streamed concert featuring the most popular artists, presented by the hosts of the main shows. *The "Quédate en Casa Kids festival*, which brought together the most famous children's music groups in the country. The initiative was supported by Unicef and through the *Alimentando corazones* campaign, food and educational material was collected to help children with limited resources.

Making a contribution to local employment and development is also among the objectives of PRISA Radio; to this end, it promotes events like the *SER Forums and conferences* addressing topics that seek solutions through debates and expert talks.

During 2020, Cadena SER organized *En marcha por la España vaciada*, a national project that sought to reflect upon and offer solutions to the problem of depopulation, which poses an insurmountable problem for many towns and regions in not getting left behind and continuing to develop. The objective is to create an active loudspeaker for a movement that shares solutions, resources, platforms and broadcasting.

Santillana

Santillana's social contribution in a year marked by the pandemic has focused on online education, which has been key as practically all schooling activities have been performed online.

Using the Rutas Formativas platform and other tools, training has been offered to teachers both in the technological challenges posed by the pandemic (use of Santillana platforms, training in ISTE international digital standards, etc.) and the emotional transition of educational communities. The role of educational coaching teams, responsible for a large part of this training, has been essential to this work.

Santillana's social media accounts across Latin America have committed to providing centers with training and backing, to which end 7,059 webinars have been generated for principals, teachers and students, reaching a total of 5,211,678 users.

Furthermore, several free sources, tips and reflections have been offered by renowned figures via La escuela en casa, Santillana en casa (Argentina), Maratona.edu (Brazil), En casa aprendo (Chile) and Quédate en casa (Peru), created by former teachers to offer support during lockdown.

For families, it created a free children's app, Pupitre, and steered the content strategy of Compartir en Familia towards responding to many of the issues posed by lockdown.

Part of the DNA of Santillana, as a company that creates educational content and services, is Sustainable Development Goal (SDG) 4: High-quality education.

With a view to enhancing its contribution to this goal and other SDGs, the company has created *Propósito Santillana*, a reference framework that will encompass all Corporate Social

Responsibility actions in Latin America and, in particular, social action initiatives that contribute to achieving the 2030 Agenda.

Santillana also makes contributions to society through different sponsorship initiatives in the countries in which it boasts a presence.

Santillana corporate donates funds to Fundación Santillana for it to perform its duties. Founded in 1979, the foundation promotes debate and reflection with a view to improving the quality of education.

Santillana Argentina has an annual agreement with Tiflonexos, an association that works to extend access to reading and information, based on the use of technology, promoting autonomy among people with disabilities.

In Brazil, it collaborates with different organizations, including the Brazilian Institute of Applied Sociology (IBSA) and the Nacional Union of Local Heads of Education (Undime).

Santillana Chile donates to Fundación Hogar de Cristo, Fundación Las Rosas and Fundación Telefónica as part of its program *Unidos por la primera infancia* (UPPI).

In Colombia, Santillana has a partnership in place with Fundación San Antonio for the donation of tablets for a digital education.

In northern Central America, Santillana collaborates with different non-profit organizations in the different countries in the region, such as the Rotary Club, Centro Español and Fundación Educación y Cooperación in El Salvador, Asociación Educadores Populares Reasentados de Quiché and the Spanish Chamber of Commerce in Guatemala and FUNDAHRSE in Honduras.

5.6.2. Outsourcing and suppliers (Responsible management of the supply chain)

5.6.2.1. Inclusion of social aspects, gender equality and environmental matters in contracting procedures

Prisa maintains its commitment to social matters that indirectly, and through its suppliers, have an impact in this context. To this end, at the start of negotiations, the Department of Resources, Assets and Security establishes the corresponding guidelines, so that all activities are included in their procurement procedures, which are also reflected in the General Purchasing Conditions published on the Group's supplier portal.

5.6.2.2. Relationships with suppliers and subcontractors for whom they are socially and environmentally responsible

Prisa Group has a supplier approval procedure to assess and control the main suppliers across the Group's different countries worldwide, addressing aspects ranging from social responsibility, equality in the workplace or taxation, the prevention of occupational accidents, fraud, corruption and environmental management systems that suppliers may have implemented.

5.6.2.3. Supervision and audit procedure

Given the type of supply required by Prisa Group companies (progressively more focused on the provision of services), the high percentage of local suppliers with which the Group works in each country and that no significant risks have been detected that require a more detailed inspection, no audit of current suppliers is expected to take place in the medium term.

5.6.2.4. Impact on local development

Prisa Group, in line with SDG 8, has set itself the goal of continuing to commit to local development and generating a local impact among suppliers, in addition to maintaining the consolidated allocation in each business group and over the course of the next 3 years more than 80% of payments to be made shall be made to suppliers whose tax address is in the location in which the product or service is purchased and delivered. Along these lines, supplier payments in 2020 came to EUR 510 million, with 89.5% made to local suppliers.

% payments to local suppliers	
2020	2019
89.5 %	**90.3%**

In terms of companies with the largest international presence, Santillana and Radio, 86.3% and 93.1 of spending is on local suppliers, respectively.

5.6.3. Consumers, users, readers and listeners

The Code of Ethics at Prisa Group establishes that the relationship with customers, readers and listeners must be based on transparency; to this end, it is committed to offering a high-quality service that is equal to or beyond the legally established requirements and standards, competing on the market based on the merit of our products and services.

In this respect, developing on the Code of Ethics, in February 2017, the Board of Directors approved the Competition Policy, which seeks to set out the principles and general rules of action that must be observed by companies, staff and management at the Group to compete on markets faithfully, promoting free competition to the benefit of consumers and users, complying with the competition regulations in the jurisdictions in which the Group is present, avoiding conduct that constitutes or may constitute conspiracy, abuse or restriction of competition.

Prisa's businesses, activities and investments in education, radio and press are subject to the specific regulatory framework of the sector in which these activities are performed. With the exception of the Press business and certain Education activities, where there is a direct relationship with the consumer and/or user, the General Law for the Defense of Consumers and Users (Royal Legislative Decree 1/2007 of November 16, as amended by Law 3/2014 of March 27) does not apply.

In relation to the complaint systems available to consumers in addition to the Whistleblowing Channel for third parties, accessible on the corporate website, the Business Units in each country have specific channels for responding to claims from third parties, including readers and listeners, even when they are not legally considered consumers and/or users.

In Spain, within the Press division, at El País, Diario As and Cinco Días, there is a customer care center. Following the launch of the new digital product at El País in March 2020, new types of incidents have been defined and a new channel for communication with subscribers to the digital edition established via a Chat feature, in addition to the preexisting channels available in the form of email and telephone assistance. In 2020, a total of 195,037 communications from readers and users were received, of which 14,676 were considered incidents. The customer care center resolves incidents directly or handles their resolution with the end suppliers of products and services. When necessary, it escalates incidents to other departments, as in the case of data protection requests received via privacidad@prisa.com. El País also has a Reader's Ombudsman.

Santillana's activities in all countries, involving the sale of books, are targeted at schools, libraries and distributors rather than end consumers. There are communication channels in each country for these customers, through which claims are received; these claims are normally related to logistics, in relation to the delivery of products.

In Spain, the online training activities performed by Santillana under the Bejob brand is aimed at both company employees and professionals. Incidents are managed via email or via the online support available on the platform. In 2020, 3 incidents were handled.

Santillana companies in America sell digital products aimed at schools and students. In each country, communication channels have been established for incidents and claims, which are often filed by schools. For example, Brazil has two communication channels for claims: Reclame aquí, an external web service, and Fale Conosco, an in-house online and telephone channel, and in Argentina, the Help Desk is aimed at responding to queries and claims from schools.

5.6.3.1. Cybersecurity and privacy of information (consumers, in-house staff and supply chain)

The protection of personal information remains one of the organization's priorities. Personal data has become a valuable asset and attacks on security loopholes can cause significant damage; therefore, one of the basic requirements of a digital society is having appropriate cybersecurity.

Following the publication of the General Data Protection Regulation (GDPR) in 2016, which came into force in May 2018, Prisa has worked on consolidating and perfecting its control processes and guaranteeing the security of personal data, in addition to the rights of consumers in terms of their potential use.

The changes in European regulations have also provided Group companies in America with an impetus to review their procedures to ensure compliance with local data protection regulations. Santillana Brazil has completed the definition of policies, procedures and clauses to adapt them to the new General Data Protection Regulation which came into force in September 2020.

To exercise their rights, users and individuals whose personal data are processed by Group companies can file claims or contact the Group's Data Protection Officer at dpo@prisa.com. Furthermore, there is a dedicated postal address and the digital Radio and Press services (Prisa News) also have a dedicated mailbox for the exercise of rights: privacidad@prisa.com.

In 2020, the DPO mailbox received five claims from the Spanish Data Protection Agency (AEPD) in relation to the exercise of data protection rights, of which four corresponded to the News business and one to the Radio business; furthermore, a request from the AEPD to remove inappropriate content and a request for information in the News division were also received. In 2020, Santillana did not receive any claims or complaints about data protection via the DPO inbox.

During 2020, action has been taken with a view to enhancing the protection of information security, increasing the confidentiality, availability and integrity of data processing by:

a. Assessing the impact on the privacy of critical data (PIAs).
b. Creating a new regulatory body of information security, in which consideration is given to the rights of consumers/users.
c. Incorporating specific cybersecurity clauses in contracting processes with a view to ensuring that the applicable measures are applied to outsourced activities.
d. Undertaking an approval process in this respect, with the main service providers, thus demonstrating the commitment to monitoring and assessment to protect our consumers/users.

5.6.4. Tax information

Below are details of the consolidated pre-tax results in 2020, included in the consolidated financial statements distributed by country.

Country	**Thousands of euros**
Brazil	24,749
Chile	(12,462)
Colombia	(99)
Mexico	(48)
Guatemala	5,362
Dominican Republic	(364)
Ecuador	(5,438)
Bolivia	1,842
Peru	(1,724)
Portugal	2,398
Argentina	(1,702)
Spain	(184,299)
Other countries	5,396
Total	**(166,392)**

Corporation tax paid by these companies in 2020, came to EUR 17,849 thousand, broken down as follows:

Country	**Thousands of euros**
Brazil	3,487
Chile	2,614
Colombia	1,984
Mexico	1,759
Guatemala	1,866
Dominican Republic	2,168
Ecuador	978
Bolivia	677
Peru	873
Portugal	89
Argentina	149
Spain	267
Other countries	938
Total	**17,849**

Finally, the subsidies received by the Group are not significant, as they represent 0.05% of total operating income.

Content required under Law 11/2018 of December 28					
Information required under Law 11/2018	**Materiality**	**Section in report or document providing a response**	**Connection to GRI indicators**	**Principles of the Global Compact**	**Sustainable Development Goals***
General information					
a) A brief description of the Group's business model, including its business environment, organization and structure, the markets in which it operates, objectives and strategies and the main factors and trends that could affect its future evolution.	Material	5.1. The Prisa Group and its Business Units	GRI 102-1 GRI 102-2 GRI 102-4 GRI 102-6	-	SDG 8
b) A brief description of the policies applied by the Group in relation to these issues, including the due diligence procedures applied to identify, assess, prevent and mitigate risks and significant impacts and verification and control, including the measures adopted.	Material	Throughout the Statement of Non-Financial Information	Indicators contemplated in the Statement of Non-Financial Information in relation to economic, social and environmental aspects		
c) The results of these policies, including the key indicators of significant non-financial results that make it possible to monitor and assess progress and promote comparability between companies and sectors, pursuant to Spanish, European and international frameworks of reference used in each field.	Material	Throughout the Statement of Non-Financial Information	Indicators contemplated in the Statement of Non-Financial Information in relation to economic, social and environmental aspects		
d) The main risks related to these issues corresponding to the Group's activities, including, where applicable and proportionate, their commercial relations, products and services that may have negative impacts on these fields, and how the Group manages these risks, explaining the procedures used to detect them and assess them pursuant to Spanish, European and international frameworks of reference used in each field. Information must be included on the impacts detected, offering a breakdown of them, in particular the main risks in the short, medium and long term.	Material	5.2. Risk management	GRI 102-15		
Reporting framework used and the principle of materiality	Material	5.2.1 About this report	GRI 102-43		
Environmental matters					
Detailed information on the actual and foreseeable effects of the company's activities on the environment and, as applicable, health and safety, environmental certification or assessment procedures, the resources dedicated to environmental risk prevention, the use of the principle of precaution, the provisions and guarantees for environmental risks.	Immaterial	5.3. Responsible environmental management	GRI 102-11	Principle 7. Businesses should support a precautionary approach to environmental challenges. Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	SDGs 3, 6, 7, 8, 12, 13, 14, 15
– **Pollution:** measures to prevent, reduce or repair carbon emissions that have a serious impact on the environment; taking into consideration any form of atmospheric pollution specific to an activity, including noise and light pollution.	Immaterial	5.3.1.Atmospheric pollution and energy efficiency	GRI 305		
– **Circular economy, prevention and waste management**: prevention measures, recycling, reuse, other ways of recovering and eliminating waste.	Material	5.3.2.Circular economy, prevention and waste management	GRI 306-2		
Actions to combat food waste	Immaterial	Given the type of business that PRISA undertakes and based on the analysis performed on the Non-Financial Risk Map by the Corporate division and business areas, food waste is not considered a material aspect.	Immaterial indicator		
– **Sustainable use of resources:** consumption of water and supply of water in line with local limits; consumption of raw material and measures adopted to improve their efficient use; direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy	Material	5.3.3.Sustainable use of resources	GRI 302-1 GRI 302-4 GRI 303-1 GRI 303-5		
– **Climate change**: the important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of goods and services it produces; the measures adopted to adapt to the consequences of climate change; the medium and long-term reduction milestones defined voluntarily to reduce greenhouse gas emissions and the measures implemented to this end.	Material	5.3.4.Climate change	GRI 305-1 GRI 305-2 GRI 305-4		
– **Protection of biodiversity**: measures taken to preserve or restore biodiversity; impact caused by activities or operations in protected areas.	Immaterial	Given the type of business that PRISA undertakes and based on the analysis performed on the Non-Financial Risk Map by the Corporate division and business areas, it has been determined that the impact of our activities on the environment is very limited. Prisa's activities are performed in industrial urban/areas. where there is a low risk of affecting biodiversity.	Immaterial indicator		

Content required under Law 11/2018 of December 28					
Information required under Law 11/2018	**Materiality**	**Section in report or document providing a response**	**Connection to GRI indicators**	**Principles of the Global Compact**	**Sustainable Development Goals***
Social factors and those in relation to staff					
– **Employment**: total number and distribution of employees by gender, age, country and professional category; total number and distribution of contract types, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category, number of dismissals by gender age and professional category; average remuneration and its evolution broken down by gender, age and professional category or equal value; salary gap, remuneration of the same or average positions in society, average director remuneration, including variable remuneration, subsistence benefits, allowances, payments to long-term savings benefit systems and any other payment, broken down by gender, implementation of policies for the disconnection from work, employees with disabilities.	Material	5.4.1.Employment	GRI 102-8 GRI 102-35 GRI 405-1 GRI 405-2	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labor. Principle 5. Businesses should uphold the effective abolition of child labor. Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	SDG 3, 4, 5, 8, 10
– **Organization of work**: organization of work time; number of hours of absence; measures aimed at facilitating a work/life balance being achieved and promoting joint responsibility between parents.	Material	5.4.2.Organization of work	GRI 401-2		
– **Health and safety**: health and safety conditions in the workplace; occupational accidents, in particular their frequency and severity, in addition to professional illnesses; broken down by gender.	Material	5.4.3.Health and safety	GRI 403-9 GRI 403-10		
– **Social relations:** organization of the social dialog, including procedures for informing and consulting staff and negotiating with them; percentage of employees covered by collective bargaining agreements by country; balance of collective agreements, in particular in the field of occupational health and safety.	Material	5.4.4.Social relations	GRI 102-41		
– **Training:** policies implemented in the field of training; total amount of hours training by professional categories.	Material	5.4.5.Training	GRI 404-1 GRI 404-2		
– **Equality**: measures adopted to promote equal treatment and opportunities between men and women; equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of men and women), measures adopted to promote employment, protocols against sexual and gender-based harassment, the integration and universal accessibility of people with disabilities; policies against all forms of discrimination and, as applicable, the management of diversity.	Material	5.4.6.Equality	GRI 405		
Respect for human rights					
Application of due diligence procedures in relation to human rights; prevention of risks of human rights being violated and, as applicable, measures to mitigate, manage and repair possible abuses committed; reports of cases of human rights being violated; promotion and compliance with the provisions of the main conventions of the International Labor Organization in relation to respect for the freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labor.	Material	5.5.1.Compliance: Code of Ethics, Compliance Unit, Whistleblowing Channel 5.5.2.Respect for Human Rights	GRI 102-16 GRI 102-17 GRI 406 GRI 407 GRI 408 GRI 409 GRI 412	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	SDG 5, 8, 16

Content required under Law 11/2018 of December 28					
Information required under Law 11/2018	**Materiality**	**Section in report or document providing a response**	**Connection to GRI indicators**	**Principles of the Global Compact**	**Sustainable Development Goals***
Fighting corruption and bribery					
Measures adopted to prevent corruption and bribery; measures to combat money laundering, donations to non-profit organizations and foundations.	Material	5.5.3.Fighting corruption and bribery 5.5.4.Donations to foundations and non-profit organizations	GRI 102-12 GRI 102-16 GRI 102-17 GRI 205-1 GRI 205-3	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	SDG 16
Information for society					
– Corporate commitments to sustainable development: the impact of the company's activities on local development and employment; the impact of the company's activity on local populations and in the area; relations with the stakeholders in local communities and the different forms of dialog with them; association or sponsorship actions.	Material	5.6.1.Corporate commitments to sustainable development	GRI 203-2 GRI 413-1	-	SDG 1, 3, 8, 17
– Outsourcing and suppliers: the inclusion of social, gender equality and environmental issues in the procurement policy; consideration of environmental and social responsibility in relationships with suppliers and subcontractors; supervision and audit and results thereof	Material	5.6.2.1.Inclusion of social aspects, gender equality and environmental matters in contracting procedures 5.6.2.2.Relationships with suppliers and subcontractors for whom they are socially and environmentally responsible 5.6.2.3.Supervision and audit procedure	GRI 102-9 GRI 204-1 GRI 308 GRI 414		SDG 5, 8, 12, 16
– Consumers: measures for the health and safety of consumers; complaint systems, claims received and their resolution.	Material	5.6.3.Consumers, users, readers and listeners	GRI 418-1		SDG 16
– Tax information: benefits obtained country by country; corporation tax paid and public subsidies received.	Material	5.6.4.Tax information	GRI 201 GRI 207-4		SDG 1, 8, 9, 17

** Linking the SDGs and the GRI Standards, Last updated March 2020, GRI.*

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group is constantly adapting applications and management processes to changes occurring in its businesses, as well as technological changes. It participates in and is a member of various international and domestic associations and forums which enable it to identify possible improvements or opportunities to innovate and develop its services, processes and management systems.

During 2020, in **Education**, Santillana focuses on matters related to:

Educational innovation

During the pandemic, the R&D department has juggled performing an intense activity of supporting teachers and schools and analysing the changes experienced by the educational market.

The crisis experienced in schools has required complex reactions for which schools, teachers and managers were not prepared. To help the educational community, various initiatives have been developed by R&D:

- Through SantillanaLAB, the space for reflection on innovation, a number of virtual meetings was launched via videoconference in which the impact of the pandemic on learning and schooling was analyzed from various perspectives.
- In 2020 this innovation platform chose using podcasts as the vehicle to communicate and explore the latest happenings experienced by the sector, through the sound series "Diario de una docente" (A teacher's diary) and "Educadores por el mundo" (Educators around the world).
- Through IneveryCrea, the teachers' social network has contributed to making visible the work and successful experiences implemented by teachers to ensure that learning continues with schools closed. Collaboration projects have also been managed with organizations such as Movistar.
- Initiatives have been developed at Set Veintiuno aimed at promoting the work of these skills during the pandemic, such as the cycle of virtual conversations "Repensar la escuela desde las habilidades" (Rethinking schooling from skills), videos on the value of chess, and the documents "Habilidades en tiempos de cuarentena" (Skills during quarantine) and "Habilidades STEM en tiempos de cuarentena" (STEM skills during quarantine). Work has also been performed to explore new formats to promote working on soft skills beyond school.

Regarding research and analysis, the study on **Teacher transformation,** stands out, which has made it possible to go into greater depth into the change in this profession in recent years, as well as the needs before and after the pandemic, how they experience their work and what they demand to face this transformation**; Panorama #edtech in the decade 2010-2020**, an extensive field work to understand the impact and evolution during the last decade of hardware and software proposals related to the educational world. The study has enabled us to find out the parameters of its development in schools, find patterns (if any) and detect proposals and ideas that have worked in the market. Finally, work has been performed to understand the area of **Sustainability** in the learning processes and the possible efforts to address it.

Finally, and due to the profound transformations caused by COVID-19 in the educational market, various lines of work were activated to understand them and generate qualitative conclusions for internal decision-making. Weekly analyses were conducted by the **Observatory** during the first months of the pandemic from various perspectives of school activity and more in-depth documents were generated such as "Una escuela en suspenso" (A suspended school) and "La escuela de los *pandemials*" (The school of the pandemials).

In addition, the **Educational business analysis: a sector at its melting point** was generated to delve into greater depth in understanding the transformation experienced by the educational industry, through the forces operating in the market at the moment.

Educational technology

2020 has been an unprecedented year for the acceleration of online education. Quite a challenge for schools in Latin America, which had to adapt to a new educational context overnight, due to the suspension of face-to-face classes.

Santillana's digital educational offer in Latin America through its subscription models enabled teachers and students to remotely access the curricular content and follow the distance-learning classes normally. Our users were therefore able to make a transition towards 100% online education that is much more standardized and efficient by taking full advantage of the various solutions and services of the Santillana digital ecosystem, mainly the content distribution and evaluation platforms.

E-stela and Pleno, scalable and 100% in the Amazon cloud, they increased their activity exponentially, showing that they are fully prepared for both hybrid and remote education.

In 2020, e-stela registered a total of more than 210 million sessions, exceeding the threshold of 470,000 unique users daily in October. However, not only the accesses multiplied, but also the digital educational activity in e-stela: teachers and students consumed more than 167 million pieces of content online and session time increased by 50% compared to the previous year. The exorbitant increase in interactions in forums positioned this tool as the main channel for collaborative work.

In addition to online access to content, in 2020 there were more than half a million tablet synchronizations, which made it easier for students to study at home offline with Santillana content. At the solution level, this is a key differential, fundamentally in low connectivity environments, since few competitors in Latin America have a comprehensive supply of online and offline content consumption.

The role of Pleno was particularly important, which met the needs of schools by allowing us to closely measure the progress in our students' learning in a distance education context. The Santillana schools carried out an average of more than 45,000 daily evaluations during the 2020 school period through the Pleno platform.

The service in e-stela and Pleno maintained very high-quality standards despite the level of traffic, as confirmed by the availability of the aforementioned platforms, which was 99.78% and 99.98% respectively.

To complement the digital distance education service, Santillana integrated into its digital platform the main tools of the synchronous communication market through global strategic agreements with Microsoft, Google and Zoom with the aim of further facilitating communication between teachers and students that is always related to educational content. Since June, more than a million online classes have been scheduled in e-stela in a total of 1,250 schools that already use Microsoft Teams, Google Meet and Zoom within our digital ecosystem.

In 2020, we fulfilled the mission of supporting and working alongside schools and families with a comprehensive digital service that meets the educational needs during the pandemic.

In 2021 our main objective is to continue creating value in education through technology to promote hybrid and remote teaching in subscription models in Latin America.

At **PRISA Radio** the 2020 pandemic became the catalyst to step up the pace of digital transformation. Both with regard to the "*external*" user (in terms of development of digital product, web and apps) and the "*internal*" user: journalists, talk show hosts, presenters and also management and administration staff. The main lines of work were the following:

Systems and internal solutions: for production and collaborative work online

Implementing "*teleworking*" in record time, and ensuring that the medium's levels of production were not affected was deserving of transversal merit throughout the organisation. This called for major changes and reprocesses, and also heavy investment in technology. Portable computers were furnished to practically all staff, cloud systems were installed (Office 365), alongside collaborative systems (Teams) and new broadcasting systems, where our main "*voices*" were able to "*produce radio*" from their homes, as if we had continued to work from the studios. An unthinkable leap compared to the year 2019.

Within the strict confines of radio production, we had a wide portfolio of solutions based on in-house developments, with architectures designed to work in "*office stations*" which we gradually migrated to cloud structures, using lighter web applications. Just as our listeners want to enjoy our stations wherever and whenever they wish, the staff of Prisa Radio also required similar accessibility to carry out their daily tasks, from any location and team.

And within this new disruptive radio environment, we accelerated one of the main technological challenges facing Prisa Radio in Spain and in America: a start was made on the process to change broadcasting and production systems to an integrated audio and video management platform, adding in systems and solutions (focusing on Dalet Galaxy).

For Spain and America, a start was also made on the process to implement a global musical rotation system (Music Master CS), an information pillar to support a musical dashboard, for easier management and to boost our positioning with respect to partners and competitors in the music industry.

Systems and solutions for radio distribution and consumption

With respect to systems for the "*external*" user (audience) in 2020, Prisa Radio consolidated its digital strategy, based on the design of "*audio first*" consumer products, albeit also with a view to boosting listener participation. Radio, at all times relying on its values of proximity and company, had to work on a simple way of enabling listeners to relate to its programmes. To this end, the "*Participation*" functionality was integrated in more than 30 mobile applications, facilitating and boosting contact with the station and its programmes or presenters, through other applications such as WhatsApp, e-mail or audio messages.

The "*audio first*" strategy was also taken to the stations' web pages, working on the integration of the *players* at the *home page*, and during browsing on the *site* and in three of the main "*spoken*" brands of Prisa Radio: Cadena SER (Spain), Caracol (Colombia) and WRadio (Mexico).

Finally, some mention must be made of work to boost direct consumption of our stations on smart loudspeakers, avoiding any intermediation that would distance us from our listeners. There was an alliance with Amazon and its loudspeaker Alexa, where we launched the "*Radio Skill Kit*", a transversal application for all our stations for direct reproduction on the loudspeaker.

At **PRISA News i**n 2020 one of the major milestones was activation of the **Digital Subscription** in EL PAÍS, with a porous *paywall* model to enable up to 10 free articles to be read, with a monthly or annual subscription for unlimited reading. There are also advantages for subscribers, such as exclusive cultural experiences, less advertising, comments on news items and previews of the main editorials. Although implementation experienced several delays as a result of the pandemic, the model forged ahead with almost 85,000 subscribers by year-end in December 2020.

Progress was also made in terms of **mobile applications**, and in the case of AS, a preference micro-service was implemented to give users customised headlines exclusively with the issues that are of interest to them, and a "MyZone" section, or *MiZona*, which also has customised features, depending on their interests. The AS app is also undergoing an extensive redesign process, which will continue throughout 2021 along with other developments in the product. Redesign has entailed some major changes to the menu and the browsing process, and has introduced a number of new functions such as the headline video carousel or optimisation of the advertising section.

The EL PAÍS application also has some new functions, such as integration to download the printed edition in PDF, exclusively for subscribers, and development of a powerful search engine to locate contents by key words.

Another focus in recent months was the improvement of **information consumption services**, and in the case of AS one of the new features was the launch of a *New Live Platform* (LES), hosted in Amazon Web Services (AWS). This is a development of the previous platform (ESKUP), and it can commentate on any type of event, irrespective of typology, adding in customisation on the basis of the specific features of commentating on any sport. The new platform also allows dynamic contents to be added automatically, picking up information from the Results Platform via an API.

AS has also launched a new *Results Platform*. It is externalised and also hosted on the Amazon cloud (AWS). The new support rolled out can store hundreds of historical competitions, accessible in real time. The statistics are automatically associated with each player, team, match etc., providing users with even more information.

EL PAÍS has made progress in the ARC's CMS. Most contents have now been migrated for practically all sections of the newspaper, speeding up publishing processes and also distribution of contents.

Another successful line of work in the area of consumption and distribution was the BCIO project (*Branded Content Inventory Optimisation*), introduced in EL PAÍS in 2020. This model rotates various branded contents in the same editorial position, all of them reached by clicks. It can operate in any CMS and is unaffected by adblockers, with a combination of Test AB tools, adserving, and propensity models. The result may also be applied to other types of editorial contents, and not only to the most commercial branded content formats.

An initiative was also rolled out with reference to **customisation and segmentation**, and alongside user preference functions in the application, AS has created a new *Communication Channel for Users* (UCS). This is a notifications system with high visibility, since it can reach 100% of users. It can be adapted to third parties (ARC), segment variable multiples (customer, services etc.), disperse communications (news, headlines, editions etc.), and preview, depending on the device used.

Finally, in terms of **data processing** to provide better services for users, some major progress has been made thanks to the Google GNI initiative. Specifically, EL PAÍS has set up three lines of work with this funding: a data project to optimise subscriptions with propensity models, a project with technology to develop a Business Intelligence model with data on browsing and subscriptions, and a project with Prisa Brand Solutions to activate a dashboard integrating all financial information from the various lines of revenue.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1. Financing

Note 12b "*Financial Liabilities*" to the consolidated financial statements 2020 provides a description of the use of financial instruments by the Group.

7.2. Contractual commitments

Note 25 "*Future Commitments*" to the consolidated financial statements provide information on firm commitments giving rise to future cash outflows and associated with purchases and services received.

7.3. Dividends policy

Prisa does not have a set dividend policy, and so the Group's distribution of dividends is reviewed annually. In this respect, the distribution of dividends depends mainly on (i) the existence of profit that can be distributed and the Company's financial situation, (ii) its obligations regarding debt servicing and those arising from commitments acquired with its financial creditors in the Group's financing contracts, (iii) the generation of cash arising from its normal course of business, (iv) the existence or non-existence of attractive investment opportunities that could generate value for the Group's shareholders, (v) the Group's reinvestment needs, (vi) the implementation of Prisa's business plan, and (vii) other factors Prisa should consider relevant at any given time.

8. TREASURY SHARES

Prisa has performed, and may consider performing, transactions with treasury shares. These transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Covering requirements for shares to allocate to employees and management.

The operations of treasury shares, don´t realize on the basis of privilege information, nor respond to an intervention purpose in the free process of price formation.

At December 31, 2020, Promotora de Informaciones, S.A. held a total of 1,713,477 treasury shares, representing 0.242% of its share capital.

Treasury shares are valued at market price at December 31, 2020 (0.893 euros per share). The total amount of the treasury shares amounts to EUR 1,530 thousand.

At December 31, 2020, the Company did not hold any shares on loan.

9. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

Prisa's share capital at December 31st 2019 consisted of EUR 666,131 thousand and was represented by 708,650,193 ordinary shares all of which belong to the same class and series, each with a par value of EUR 0.94.

In June 2020, a series of reductions were made to the Company's share capital, all of which were carried out by reducing the par value of the shares, with the aim of cleaning up and strengthening the balance sheet, providing the Company with an equity structure that is more in line with its reality and market standards, and obtaining greater flexibility in total equity.

Following these operations, at 31 December 2020, Prisa's share capital stood at EUR 70,865 thousand and is represented by 708,650,193 ordinary shares, all belonging to the same class and series, with a par value of 0.10 euros each, fully paid up and with identical rights.

These shares are listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) through the Spanish Stock Exchange Interconnection System (SIBE).

Main shareholders in the Company´s share capital at the end of 2020 were Amber Capital, HSBC Holding PLC, Telefónica, Rucandio, International Media Group, Consorcio Transportista Occher S.A, Inversora de Carso S.A, Carlos Fernandez, Bank Santander, Melqart Opportunities Master Fund Ltd . Free float stood at around 21%.

As of January 2021, HSBC Holding PLC is no longer a significant shareholder of Prisa.

It is noted that in January 2021, the French group Vivendi, with investments in the telecommunications and entertainment industries, has acquired 9.9% of Prisa.

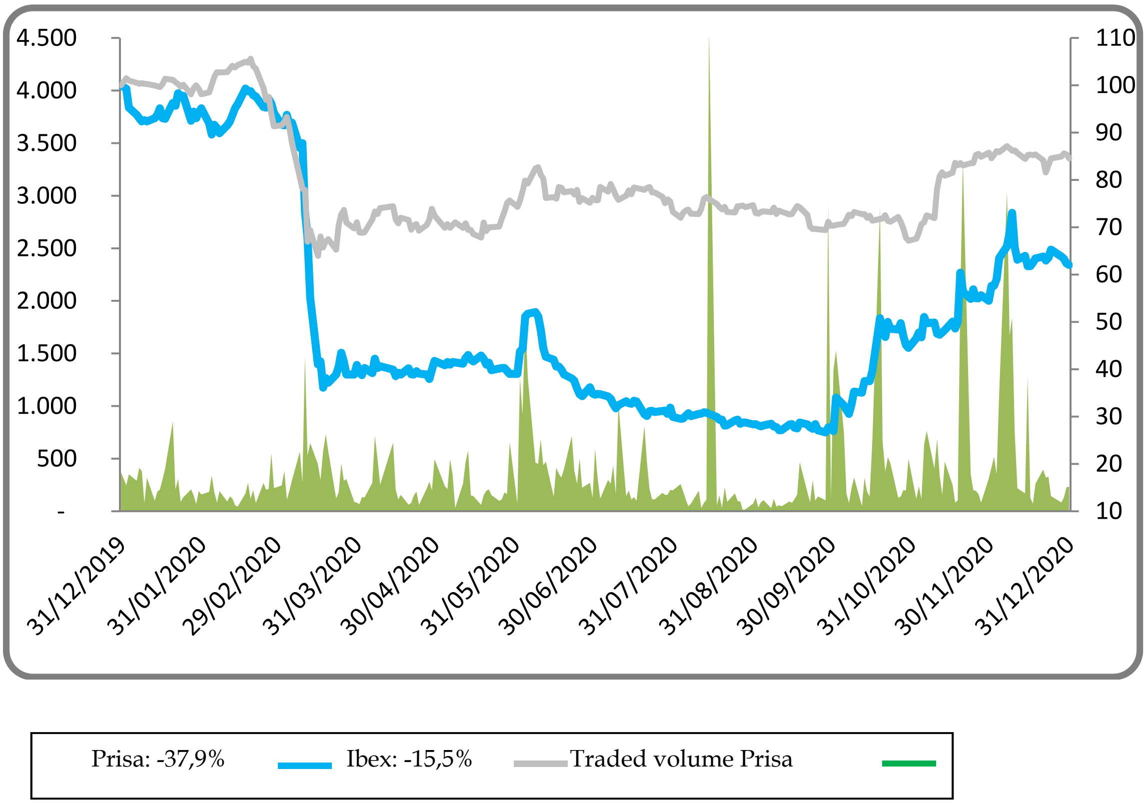
Share price performance

Prisa ordinary shares ended 2019 trading at a price of EUR 1.44 per share (December 31, 2019) and ended the year 2020 at EUR 0.893 per share (December 31, 2020), implying a devaluation of 37.9%.

The performance of Prisa's shares in 2020 has been conditioned by the company's capital and financial structure, by an environment of economic crisis due to the COVID-19 pandemic (which has affected industries and companies all over the world), as well as by the irregular behaviour of Latin American currencies

In 2020, the Company's directors continued to take a series of measures to strengthen the Group's financial and equity structure, focusing on profitable growth and value generation, such as the sale of Santillana Spain, the sale of Media Capital and the refinancing of debt until 2025.

The following chart shows the performance of the Prisa Group's shares relative to the IBEX35 index in 2020, indexed in both cases to 100:



Source: Bloomberg (31st December 2019- 31st December 2020)

10. AVERAGE SUPPLIER PAYMENT TIME

According to the information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, the average period of payment to suppliers in commercial operations for companies of Grupo Prisa located in Spain rises, in 2020, to 66 days *(see note 25 in the attached consolidated financial statement).*

The maximum legal period of payment applicable in 2020 and 2019 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers.

During the coming financial year, the Directors will take the appropriate measures to continue reducing the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferments.

11. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since December 31, 2020 until the date of approval of these consolidated financial statements.

12. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report for the year 2020, which is part of the Director´s Report, has been approved by the Board of Directors of Promotora de Informaciones, S.A. on its meeting held on March 23, 2021.

"English translation for information purposes only. In case of discrepancies between the Spanish original and the English translation, the Spanish version shall prevail".

ANNEX I TEMPLATE

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUER IDENTIFICATION

FINANCIAL YEAR:	31.12.2020
TAX ID CODE:	A-28297059
Corporate Name:	**PROMOTORA DE INFORMACIONES, S.A.**
Registered address:	Gran Vía, 32. Madrid 28013

A CAPITAL STRUCTURE

A.1. Complete the table below with details of the share capital of the company:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
02/07/2020	70,865,019.30	708,650,193	708,650,193

Please state whether there are different classes of shares with different associated rights:

NO

Remarks
i) On January 31, 2020, the share capital of Prisa amounts to EUR 666,131,181.42 and was represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.94 euros, and have been fully paid up. At the General Shareholders Meeting held on June 29, 2020, the following resolutions were passed: i. Share capital reduction by an amount of EUR 320,761,713.56 to offset losses, by decreasing the par value of shares by EUR 0.452637587, to EUR 0.487362413 per share. ii. Reduction of the share capital by an amount of EUR 7,086,501.93 to increase the legal reserve account, by decreasing the par value of the shares by EUR 0.01, to EUR 0,477362413 per share. iii. Reduction of the share capital by an amount of EUR 267,417,946.63, through the reduction of the par value of the Company's shares by EUR 0.377362413, to EUR 0.10 per share, to set up a reserve which will only be available under the same requirements as those for the share capital reduction. As of December 31, 2020, the share capital of Prisa amounts to EUR 70,865,019.30 and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros, and have been fully paid up. ii) The date of the last change to the Company's capital (02/07/2020) is the date of execution of the deeds of the last transaction.

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
AMBER CAPITAL UK LLP	0.00	29.84	0.00	0.00	29.84

HSBC HOLDINGS PLC	0.00	9.07	0.00	0.04	9.11
TELEFONICA, S.A.	9.03	0.00	0.00	0.00	9.03
RUCANDIO, S.A.	0.00	7.61	0.00	0.00	7.61
INTERNATIONAL MEDIA GROUP, S.A.R.L	5.14	0	0.00	0.00	5.14
GHO NETWORKS, S.A. DE CV	0.00	5.02	0.00	0.00	5.02
BANCO SANTANDER, S.A.	2.43	2.40	0.00	0.00	4.83
MELQART ASSET MANAGEMENT (UK) LTD	0.00	4.62	0.00	0.00	4.62
INVERSORA CARSO, S.A. DE CV	0.00	4.30	0.00	0.00	4.30
CARLOS FERNANDEZ GONZALEZ	0.00	4.03	0.00	0.00	4.03
POLYGON EUROPEAN EQUITY OPPORTUNITTY MASTER FUND)	0.00	0.00	1.00	0.00	1.00

Breakdown of the indirect holding:

Indirect Shareholder's Name	Direct Shareholder's Name	% of shares carrying voting rights	% of voting rights through financial instrument	Total % of Voting Rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	14.39	0.00	14.39
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	3.15	0.00	3.15
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, S.A.R.L	12.30	0.00	12.30
HSBC HOLDINGS PLC	HSBC BANK PLC	9.07	0.04	9.11
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	0.01	0.00	0.01
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	0.02	0.00	0.02
RUCANDIO, S.A.	AHERLOW INVERSIONES, S.L.	7.58	0.00	7.58
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	5.02	0.00	5.02
BANCO SANTANDER, S.A.	SULEYADO 2003, S.L	0.79	0.00	0.79
BANCO SANTANDER, S.A.	CANTABRO CATALANA DE INVERSIONES, S.A	0.81	0.00	0.81

Indirect Shareholder's Name	Direct Shareholder's Name	% of shares carrying voting rights	% of voting rights through financial instrument	Total % of Voting Rights
BANCO SANTANDER, S.A.	CÁNTABRA DE INVERSIONES, S.A.	0.79	0.00	0.79
MELQART ASSET MANAGEMENT (UK) LTD	MELQART OPPORTUNITIES MASTER FUND LTD	4.62	0.00	4.62
INVERSORA CARSO, S.A. DE CV	CONTROL EMPRESARIAL DE CAPITALES S.A. DE CV	4.30	0.00	4.30
CARLOS FERNANDEZ GONZALEZ	FCAPITAL LUX S.A.R.L.	4.03	0.00	4.03

Remarks
i) The significant holdings indicated in the tables above are in accordance with the information published on the CNMV's website as of 31 December 2020 and, in some cases, the information provided by the Shareholders. ii) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company that: i) the structure of his indirect stake in the share capital of the Company, through Amber Capital UK LLP, is as declared in the previous tables and ii) he controls Amber Capital UK, LLP, which acts as investment manager to Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited. iii) As of January 2021, HSBC is no longer a significant shareholder of PRISA. HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holdings Plc. iv) The voting rights held by International Media Group, S.A.R.L have been declared to the CNMV by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, external director representing significant shareholdings, as an indirect stake. International Media Group, S.A.R.L. is 100% owned by International Media Group Limited which in turn is 100% owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani. v) According to the information available to the Company, as of December 18, 2020, date of holding of the Extraordinary Shareholders' Meeting of PRISA, Banco Santander was the owner, directly and indirectly, of the voting rights reflected in the above tables. vi) Melqart Asset Management (UK) Ltd. acts as Investment Manager for and on behalf of Melqart Opportunities Master Fund Ltd, which is the direct owner of the voting rights. vii) Inversora Carso, S.A. de CV controls 99.99% of Control Empresarial de Capitales S.A. de CV. viii) Mr Carlos Fernández González controls the majority of the capital and voting rights of Grupo Far-Luca, S.A. de C.V., the owner of 99% of Grupo Finaccess, S.A.P.I. de C.V., which in turn owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. of C.V. The latter controls FCapital Lux S.à.r.l. ix) Polygon European Equity Opportunitty Master Fund is a fund managed by Polygon Global Partners LLP. x) Lastly, it is noted that in January 2021, the French group Vivendi, with investments in the telecommunications and entertainment industries, has acquired 9,9% of PRISA.

State the most significant shareholder structure changes during the year:

Most significant changes
The most significant changes in the shareholder structure during the year, based on the shareholders' disclosures to the CNMV and whether their shareholdings have reached, exceeded or fallen below the thresholds specified in article 23 of Royal Decree 1362/2007 of 19 October, implementing Law 24/1988 of 28 July on the Securities Market in relation to transparency requirements (3%, 5%, 10%, 15%, 20%, 25%... etc. of share capital), are as follows: Melqart Asset Management has exceeded the 3% threshold (from 2.59% of total share capital through financial instruments at the year- end 2019 to 4.62 % through shares at year-end 2020).

A.3 In the following tables, list the members of the Board of Directors (hereinafter "directors") with voting rights in the company:

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MANUEL MIRAT SANTIAGO	0.01	0.00	0.00	0.00	0.01	0.00	0.00
JOSEPH OUGHOURLIAN	0.00	29.84	0.00	0.00	29.84	0.00	0.00
AMBER CAPITAL UK LLP	0.00	29.84	0.00	0.00	29.84	0.00	0.00
KHALID BIN THANI BIN ABDULLAH AL-THANI	0.00	5.14	0.00	0.00	5.14	0.00	0.00
ROBERTO LÁZARO ALCÁNTARA ROJAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MANUEL POLANCO MORENO	0.01	0.02	0.00	0.00	0.03	0.00	0.00
MARIA TERESA BALLESTER FORNÉS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BEATRICE DE CLERMONT-TONERRE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAVIER DE JAIME GUIJARRO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DOMINIQUE D´HINNIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAVIER SANTISO GUIMARAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ROSAURO VARO RODRIGUEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total percentage of voting rights held by the Board of Directors	35.02%

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
JOSEPH OUGHOURLIAN	AMBER CAPITAL UK LLP	29.80	0.00	29.80	0.00
KHALID BIN THANI BIN ABDULLAH AL-THANI	INTERNATIONAL MEDIA GROUP, S.A.R.L.	05.14	0.00	05.14	0.00

Remarks
i) Mr. Fernando Martinez Albacete, representative of Amber Capital UK LLP in the Board of Directors of Prisa, has stated that he doesn´t hold, directly or indirectly, shares of Prisa. ii) Mr Roberto Lázaro Alcántara Rojas is the direct holder of 18,565 voting rights of Prisa, although his stake does not represent more than 0.00% of the share capital. iii) Given that the indirect holdings reported by director Mr Manuel Polanco Moreno don´t represent 3% of the voting rights of the Company, it is not necessary identify the direct holders thereof, according to the terms of the Instructions for Completing the Annual Corporate Governance Report approved by CNMV Circular 1/2020.

A.4 If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Names of the Related Persons or Entities	Type of Relationship	Brief Description
RUCANDIO, S.A/ AHERLOW INVERSIONES, S.L.	Corporate	Rucandio, S.A. controls indirectly 100% of the share capital of Aherlow Inversiones, throuh Timón, S.A.
RUCANDIO, S.A./ PROMOTORA DE PUBLICACIONES, S.L.	Corporate	Rucandio, S.A. controls directly 8.32% and indirectly 82.95% (through Timón, S.A.) of the share capital of Promotora de Publicaciones, S.L.
RUCANDIO, S.A./ RUCANDIO INVERSIONES, SICAV S.A	Corporate	Rucandio, S.A. holds 60.51% of Rucandio Inversiones SICAV
AMBER CAPITAL UK LLP/ AMBER FUNDS	Contractual	Amber Capital UK LLP is the investment manager of Oviedo Holdings, SARL, Amber Active Investors Limited, and Amber Global Opportunities Limited and it is vested with discretion to exercise voting rights for the funds under its management pursuant to written investment management agreements. The exercise of the voting rights is also subject to Amber Capital UK LLP´s policies and procedures.

GHO NETWORKS, S.A. DE CV/ CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	Corporate	GHO Networks, S.A. de CV holds 99.99% of the share capital Consorcio Transportista Occher, S.A. de CV
GHO NETWORKS, S.A. DE CV/ CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	Commercial	The Consorcio Transportista Occher, S.A. de CV is a subsidiary of GHO Networks, S.A. de CV, as a result of which there are various legal, fiscal and commercial links between them.

A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

See section D on related transactions

A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP IS DIRECTOR (REPRESENTED BY THE PERSON OF MR. FERNANDO MARTINEZ ALBACETE) REPRESENTING ITSELF AS A SIGNIFICANT SHAREHOLDER.
KHALID BIN THANI BIN ABDULLAH AL-THANI	INTERNATIONAL MEDIA GROUP, S.A.R.L	INTERNATIONAL MEDIA GROUP, S.A.R.L	KHALID BIN THANI BIN ABDULLAH AL-THANI IS DIRECTOR REPRESENTING INTERNATIONAL MEDIA GROUP, S.A.R.L. (IMG). IMG IS 100% OWNED BY INTERNATIONAL MEDIA GROUP LIMITED WHICH, IN TURN, IS 100% OWNED BY MR. AL THANI.

MANUEL POLANCO MORENO	RUCANDIO, S.A.	RUCANDIO, S.A.	MANUEL POLANCO IS DIRECTOR REPRESENTING TIMON, S.A. A COMPANY CONTROLED BY RUCANDIO, S.A. MR POLANCO IS ALSO DEPUTY CHAIRMAN OF TIMON, S.A; CEO OF RUCANDIO, S.A., IN WHICH HE HOLDS 25% OF ITS SHARE CAPITAL; DIRECTOR OF RUCANDIO INVERSIONES, S.L., IN WHICH HE HOLDS DIRECTLY 14.73% AND INDIRECTLY 1.73% OF ITS SHARE CAPITAL.
JOSEPH OUGHOURLIAN	AMBER CAPITAL UK LLP	AMBER ACTIVE INVESTORS LIMITED.	JOSEPH OUGHOURLIAN IS DIRECTOR REPRESENTING AMBER ACTIVE INVESTORS LIMITED. MR. OUGHOURLIAN IS MAJORITY SHAREHOLDER OF AMBER CAPITAL MANAGEMENT LP, OWNER OF AMBER CAPITAL UK HOLDINGS LIMITED WHICH, IN TURN, OWNS AMBER CAPITAL UK LLP.
ROBERTO LÁZARO ALCÁNTARA ROJAS	GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	ROBERTO LÁZARO ALCÁNTARA ROJAS IS DIRECTOR REPRESENTING THE COMPANY CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV., BEING ALSO ITS CHAIRMAN AND HOLDER OF 85% OF ITS SHARE CAPITAL. MR LÁZARO IS ALSO CHAIRMAN OF GHO NETWORKS, S.A. DE CV AND HOLDER OF 18.18% OF ITS SHARE CAPITAL.
ROSAURO VARO RODRIGUEZ	TELEFONICA, S.A.	TELEFONICA, S.A.	ROSAURO VARO HOLDS 0.045% OF TELEFONICA´SHARE CAPITAL.

Remarks
Mr Fernando Martinez (representative of the director Amber Capital UK LLP, who is also a significant shareholder of PRISA) holds an indirect 0.47% stake in the share capital of Timón, S.A. Timón is controlled by Rucandio, S.A, significant shareholder of PRISA.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

YES

Parties to the Shareholders' Agreement
RUCANDIO, S.A.
TIMON, S.A.

% of share capital: 0.02%

Brief Description of the Agreement: Shareholder Agreement in Promotora de Publicaciones, S.L (Propu): On May 21, 1992 Timon S.A. and a group of shareholders of Prisa entered into an agreement to govern the contribution of their shares in that company to Propu and their participation therein in the following terms: a) each majority shareholder shall have at least one representative on the Board of Directors of Prisa and, to the extent possible, the governing body of Propu shall have the same composition as Prisa's; b) Propu shares to be voted at Prisa's General Shareholders Meetings will be previously determined by the majority members. Propu members who are likewise members of Prisa's Board of Directors shall vote in the same manner, following instructions from the majority shareholders; c) in the event that Timon, S.A. sells its holdings in Propu, the remaining majority shareholders shall have the right to sell their holdings in Propu on the same terms to the same buyer, to the extent that the foregoing is possible.

Expiry date of the agreement, if any: Indefinite

Parties to the Shareholders' Agreement
IGNACIO POLANCO MORENO
MARIA JESÚS POLANCO MORENO
MARTA LOPEZ POLANCO
ISABEL LOPEZ POLANCO
MANUEL POLANCO MORENO
JAIME LOPEZ POLANCO
LUCIA LOPEZ POLANCO

% of share capital: 7.61%

Brief Description of the Agreement: Shareholder Agreement in Rucandio: On December 23, 2003, Mr. Ignacio Polanco Moreno, Ms. Isabel Polanco Moreno–deceased-(whose children have succeeded to her position in this agreement), Mr. Manuel Polanco Moreno, Ms. Mª Jesús Polanco Moreno and their now deceased father Mr. Jesús de Polanco Gutiérrez and deceased mother Ms. Isabel Moreno Puncel signed a Family Protocol, to which a Shareholder Syndicate Agreement was annexed concerning shares in Rucandio, S.A. and whose object is to preclude the entry of third parties outside the Polanco Family in Rucandio, S.A. and in which the rules of action of the syndicated shareholders and directors are established.

Expiry date of the agreement, if any: Indefinite

Remarks
The information on the previous shareholders' agreements is that which is published on the CNMV website: i) Shareholder Agreement in Promotora de Publicaciones, S.L.: Material disclosures no 48407 and 49622, dated 22 March 2004 and Material disclosure no.63701 dated January 30, 2006 and ii) Shareholder Agreement in Rucandio, S.A.: Material disclosures no 83185 dated 14 August 2007.

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

NO

Remarks
The concerted actions known to the Company are the shareholders agreements described above.

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

NO

A.9. Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
1,713,477	0	0.24

Remarks
The Company has a liquidity contract with JB Capital Markets (the "Financial Intermediary") for the purpose of favoring the liquidity and regularity of the Company's shares quotation, within the limits established by the Company's Shareholders General Meeting and the applicable regulation, in particular, Circular 1/2017 of the CNMV. The Financial Intermediary will perform the operation regulated by the Liquidity Contract in the Spanish regulated markets and multilateral trading system, through the market of orders, according to the contracting rules, within the usual trading hours of these and as established in Rule 3 of Circular 1/2017. The Liquidity Contract has been temporarily suspended for the period of time during which the quoted price of the share of Prisa was lower than its face value and, therefore, it was not possible to operate under the contract (from May 7, to July 13, 2020, date on which the resolutions on the reduction of reserves and share capital adopted by the Ordinary General Shareholders' Meeting held on 29 June 2020 were registered with the Commercial Registry).

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

On treasury stock policy, the Shareholders' Meeting held on April 25, 2018 agreed to grant express authorisation for derivative acquisition of shares of the Company, directly or through any of its subsidiaries, with the following limits or requirements: (i) Methods of acquisition: by purchase or by any other inter vivos act for consideration.

(ii) Maximum amount: The par value of the shares acquired directly or indirectly, added to that of those already held by the Company and its subsidiaries and, if applicable, the controlling company and its subsidiaries, at no time will exceed the permissible legal maximum.

(iii) Characteristics of the acquired shares: The acquired shares must be free of any liens or encumbrances, must be fully paid up and not subject to performance of any kind of obligation.

(iv) Mandatory reserve: A restricted reserve may be established within net worth in an amount equivalent to the amount of the treasury shares reflected in assets. This reserve shall be maintained until the shares have been disposed of or cancelled or there is been a legislative change so authorising.

(v) Term: 5 years from the date of approval of this resolution.

(vi) Minimum and maximum price: the acquisition price may not be less than par value or more than 20 percent higher than market price, in both cases, at the moment of the acquisition. The transactions for the acquisition of own shares will be in accordance with the rules and practices of the securities markets.

All of the foregoing will be understood to be without prejudice to application of the general scheme for derivative acquisitions contemplated in article 146 of the current Capital Companies Act.

It is expressly stated that the shares acquired as a consequence of this authorisation may be used to be sold, amortized, or to the application of any remuneration system, plan or resolution by means of or any agreement for the delivery of shares or options on shares to the members of the Board of Directors and to the managers of the Company or its Group in force at any time, and that express authorisation is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorisation, and those owned by the Company at the date of holding of this General Meeting, to be used, in whole or in part, to facilitate fulfilment of the aforementioned plans or agreements, as well as the performance of programs that increase the participation in the Company's share capital such as, for example, dividend reinvestment plans, fidelity bonus or other analogous instruments. The Board of Directors is also authorised to substitute the delegated powers granted by this General Shareholders Meeting regarding this resolution in favor of the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Board.

Likewise on December 31, 2020, the current powers conferred to issue shares, upon the Board of Directors at the Shareholders' Meeting, are the following:

i. Resolution delegating authority to increase capital to the Board of Directors, with delegation to exclude preemption rights, if any, adopted by the General Shareholders Meeting of June 3, 2019, in effect until June 2024.

ii. Resolution delegating to the Board of Directors authority to issue fixed income securities, both straight and convertible into newly-issued shares and/or shares exchangeable for outstanding shares of Prisa and other companies, warrants (options to subscribe new shares or acquire outstanding shares of Prisa or other companies), bonds and preferred shares, with delegation of the authority to increase capital by the amount necessary to cover applications for conversion of debentures or exercise of warrants, and to exclude the preemption rights of shareholders and holders of convertible debentures or warrants on newly-issued shares, adopted by the General Shareholders Meeting of April 25, 2018 in effect until April, 2023.

iii. Medium-Term Incentive Plan for the period falling between 2018 and 2020 (the "Plan"), consisting of the award of Company shares linked to stock market value and to the performance of certain objectives, targeted at the Managing Director, Senior Managers and other Managers of Promotora de Informaciones, S.A. and, as the case may be, of the dependent companies. To entrust the Board of Directors, including an express power of delegation, with the implementation, development, formalization and enforcement of the aforesaid compensation scheme. The shares are to be awarded, as the case may be, within sixty (60)

calendar days after the date on which the Company's Board prepares the 2020 financial statements. The Plan may be covered with treasury stock, with newly issued shares through a capital increase or through the Company's contracting of suitable financial coverage instruments. The agreement was adopted by the General Shareholders Meeting held on 25 April 2018.

A.11 Estimated working capital:

	%
Estimated working capital	15.19

Remarks
Floating capital has been estimated following the instructions of CNMV Circular 2/2018, that is, not taking into account the part of the share capital in the hands of significant shareholders or the voting rights of members of the Board of Directors or treasury stock and avoiding duplicities which exist between the data reported in sections A.2 and A.3. Following these instructions, the figure for free float that is recorded in this Report (15.19%) differs from that recorded in the Company's management Report that acompannies the annual accounts (21%), which has been calculated taking into account other criteria (in particular, not all of the shareholdings included in section A.2 have been considered, since it is considered that not all of them are "reference shareholders", nor the shareholdings of the directors, nor the treasury stock.

A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

NO

A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.

NO

A.14 State if the company has issued shares that are not traded on a regulated EU market.

YES

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share
"American Depositary Shares" ("ADS"): At the Extraordinary General Meeting of PRISA held on 27 November 2010, ordinary class A shares and convertible class B shares were issued and were formally subscribed by a depositary bank (Citibank NA), acting purely in a fiduciary capacity for the benefit of the real owners of the PRISA shares. Simultaneously with the

subscription, the depositary bank issued "American Depositary Shares" ("ADS"), representing Class A (ADS-A) and Class B (ADS-B) shares.

The ADS representing Class A and Class B PRISA shares were listed on the New York Stock Exchange (NYSE) until: i) the mandatory conversion of the ADS-B shares in July 2014 and ii) the delisting of the ADS-A shares (requested by the Company) in September 2014.

PRISA has continued the ADS program in the European Union via the non-organized OTC market on which the ADS shares may be traded.

The Company's share capital is currently represented by ordinary shares, all of the same class and series, and the reference to Class A shares has disappeared.

Each PRISA ADS gives the right to one ordinary PRISA share. The owners of the ADS have had the right to ask the depositary institution holding the aforementioned ADS (Citibank NA) for the direct delivery of the corresponding shares and their consequent trading on the Spanish stock exchanges.

As of December 31, 2020 the number of ADSs was 423,919.

B GENERAL SHAREHOLDERS' MEETING

B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

NO

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

NO

B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

The amendment of the Bylaws is a matter for the General Shareholders Meeting and shall be carried out in accordance with the provisions contained in the Capital Companies Act and the Bylaws, whose article 14 provides that for approval of Articles amendments and unless the law otherwise provides, the favorable vote of the absolute majority of the voting shares present in person or by proxy at the General Shareholders Meeting will be required if the capital present in person or by proxy is more than 50%, or the favorable vote of two thirds of the capital present in person or by proxy at the Meeting when, on second call, shareholders are present that represent 25% or more of the subscribed voting capital without reaching 50%.

The Nominations, Compensation and Corporate Governance Commission shall report on proposals for amending the Bylaws. Furthermore, in accordance with the provisions of the Capital Companies Act, the Board shall prepare a report justifying the proposed bylaw amendment to be published on the website of the Company from the date of publication of the notice of the General Shareholders Meeting.

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

<table>
<tr><td rowspan="3">Date of General Meeting</td><td colspan="5">Attendance data</td><td></td></tr>
<tr><td rowspan="2">% physically present</td><td rowspan="2">% present by proxy</td><td colspan="2">% distance voting</td><td rowspan="2">Total</td><td>Of which, free float:</td></tr>
<tr><td>Electronic voting</td><td>Other</td><td></td></tr>
<tr><td>25 April 2018</td><td>20.74</td><td>57.85</td><td>0.00</td><td>0.00</td><td>78.59</td><td>4.32</td></tr>
<tr><td>3 June 2019</td><td>21,81</td><td>55,84</td><td>0.00</td><td>0.00</td><td>77,65</td><td>11.22</td></tr>
<tr><td>29 January 2020</td><td>7.79</td><td>77.45</td><td>0.00</td><td>0.00</td><td>85.24</td><td>13.82</td></tr>
<tr><td>29 June 2020</td><td>16.73</td><td>64.13</td><td>0.00</td><td>0.81</td><td>81.67</td><td>13.91</td></tr>
<tr><td>22 December 2020</td><td>17.36</td><td>67.28</td><td>0.00</td><td>0.00</td><td>84.64</td><td>19.91</td></tr>
</table>

Remarks
i) The data provided in the above table as to the free float shareholders present at the shareholders' meetings, in person or by proxy, are the result of estimates made by the Company solely for the purpose of completing this template (in the case of the shareholders' meeting held in 2018 are based on statistical studies carried out originally after the shareholders' meeting), and so cannot be considered exact. The free float shown at the mentionated shareholders' meetings includes both shareholders present in person and those who attended by proxy. ii) The percentages of electronic voting were the following: 0.001% at the shareholders 'meetings of April 25, 2018, June 3, 2019 and January 29, 2020; and 0.002% at the shareholders 'meetings of June 29, 2020, and December 18, 2020. These data are not recorded in the table, because the CNMV`s templates only allows inserting figures with two decimals. iii) The General Shareholders' Meeting which took place on June 29, 2020, and December 18, 2020 were held exclusively remotely.

B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

NO

B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

NO

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

NO

B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The Company maintains a website for the information of shareholders and investors whose URL is http://www.prisa.com. Within this website there is a section entitled "Shareholders and Investors", within which is posted all information PRISA must make available to its shareholders. As of December 31, 2019, the section "Shareholders and Investors" was organized into the following sections: I. GENERAL INFORMATION: i) Communication channels, ii) Shares and Share Capital, iii) Major Shareholders and Treasury Stock, iv) Shareholder agreements Pactos parasociales, v) Dividends, and vi) Prospectus; II. CORPORATE GOVERNANCE: i) Bylaws, Regulations And Other Internal Rules, ii) Board of Directors and Board Committees, iii) Honorary Presidency, iv) Management Team, v) Remuneration of Board members and vi) Corporate Governance Report; III. FINNACIAL INFORMATION: i) Periodic Public Information (IPP), ii) Audited Financial Statements and Management Report iii) Average payment period to suppliers IV. GENERAL SHAREHOLDERS' MEETING : i) Annual General Meeting Regulations , ii) Exercising the Right to Information , iii) Distance and proxy voting , iv) AGMs 2020; v) AGMs 2019; vi) AGMs 2018 vii) AGMs 2017, viii) AGM 2016; ix) AGM 2015, and x) Shareholders meetings preceding to 2015 and V)COMMUNICATIONS TO CNMV: i) Inside Information, ii) Webcast Debt refinancing and Santillana España disposal; iii) Other Relevant Information; and iv) Relevant Information until February 8th, 2020.

C COMPANY ADMINISTRATIVE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	12

C.1.2 Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
MANUEL MIRAT SANTIAGO	--	EXECUTIVE	CEO	30 June 2017	17 November 2017	RESOLUTION BY THE SHAREHOLDERS' MEETING
JOSEPH OUGHOURLIAN	--	PROPRIETARY	DEPUTY CHAIRMAN	18 December 2015	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
ROBERTO LÁZARO ALCÁNTARA ROJAS	--	PROPRIETARY	DIRECTOR	24 February 2014	3 June 2019	RESOLUTION BY THE SHAREHOLDERS' MEETING
AMBER CAPITAL UK LLP	FERNANDO MARTINEZ ALBACETE	PROPRIETARY	DIRECTOR	22 March 2018	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING

MARIA TERESA BALLESTER FORNES	--	INDEPENDENT	DIRECTOR	30 July 2019	29 January 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
BEATRICE DE CLERMONT-TONERRE	--	INDEPENDENT	DIRECTOR	3 June 2019	3 June 2019	RESOLUTION BY THE SHAREHOLDERS' MEETING
JAVIER DE JAIME GUIJARRO	--	INDEPENDENT	DIRECTOR	20 November 2017	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
DOMINIQUE D´HINNIN	--	INDEPENDENT	DIRECTOR	06 May 2016	03 June 2019	RESOLUTION BY THE SHAREHOLDERS' MEETING
MANUEL POLANCO MORENO	--	PROPRIETARY	DIRECTOR	19 April 2001	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
KHALID BIN THANI BIN ABDULLAH AL-THANI	--	PROPRIETARY	DIRECTOR	18 December 2015	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
JAVIER SANTISO GUIMARAS	--	INDEPENDENT	DIRECTOR	22 December 2020	22 December 2020	COOPTATION
ROSAURO VARO RODRIGUEZ	--	INDEPENDENT	DIRECTOR	22 December 2020	22 December 2020	COOPTATION

Total number of directors	12

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
MR. FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	INDEPENDENT	20 November 2017	29 June 2020	NOMINATIONS, COMPENSATION AND CORPORATE GOVERNANCE COMMISSION	NO
MR. JAVIER MONZON DE CÁCERES	INDEPENDENT	29 June 2020	18 December 2020	DELEGATED COMMISSION	YES
MRS SONIA DULÁ	INDEPENDENT	29 June 2020	18 December 2020	DELEGATED COMMISSION/ NOMINATIONS, COMPENSATION AND CORPORATE GOVERNANCE COMMISSION/ AUDIT,	YES

				RISKS AND COMPLIANCE COMMISSION	

Reason for leaving and other remarks
(i) The composition of the Board of Directors shown in the table above is as of 31 December 2020. In February, 2021: i) the Board of Directors appointed Mr. Joseph Oughourlian a non-exceutive chairman (he had previously served as deputy chairman since April, 2019) within the framework of the Succession Plan that the Board implemented after the previous chairman left office last December; ii) since Mr. Oughourlian is a significant shareholder, independent director Mr. Rosauro Varo was appointed non-executive deputy chairman; iii) Mr. Javier de Jaime resigned as member of the board, and iv) the Board made an interim appointment of Ms. Pepita Marín Rey-Stolle as independent director. ii) Mr. Javier Monzón de Cáceres, who held the non-executive chairmanship of the Board of Directors, was removed as a director at the Extraordinary Shareholders' Meeting held on December 18, 2020, upon approval of the proposal raised by shareholder Amber Capital, with the favorable vote of 52.201% of the quorum of the meeting. Amber Capital justified its proposal based on disagreements with Mr. Monzón's strategic vision of the Company, likewise noting that they would have preferred that Mr. Monzón leave office voluntarily, but given his reiterated refusal to do so, they had no other choice but to propose his removal at the Shareholders' Meeting. During the Shareholders' Meeting, Mr. Monzón expressed his opinion on the proposal for his removal, presented by Amber Capital, indicating that the relevance of the matter prevented him from resigning at that time, without the Board's having knowledge of the situation and, likewise, that the Company roadmap approved by the Board provided for separating our education and media businesses, and that it was not true that he opposed that strategy. The Shareholders' Meeting was streamed live and, thus, Mr. Monzón's statements were public. After the Shareholders' Meeting concluded, the Company made the corresponding announcement of insider information to the securities authorities and issued a press release. The Shareholders' Meeting was broadcast via streaming, so that all investors and other interest groups had access to the statements made by Mr. Monzón. Once the Shareholders' Meeting was over, the Company formally published the cessation of Mr. Monzón through the corresponding communication of privileged information sent to the CNMV, as well as the appropriate press release. (iv) Other cessations: i) Ms. Sonia Dulá presented her resignation from the Board on December 18, 2020 due to the fact that in view of her new personal and professional ircumstances, she could no longer devote the time and attention that the post of independent PRISA director requires. Ms Dulá explained the reasons in a letter that was sent to all the members of the Board of Directors. The corresponding communication was also made to the CNMV and ii) Mr. Francisco Javier Gómez- Navarro Navarrete's term of office came to an end on the date of the Shareholders' Meeting held on June 29, 2020, pursuant to article 222 of the Capital Companies Act. He had declined reelection, having determined to focus his professional activities on other areas.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name of director	Post in organisational chart of the company	Profile
MR. MANUEL MIRAT SANTIAGO	CEO	Manuel Mirat holds a degree in Law, and completed the Senior Management Program (PADE) and the

		Management Development Program (PDD) at the IESE. Mirat began his career at Arthur Andersen and joined PRISA in 1997, where he held a range of corporate posts, including head of the Finance Department. In 2004, he was appointed CEO of PRISACOM to lead the digital development of the Group, overseeing transformation projects for the different brands: El País, Cadena SER, 40 Principales, As and Cinco Días. In March 2009 he was appointed chief operating officer of Sogecable, and in December of that year he became Managing Director of CANAL +, in charge of sales, marketing and new business development. In 2014 he was appointed CEO of El País and PRISA Noticias. Since June 2017 he has been director of PRISA and, since September, 2017, its CEO.

Remarks
Section C.1.10 provides more information on other positions held by the director at Grupo Prisa

Total number of executive directors	1
Percentage of Board	8.33%

PROPRIETARY DIRECTORS

Name of director	Name of the significant shareholder represented or that has proposed their appointment	Profile
AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	Fernando Martínez es un profesional en finanzas y gestión con más de 20 años de experiencia en el sector de los medios de comunicación. Es director financiero de Inmoglaciar, un grupo inmobiliario controlado por una firma internacional de capital privado y colabora en el diseño y gestión de la estrategia de inversión Tapru, S.L. Es miembro del Board de Directors en Bimba y Lola. Trabajó con Prisa entre 2009 y 2017, desempeñando sucesivamente como Secretario General, Director de Desarrollo Corporativo y Planificación Estratégica y Control y más recientemente, director financiero. Anteriormente, fue Director Financiero de Sogecable – open and pay TV Group, donde había participado previamente en su OPI. Ha sido miembro del Consejo de Administración de Sogecable / Canal +, Santillana, Prisa Radio y Diario As, entre otras empresas. Es licenciado en Economía y Empresa por la Universidad Pontificia Comillas - ICADE.
MR KHALID BIN THANI BIN ABDULLAH AL THANI	INTERNATIONAL MEDIA GROUP, S.À.R.L.	Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is a prominent Qatari businessman with diverse interests in banking, real estate, insurance, financial securities, healthcare, telecommunications, media, information

		technology, humanitarian services, education and travel industries. He is chairman of several listed companies in Qatar, as well as co-founder and benefactor of a number of non-profit organizations and business associations. In addition to his business interests, Shk. Dr. Khalid is an avid sports fan and a key benefactor of sports events and international and domestic sports associations.
MR. MANUEL POLANCO MORENO	TIMON, S.A.	Manuel Polanco holds a degree in Economics and Business Studies from the Autonomous University of Madrid. He has a thorough understanding of PRISA, where he has spent his entire professional career. He began his career in Latin America, a region which has long proved crucial for the development of the Group. From 1991 to 1993 he headed Santillana in Chile and Peru. He was subsequently appointed editor-in-chief of the Mexican newspaper La Prensa and he was instrumental in the launch of the American edition of El País in Mexico City, the first Spanish newspaper to be published simultaneously in both countries. It quickly became the newspaper of record and set the standard for international reporting in Latin America. In 1996 he became director of Santillana in Latin America and the United States, based in Miami, a period which saw the creation of the last Santillanas in the region. He also improved coordination between offices in different countries. Back in Spain in 1999, he became president of the media sales arm of the entire Group through GDM (Gerencia de Medios) and a year later he was named president of GMI (Gestión de Medios Impresos) which brought together the newspapers Cinco Dias and AS, magazines and new investments in regional press. In 2005, after the acquisition of Media Capital by PRISA, he was made CEO of the Portugal's leading television and audiovisual production company. Here he oversaw a period of international expansion into other Portuguese-speaking markets and he consolidated the Portuguese company's lead in television, with TVI, as well as in audiovisual production for television through the company Plural. In 2009, he returned to Spain as a Managing Director at PRISA, and he subsequently oversaw the Group's television interests, including Canal + until its sale to Telefonica in 2015. He led the launch of PRISA's new production and video division while Deputy Chair of the Group. Polanco has been a director of PRISA since 2001 and a member of its Executive Committee since 2008. On January 1, 2018, he took over as Chairman of the Board of Directors of PRISA, a post he held until December of that year. Currently, besides Director of PRISA, is non-executive Chairman of the Boards of Directors of: Prisa Noticias, S.L., Grupo Santillana Global Education, S.L. and Prisa Radio, S.A.

MR JOSEPH OUGHOURLIAN	AMBER ACTIVE INVESTORS LIMITED	Joseph Oughourlian is the founder of Amber Capital. Mr Oughourlian founded Amber Capital in New York in November 2005. Mr Oughourlian began his career at Société Général in Paris in 1994 and moved to New York in 1996. In 1997, he ventured into proprietary trading at Societé Generale, which led to the first Amber Fund being established in October 2001 with seed capital from the Bank. Mr.Oughourlian graduated from the HEC Business School and from IEP (Sciences Po.), both in Paris, and earned his MSc in Economics from the Sorbonne in Paris. Oughourlian currently sits on the boards of a range of companies. He was appointed director of PRISA in December 2015 and is a Vice-Chairman of the Board of Directors since April 29, 2019
MR. ROBERTO LAZARO ALCANTARA ROJAS	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	Roberto Alcántara Rojas (Mexico, 1950), a businessman involved in the long-haul transport sector, president of Toluca Group and the low-cost airline VivaAerobus, which he founded in 2006 with the Irish carrier Ryanair. He is shareholder and chairman of the Board of Directors of the consortium Iamsa – Inversionistas en Autotransportes Mexicanos, S.A de CV - Investors in Mexican Transport – which encompasses the largest transport companies in Mexico. Between 1991 and 1999 he was Chairman of the Board of Directors of BanCrecer, SA. Alcántara has also been included in the list of Top 100 Mexican executives, produced annually by CNN.

Total number of proprietary directors	5
Percentage of the Board	41.67%

Remarks
i) Timón, S.A. is a company controlled by Rucandio, S.A. ii) Sections A.6, C.1.10 and C.1.11 provide information on the directors' relationships with significant shareholders and on other of their professional occupations.

INDEPENDENT DIRECTORS

Name of director	Profile
MR. DOMINIQUE D´HINNIN	Dominique D'Hinnin is an outstanding media sector professional and was a co-managing partner and CFO of the French group Lagardere, a world leader in the publishing sector. D'Hinnin began his career at the Inspection générale des finances (Ministry of Finance of France). In 1990, he joined Lagardere as Chief Internal Auditor, where he played an active role in the financial and legal restructuring of the Group to create Lagardere SCA and where he oversaw the merger of Matra with Hachette and three years later he was appointed CFO of the publisher Hachette Livre. In 1994, he was appointed Executive Vice President of Grolier Inc (Connecticut, USA) where he undertook the overhaul and development of the company in the US, UK and Asia, and the launch of Grolier Interactive Europe.

	D'Hinnin was a member of the boards of Marie Claire Album and Holding Evelyne Prouvost until April 2016. He has also sat on the boards of Editions Amaury SA (2011-2013), and on the Strategic Council at PricewaterhouseCoopers France (2009-2013); he was a member of the Remuneration Committee and Audit Committee at EADS-Airbus (2007-2013), and Deputy Chairman of the Supervisory Board and member of the Audit Committee of Canal + France (2007-2013). He was also vice chairman and head of the Audit Committee at Atari - Infogrames Entertainment SA (2005 to 2011) and member of the Board and Chairman of the Audit Committee of Le Monde SA between 2005 and 2010. He currently is chairman of the board of EUTELSAT Communications, a French Satellite Service Company. He is also a board member of EDENRED, a French Corporate Services Company, Technicolor, a French technology Company, Louis Delhaize, S.A, a Belgium private retail group, and Golden Falcon, an US public company. Dominique D'Hinnin received his undergraduate degree from École Normale Supérieure (in classical culture) and a graduate degree from Ecole Nationale d'Administration, between 1979 and 1986.
MS BEATRICE DE CLERMONT	Béatrice de Clermont Tonnerre is a member of the Executive Committee of the artificial intelligence company Kayrros, which focuses on energy markets. Until September 2019 she was serving as GOOGLE Director for AI Partnerships. She is based at the AI Research Center in Paris she oversaw and engages with large clients on Machine Learning solutions. From 2013 to 2018 she was Southern Europe Director for monetisation at GOOGLE, covering France, Spain and Italy. She was previously Senior VP Business Development at LAGARDERE leading mergers and acquisitions in pay TV, book and magazine publishing, sports rights and digital media; after working for the CANAL PLUS Group from 2001 to 2005 as Head of Interactive Television and Co-Head of Programming. Mrs. de Clermont Tonnerre started her career as a radio journalist for two years and she entered the business world as a strategy analyst at MATRA working on the space industry and defense electronics. She participated, in 1995-1999 as a junior member of the team to the build-up that led to the creation of EADS Group (now AIRBUS Group). Béatrice de Clermont Tonnerre graduated from IEP Paris (BA in Political Sciences and Economy) and obtained her MBA degree from ESSEC (École Supérieure des Sciences Economiques et Commerciales). Béatrice de Clermont Tonnerre is a member of the board of the SES satellite operator that is traded on the Luxembourg Stock Exchange, and a member of the board of KLEPIERRE, a European specialist in shopping centers traded on the Paris Stock Exchange. Since June, 2018 she holds the office of deputy chairperson of HURRIYET, a major Turkish newspaper traded on that country's stock exchange. Ms. Beatrice de Clermont Tonnerre received the honorary title of Chevalier dans l'Ordre National du Mérite from France.
MS. MARIA TERESA BALLESTER FORNES	Graduated Cum Laude in Finance and Political Science from Boston College and holds an MBA from Columbia University in New York City. Her career began at GTE Corporation (Verizon) in the United States as a financial executive, later joining the consulting firm Booz, Allen & Hamilton as a strategy consultant for leading multinationals in Mexico, United Kingdom, Spain and Portugal. She has been CEO of 3i in Spain, where she developed extensive experience in the international private equity sector, leading many investments and divestments, and participating in the recruitment process of institutional investors for global funds promoted by 3i. He has also led numerous refinancing operations, IPOs and has wide-ranging experience on boards of directors of several companies, both listed and non-listed.

	Between 2014 and January 2017 Ms. Ballester provided services to EY as external advisor of the Transaction Services (TAS) Division. She is currently the founder and Managing Partner of the private equity fund Nexxus Iberia I. Ms. Ballester was also President of the Spanish Private Equity Association (ASCRI) during 2010-2012 and is currently a Director of Repsol and member of the Audit committee and Remuneration Committee Member of the "Circulo de Empresarios", the Directors' Institute (ICA) and Women Corporate Directors (WCD), Member of the International Women's Forum (IWF) and frequently participates as a speaker at business schools and professional associations.
MR. JAVIER DE JAIME GUIJARRO	He has a degree in Law and managing partner of CVC Capital Partners; he worked for seven years for the British company 3i, two of which he spent in the UK before spending an additional five years with the company in Spain. In September 1997 Javier de Jaime joined CVC to oversee the Spanish market, which has become one of CVC's most active markets. In 2003, he was appointed managing partner of the firm, and since 2008 he he has also been in charge of CVC's Italian market. He holds a law degree from the Universidad Pontificia de Comillas (ICADE) and an MBA from the University of Houston.
MR. JAVIER SANTISO GUIMARAS	Javier Santiso is CEO and General Partner of Mundi Ventures, a venture capital fund (200 million euros) with offices in Madrid, Barcelona, London and Tel Aviv. He is an investor in European tech unicorns such as Farfetch and Skyscanner in the UK and Auto1 and Wefox in Berlin. He is a member of the board of directors of the Paris-based multinational FNAC Darty. Previously, he served as chief economist at Indosuez (Paris) and BBVA (Madrid) and as Director of the OECD and Chief Economist at the OECD Development Center. He oversaw corporate transformation at the Amerigo venture capital fund, which he founded, at Telefónica. He has also served as CEO in Europe of Khazanah, Malaysia's sovereign wealth fund (US$50 billion) and as its global head of technology investments. Khazanah has invested in a dozen unicorns, including Alibaba in China and Palantir in the United States. Santiso is an avid art collector and is a patron of culture. He is the founder of the art and poetry publishing house La Cama Sol www.lacamasol.com, and works with artists such as Lita Cabellut, Etel Adnan, Soledad Sevilla, Anselm Kiefer, Jaume Plensa, Miquel Barceló, Rafael Canogar, Carlos León, César Galicia, Juan Uslé, Jerónimo Elespe, and writers such as Joan Margarit, Pere Gimferrer, Christian Bobin, Tahar Ben Jelloum, Pascal Quignard. He has published a dozen books, the most recent being the novel Vivir con el corazón (Living with the heart) (Madrid, La Huerta Grande, 2021) and Un sol de pulpa oscura (A sun of dark pulp) (Madrid, Franz Ediciones, 2020) with the Iranian artist Shirin Salehi.
MR ROSAURO VARO RODRIGUEZ	Rosauro Varo has a degree in Law from the University of Seville and has been successfully forging a career in business and entrepreneurship for 20 years. He now oversees his range of business initiatives through GAT Inversiones, of which he is Chair. He is also currently a member of the Board of Directors of the business association Círculo de Empresarios del Sur de España (CESUR). Varo was previously deputy chair of the telecommunications company PepePhone and a member of various Boards of Directors, including El León de El Español Publicaciones, SA, the publishing company behind digital newspaper El Español and the business and finance portal Invertia. He's a lecturer for the Masters in Finance and Banking at the Pablo Olavide University of Seville and the Senior Management Program of Leading Companies and Institutions of the San Telmo Business School, where he addresses subjects such as business mergers and acquisitions as well as the digital economy.

	He channels his social commitment through the ALALÁ Foundation, which sets the standard for the development of social integration projects for the disadvantaged in southern Spain.

Number of independent directors	6
Percentage of the Board	50%

Remarks
Sections A.6 and C.1.11 provide information on the directors' relationships with significant shareholders and on other of their professional occupations.

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	
Description of the relationship	
Statement	

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile

Total number of other external directors	0
Percentage of the Board	0.00%

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				Percentage of the total number of directors in each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	0	0	0	0	0.00	0.00	0.00	0.00
Independent	2	3	1	1	33.33	42.85	20.00	16.66
Other External	0	0	0	0	0.00	0.00	0.00	0.00
Total:	2	3	1	1	16.66	23.08	7.69	7.14

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

YES

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

The Company's Board of Directors Regulation provides that the Board shall ensure that the procedures for selecting its members promote diversity of knowledge, experience, origen, age and gender, and do not reflect implicit biases that might result in any type of discrimination. The Company likewise has a Policy on Diversity of the Board of Directors and Director Selection, which was amended in November 2020, principally to adapt it to the recommendations of the Code of Good Governance for Listed Companies ("CBG") that the CNMV approved in June 2020, and that contain the following objectives:

i) The director selection or reelection process intends to achieve an appropriate balance and diverse composition of the Board of Directors as a whole.

ii) In its broadest sense, the principle of diversity in the composition of the the Board of Directors implies seeking persons fulfilling the defined requisites as to qualifications and personal and professional integrity, and capacity and compatability, and whose appointment will favor a diversity of knowledge, experience, origin, age and gender on the Board.

iii) In matters of gender diversity and pursuant to the provisions of CBG recommendations 14 and 15: (i) efforts will be made to ensure that the there is a significant number of women in the Company's senior management, and (ii) the objective is to ensure that prior to the end of 2022 and beyond, women will represent at least 40% of the total members of the Board of Directors, while previously not being less than 30%.

In 2020, and upon the advice and with reports from the Appointments, Compensation and

Corporate Governance Committee (CNRGC), the Board of Directors assessed the requisites and skills required on the Board, which provided a starting point for the processes that led to the reelection of the directors and the selection of new director candidates (taking into account their compatibility with the board skills matrix prepared by the CNRGC). Bias was avoided in those processes and, in the company's best interest, merit was the principal selection criterion for identifying the most qualified candidates.

The application and implementation of the Company's diversity policies and objectives must be conducted within the framework determined by the present composition of the Board:

- Of the current twelve directors, the only executive (the CEO) was appointed in 2017 and it is in the Company's interest that he remain in this post for the medium and even the long term.

- Five directors are proprietary directors representing four significant shareholders who appoint them based on their own considerations about which the Board can make recommendations, but not exercise decisive influence.

- Thus, the CNRGC and the Board can actually only directly apply the aforementioned policies to the other six independent directors.

The following sections C.1.6 and C.1.7. detail the results of the CNRGC's assessment of the application of the Board's diversity policies, particularly with regard to gender diversity.

In other respects, regarding the Company's management team, it is understood that senior management includes: the members of the Business Management Committee who are not Prisa executive directors but rather work under employment contracts with Prisa or other group companies, the managers who habitually attend meetings of that Committee, and Prisa's Director of Internal Audits.

Senior management is composed of ten directors, two of whom are women (the Director of Human Resources and Talent Management and the Director of Internal Audits). The profiles of senior managers reflect diversity with respect to age, education, experience and professional qualifications, and at least a third of them have postgraduate training in prestigious institutions in both Europe and the United States, together with the fact that at least half of the executives have had a solid professional career abroad. The ages of senior managers range from the most veteran who is 73 years old to the youngest exective who is 39. This ensures a balance between the maturity, broad experience and market knowledge of the older directors and the addition of new skills provided by the younger executives, all of whom work together to adapt our business to its current environment.

Likewise, among the 23 key managers, four are women (the two mentioned above, plus the Director of Prisa News Operations and the Director of Digital Development). All of them have diverse profiles with regard to age, education, experience and professional qualifications.

There are no disabled persons among the personnel in our management bodies, although internal human resources policies guarantee that disability would not be an impediment to seeking a senior management position.

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of means
As previously indicated in section C.1.5 above, the principles and objectives of the Company's Policy on Diversity of the Board of Directors and Director Selection include, among others, achieving greater representation of women on the Board of Directors and encouraging the Company to have a significant number of women among senior management. Diversity has been a guiding criterion with regard to the composition of the Board of Directors. As 2020 commenced, the CNRGC intended to implement a plant to identify female candidates and to give them preference when proposing the appointment of new non-proprietary external directors to cover vacancies that might arise on the Board. The results of that project are explained in greater detail in the next section. The Company's Board of Directors is composed of twelve directors. Until December 2020 the Company had three women directors, who represented 25% of the tota board members. However, after Ms. Sonia Dulá's resignation on December 18, 2020, the number of female directors was reduced to two (Ms. Beatriz de Clermont-Tonerre and Ms. María Teresa Ballester) and, thus, at the closing of the 2020 fiscal year the women directors represented 16.66% of the total board members. However, it is noted that in February 2021 the director Mr. Javier de Jaime Guijarro resigned, in addition to professional reasons and lack of availability, due to his desire to improve gender diversity on the Board of Directors of PRISA, which would facilitate leaving a vacant vacancy on the Board. To fill this vacancy, the Board has appointed Ms. Pepita Marín Rey-Stolle as a director, by co-option, so that the representation of women on the board has risen to 25%. The two female directors maintain a notable presence on company bodies. Ms. Beatriz de Clermont-Tonerre is the Coordinating Director, Chairperson of the CNRGC, and a member of the Delegated Committee, while Ms. María Teresa Ballester is a member of the Audit, Risk and Compliance Committee.

If there are still few or no female directors, despite the measures that may have been taken, if applicable, explain the justifying reasons:

Explanation of means
At the extraordinary shareholders meeting held in January 2020, the interim appointment of Ms. María Teresa Ballester was approved. However, subsequent to this appointment, a series of circumstances have arisen that have hindered the incorporation of a larger number of female directors on the Board: i) Coinciding with the annual shareholders meeting held in June 2020, the directorships of several board members expired. After the Appointments, Compensation and Corporate Governance Committee (CNRGC) analyzed and evaluated their reeletion or replacement, it was decided that it was in the Company's best interest to propose that the shareholders: i) reduce the number of directors from 13 to 12 (taking into account that one of the directors declined to be reelected) and ii) to reelect the other directors whose terms were expiring (which included a woman, Ms. Sonia Dulá). It should be noted in that regard that in early 2020 the Company had commenced a process to identify female candidates for directorships. However, the COVID-19 public health crisis has prompted serious and exceptionally unprecedented circumstances, particularly in Spain where the declaration of successive states of emergency (implementing, among others, measures restricting freedom of circulation and assembly) has greatly hindered certain business activities and prevented the Company from advancing and duly completing the process to identify and select potential women candidates for the Board as planned, prior to the annual shareholders meeting in June 2020 when the directorships of eight board members expired. Thus, in the process of reelecting or replacing the board members whose directorships expired in June, the corresponding suitability assessments were made based on the matrix of skills

required of board members, taking into account both the results of the Board's 2019 evaluation as well as the Company's circumstances at that time, all of which made the reelection of those directors advisable, in order to continue the work and actions of the Board then underway, as well as to ensure the increased effectivity of its functions and the contribution of its members.

Likewise, and in the case of proprietary directors, it should be noted that proposals for their reelection were made by the shareholders they represent who hold significant interests in company capital.

For all of the above, the biographies, experience and professional careers of the directors to be reelected or appointed were assessed and evaluated, and their conformity with the skills matrix approved by the CNRGC was taken into account. Special attention was likewise afforded their previous devotion and performance on the Board. When the shareholders meeting was announced, the requisite reports prepared by the Board of Directors and the CNRGC justifying their proposals were made available to shareholders.

These decisions were ratified by shareholders at the annual shareholders meeting held on June 29, 2020.

ii) At the extraordinary shareholders meeting held on December 18, 2020 the removal of Mr. Javier Monzón de Cáceres was approved and, as indicated previously, Ms. Sonia Dulá presented her resignation as board member on that same date.

At that time, it was deemed appropriate to initiate an evaluation to appoint two new directors to fill those vacancies, to ensure the normal functioning of the Company's management bodies. An analysis was made of the Board's needs, taking into consideration the matrix of skills required of directors, and only four days later on December 22, 2020 and at the CNRGC's proposal, the Board of Directors approved the interim appointment of two independent directors.

With such short notice, no appropriate women candidates were found and, moreover, in view of the circumstances and given that the candidates were qualified, there was no substantial reason for not appointing them to the vacant directorships.

For the reasons set forth above, it has not been possible to include additional women on the Board during 2020 and, thus, the degree of gender diversity is insufficient and the objective to have at least 30% female directors on the Board in 2020 could not be achieved.

Both the CNRGC and the Board have inicated that resolving the lack of gender diversity on the Board of Directors will thus be a future priority. The required measures will have to be taken to comply with the CNMV's new objective (expressly included in the Policy) for women to hold at least 40% of board directorships before the end of 2022 and beyond, the prior figure having been set at a minimum of 30%. There will also have to be support for hiring a greater number of female managers.

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors; in particular, as it relates to the goal of ensuring that the number of female directors represents at least 30% of the total membership of the Board of Directors by the year 2020.

The CNRGC's analysis and review concluded that the present composition of the Board of Directors is reasonably diverse with regard to the directors' knowledge, experience, origin and age, having an overall positive balance, but the same cannot be said concerning gender diversity. In effect, the CNRGC verified that during 2020 the principles, objectives and procedures provided for in the Policy on Diversity of the Board of Directors and Director Selection were taken into account in proposals for the appointment and reelection of directors, as well as for election to other posts, without prejudice to the reservations made regarding gender diversity.

The specific analysis of the situation of the most relevant of these factos is summarized below:

• As for knowledge and experience, nature of Prisa's business requires that the Board as a whole possess skills in a variety of principal areas, such as: global entrepreneural experience; knowledge of the group's or related sectors of activity; transformation processes, with particular attention to technological and digital impacts; experience and knowledge of international markets in general and Latin America in particular; executive and talent management; finance and control and, finally, experience in corporate governance. All of these are sufficiently represented on the Board and each and every director has significant skills in several of them, as evidenced in the biographical notes on each one available in section C.1.3 above. For the appointment of the two new directors (Mr. Javier Santiso and Mr. Rosauro Varo), the Board of Directors considered the skills matrix for board members, especially taking into consideration the following: regarding Mr. Santiso, his financial and executive experience, as well as his entrepreneural profile, his international experience, and his knowledge of the cultural worl; regarding Mr. Varo, his digital and entrepreneural profile, as well as his experience in the technology and communications media sectors. • Concerning geographical diversity, there are five foreign directors with citizenship and residence in three continents. • As for age, the directors' ages range from 41 to 70 años, with an average of 54. Thus, in the indicated areas the above merits a favorable assessment.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

NO

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name of director	Brief description
MR MANUEL MIRAT SANTIAGO	He has been delegated all powers of the Board of Directors except those that cannot be delegated by law.
DELEGATED COMMISSION	It has been delegated all powers of the Board of Directors except those that cannot be delegated by law. Notwithstanding the Board of Directors Regulation provides that, when duly justified urgent circumstances arise and the law permits it, the Delegated Commission, or any other authorized committee, may adopt resolutions related to the matters referred to in section 5.3 of the Regulations, which shall be confirmed in the first meeting of the Board of Directors held after they are adopted.

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Director's Name	Name of the Group Company	Position	Does he/she has executive functions?
MANUEL MIRAT SANTIAGO	PRISA RADIO, S.A.	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	DIARIO EL PAIS, S.L.U	CHAIRMAN	NO
MANUEL MIRAT SANTIAGO	PRISA NOTICIAS, S.L.U.	DIRECTOR	YES
MANUEL MIRAT SANTIAGO	VERTIX, SGPS, S.A.	CHAIRMAN	NO
MANUEL POLANCO MORENO	PRISA RADIO, S.A.	CHAIRMAN	NO
MANUEL POLANCO MORENO	GRUPO SANTILLANA EDUCACION GLOBAL, S.L.U	CHAIRMAN	NO
MANUEL POLANCO MORENO	DIARIO EL PAIS, S.L.U	DIRECTOR	NO
MANUEL POLANCO MORENO	PRISA NOTICIAS, S.L.U.	CHAIRMAN	NO

Remarks
Mr Manuel Mirat represents Promotora de Informaciones, S.A. as: i. Sole Director of: Prisa Participadas, S.L.U, Prisa Media SLU, Prisa Activos Radiofónicos SLU, Prisa Gestión Financiera, S.L.U. ii. Director of Grupo Santillana Educación Global S.L.U. iii. Liquidator of Promotora de Actividades América 2010 SL en liquidación.

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Director's Name	Name of Listed Company	Position
DOMINIQUE D´HINNIN	EDENRED	DIRECTOR
DOMINIQUE D´HINNIN	TECHNICOLOR	DIRECTOR
DOMINIQUE D´HINNIN	EUTELSAT COMMUNICATION	CHAIRMAN
DOMINIQUE D´HINNIN	GOLDEN FACTOR	DIRECTOR
KHALID BIN THANI BIN ABDULLAH AL THANI	EZDAN HOLDING GROUP	CHAIRMAN
KHALID BIN THANI BIN ABDULLAH AL THANI	QUATAR INTERNATIONAL ISLAMIC BANK	CHAIRMAN
MARIA TERESA BALLESTER FORNES	REPSOL, S.A.	DIRECTOR
BEATRICE DE CLERMONT- TONERRE	KLEPIERRE	DIRECTOR
BEATRICE DE CLERMONT- TONERRE	SES	DIRECTOR
JAVIER SANTISO GUIMARAS	FNAC DARTY	DIRECTOR

Remarks
Director Mr Javier de Jaime represents Theatre Directorship Service Beta, S.A.R.L. on the Board of Directors of Deoleo, S.A.

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

YES

<table>
<tr><th>Explanation of the rules and identification of the document where this is regulated</th></tr>
<tr><td>Article 11 of the Board Regulations provides that regarding the number of other boards of which they may be members, the general rule shall be that directors may not be members of so many other boards that it prevents or hinders them from dedicating the proper amount of time to their position as Company director. In this regard, the Company directors shall comply with the following restrictions:

(i) Executive directors may hold administrative posts at other companies, provided that they do not perform executive duties at any of them.

(ii) Non-executive directors may hold administrative posts at six other companies, provided they do not perform executive duties at any of them. However, they may only hold administrative posts at two other companies if they perform executive functions in one of them. Those who perform executive functions at two or more companies may not be non-executive directors of the Company.

For purposes of paragraphs (i) and (ii) above, (a) only companies whose shares are admitted to trading on stock exchanges or alternative markets, domestic or foreign, and others that require an equal commitment, shall be taken into account; and (b) all the management bodies of companies that belong to the same group shall be treated as a single administrative body, as well as those that partly consist of proprietary directors proposed by any company of the group, although a stake in the capital or degree of control of the company does not allow it to be considered a member of the group.

Notwithstanding these restrictions, the Board shall assess the personal and professional circumstances of the director in each case, particularly the case of proprietary directors. As an exception in duly justified cases, the Board of Directors may exempt the director from these restrictions.</td></tr>
</table>

C.1.13. State total remuneration received by the Board of Directors

Board remuneration in financial year (thousand euros)	2,242
Amount of vested pension interests for current members (thousand euros)	0
Amount of vested pension interests for former members (thousand euros)	0

Remarks
i) The amount of the total directors' remuneration is the amount accrued in 2020 following

the accrual criterion specified in CNMV Circular 1/2020/ (which sets out the template for the annual directors' report of listed public limited companies) and differs by 354 thousand euros from the total amount of directors' remuneration recorded in the Notes to the consolidated financial statements and the semi-annual financial statements for 2020 (2,596 thousand euros), which reflects the accounting records. The difference breaks down as follows:

- In relation to the annual variable remuneration of the CEO: a negative amount (- 223 thousand euros) has been recorded at the year en 2020. As stated in the remuneration report, the CEO has voluntarily renounced to receive, in relation to the financial year 2020, the annual variable remuneration

- In relation to the Medium Term Incentive Plan for the period 2018/2020: this plan has not yet accrued and vested, without prejudice to the amounts included as expenses in the profit and loss account (77 thousand euros).

- In relation to the extraordinary bonuses for the CEO of Prisa and for certain managers, linked to the success of two important strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of Grupo Prisa's financial debt with its creditors, the 2020 accounts include expenses for a total of 1,000,000 euros for this item in relation to Prisa's CEO. Nevertheless, this report only shows, as the amount accrued in 2020, 50% of that sum (€500,000).

ii) The overall remuneration of the Board of Directors includes that of Mr. Javier Gómez-Navarro up to the time of his cessation as a director on June 29, 2020 (once expired the term for which he was appointed), and that of Mr. Javier Monzón de Cáceres and Ms. Sonia Dulá, up to the time of their cessation and resignation as directors, respectively, on December 18, 2020. It is also included the remuneration of Mr Javier Santiso and Mr. Rosauro Varo from their appointment as directors on December 22, 2020.

iii) The remuneration shown in the above table therefore coincides with that stated in the directors' remuneration report, to which we refer for further explanations.

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
XAVIER PUJOL TOBEÑA	SECRETARY GENERAL AND SECRETARY OF THE BOARD
GUILLERMO DE JUANES MONTMETERME	CFO
JORGE BUJIA FEAL	DIRECTOR OF RISK CONTROL AND MANAGEMENT CONTROL
JORGE RIVERA	CHIEF OF COMMUNICATION AND INSTITUTIONAL RELATIONS
AUGUSTO DELKADER	CHIEF EDITOR
MARTA BRETOS	HEAD OF TALENT MANAGEMENT
MIGUEL ANGEL CAYUELA SEBASTIAN	CEO OF GRUPO SANTILLANA
PEDRO GARCÍA GUILLÉN	CEO PRISA RADIO
ALEJANDRO MARTÍNEZ PEÓN	CEO OF PRISA NOTICIAS
VIRGINIA FERNANDEZ IRIBARNEGARAY	INTERNAL AUDIT DIRECTOR

Number of women in senior management	2
Percentage of total senior management	20%

Total senior management remuneration (thousand euros)	3,854

Remarks
i) The above remuneration relates to the members of the Management Committee who are not executive directors of PRISA and who have an employment relationship with PRISA or other Group companies; the managers who regularly attend the committee's meetings; and PRISA's internal audit director. Likewise, it has been included the remuneration of Mr. Luis Cabral, former CEO of Media Capital, until June 2020. Prisa has sold its stake in Media Capital, in fiscal year 2020. ii) This total remuneration is the amount accrued in 2020 following the accrual criterion specified in CNMV Circular 2018/2 (which sets out the template for the annual corporate governance report of listed public limited companies) and differs by 526 thousand euros from the amount of remuneration shown in the Consolidated Financial Statements and Semi-annual Financial Information for 2020 (4,380 thousand euros), which relates to the accounting provision. The difference breaks down as follows: • In relation to the 2020 annual variable compensation of senior management, due to some accounting adjustments. • In relation to the Medium-Term Incentive Plan for the period 2018/2020: this plan has not yet accrued and vested, without prejudice to the amounts included as expenses in the profit and loss account. • In relation to the extraordinary bonuses for the CEO of Prisa and for certain managers, linked to the success of two important strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of Grupo Prisa's financial debt with its creditors, the 2020 accounts reflect accounting expenses that differ from the amounts accrued.

C.1.15 State whether the Board rules were amended during the year:

YES

With the goal of continually updating and reviewing our system of corporate governance and the Company's internal regulations in order to allign them with the best corporate governance practices, in 2020 the Company conducted a review and revised our internal regulations, including the Bylaws, Board of Directors Regulation and several internal company policies. The amendments made to the Board of Director Regulation aimed to (i) adjust the Board of Directors Regulations to the amendment of the Bylaws approved by the Ordinary General Shareholders' Meeting held on June 29, 2020, for the purpose of shortening the term of directorships from four to three years; (ii) introduce certain basic provisions of Technical Guide 1/2019 of the Spanish National Securities Market Commission on Appointments and Remunerations Committees (*Guía Técnica 1/2019 de la Comisión Nacional del Mercado de Valores sobre Comisiones de Nombramientos y Retribuciones*); (iii) introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020; (iv) to include the novelties introduced in

the Spanish Companies Act introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information, diversity in the composition of the Board and the non-delegable powers of this body; and (v) include technical adjustments to improve the drafting and interpretation of the Regulations and to complete its content.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Procedures for the selection, appointment, reelection and removal of directors are regulated by the Bylaws and the Board Regulations and they will be governed by the principles established in the “Policy of diversity in the composition of the Board of Directors and selection of directors”, referred to in section C.1.5. of this Report.

According to the Bylaws, the Board shall have a minimum of five and a maximum of fifteen members. The General Meeting shall establish the number of directors in an express resolution.

In exercising its powers to submit proposals to the General Meeting of Shareholders and co-opt to fill vacancies, the Board of Directors shall ensure that the Board’s composition is such that the external directors represent a large majority of the Board, and that the number of independent directors represent at least half of the total Board members and, in any case, a third. The number of the executive directors shall be the minimum necessary, taking into account the complexity of the corporate Group and the share of the executive directors in the Company’s capital.

To establish a reasonable balance between the proprietary directors and the independent directors, the Board shall take into account Company shareholder structure, considering the importance of the shareholdings, in absolute and comparative terms, as well as the degree of permanence and strategic connection with the Company of those shareholders. In any case, the Board shall ensure that the percentage of non-executive directors who are proprietary directors does not exceed the percentage of the Company’s capital represented by those proprietary directors.

Chairman and Vice-Chairman: The Board of Directors shall appoint one of its members Chairman at the proposal of the Nominations, Compensation and Corporate Governance Committee, with the active participation of the Coordinating Director, if one has been named, and may also appoint one or more Vice-Chairmen, who shall substitute the Chairman in case of temporary absence, momentary incapacity, or the specific delegation of the latter, regarding to the functioning of the Board of Directors, and shall have the other powers established in the internal rules of the Company. Provided that the Chairman of the Board is not considered an independent director, the first or sole Vice Chairman, as the case may be, shall be appointed from among the independent directors, with the abstention of the executive directors, assuming the duties of the Coordinating Director or designating him to assume the aforementioned post if he has already been appointed.

Coordinating Director: If the Chairman is not considered an independent director, the Board, on the proposal of the Nominations, Compensation and Corporate Governance Committee, shall appoint, with the abstention of the executive directors, a Coordinating Director from among the independent directors. If a Vice Chairman has been appointed who is considered an independent director and the Chairman of the Board is not, the Vice Chairman shall assume the duties of the Coordinating Director, and if the latter has already been appointed, he shall be designated to the post of Vice Chairman.

Chief Executive Officer: With the favourable vote of two-thirds of its members, and at the

proposal of the Nominations, Compensation and Corporate Governance Committee, the Board of Directors shall appoint a Chief Executive Officer (CEO), giving the latter all of the powers of the Board that are not considered non-delegable powers under the law and the Bylaws. The CEO shall be considered the chief executive of the Company and shall have overall responsibility for its management. Nominations of directors that the Board of Directors submits to the General Meeting for consideration and the resolutions to appoint them that are adopted by the aforementioned body by virtue of its powers of co-optation under the law shall be preceded by the corresponding proposal in the case of independent directors, or report for other directors, of the Nominations, Compensation and Corporate Governance Committee. Nominations of directors shall always be accompanied by a supporting statement from the Board of Directors. All of the proposals and statements for the appointment of directors shall assess the suitability of the proposed candidates for the position of director, with special attention to their expertise, experience and accomplishments, as well as their ability to commit to the duties that correspond to the position. Directors shall cease to hold office when the term for which they were appointed expires, or when the General Meeting resolves their termination. Directors shall serve a term of three years and may be reappointed. Directors who leave the post before their term expires because they resign, or for another reason by resolution of the General Shareholders Meeting shall explain their reasons for leaving as provided in the Board Regulations. Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the cases provided in the Board of Directors Regulation (see section C.1.19 of this Report). The Board of Directors shall not propose the termination of any independent director before the statutory term for which the latter was appointed expires, unless the Board determines that there is just cause after a report from the Nominations, Compensation and Corporate Governance Committee.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes
During 2020, a self-assessment was conducted of the composition and work of the Board of Directors and its committees during 2019. The performance of the Chairman of the Board, the CEO, and the Chairmen of the Committees was also assessed. The Nominations, Compensation and Corporate Governance Commission submitted a report to the Board of Directors on the findings of this assessment and the Board approved a proposed plan of action to correct the deficiencies detected. The aspects which received the least positive scores in the 2019 assessment and the action plans implemented in 2020 were as follows: 1. Internal regulations: A regular review was recommended of issues related to the composition and functioning of the Board and committees in response to new legislation and better corporate governance practices. In 2020, therefore, in line with its aim of constantly updating and reviewing its corporate governance system and internal regulations, the Company carried out the review and update of its internal regulation (including its Bylaws, the Regulations of the Board of Directors and a range of internal policies). In particular, the following measures were adopted:

i. Decrease in the size of the Board (from 13 to 12 directors).

ii. Reduction of the term of the director position (from 4 to 3 years).

iii. Introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020, certain basic provisions of Technical Guide CNMV and the novelties introduced in the Spanish Companies Act introduced by Law 11/2018, regarding non-financial information and diversity.

2. The composition of the Board of Directors:

In 2020 the Company was not able to address the lack of gender diversity in the composition of the Board of Directors for the reasons detailed in section C.1.6 of this report.

Nevertheless, the Company has drawn up a skills matrix for the Board, which was taken into account in the process of reelecting and appointing Directors during the year. The two new directors appointed to the Board in 2020, Mr. Javier Santiso Guimaras and Mr. Rosauro Varo Rodríguez, have professional profiles and experience that fit the Board's skills matrix, contributing the required professional and personal skills, in particular in the areas of digital transformation, entrepreneurship, generational renewal and active involvement in the cultural sector.

3. Functioning of the Board of Directors:

Based on the results of the assessment, the meetings of the Board and committees have focused more strongly on strategic matters such as monitoring risks, they have been attended more frequently by senior managers to report on their areas of responsibility, and improvements have been made to the information prepared for meetings (providing directors with executive summaries on key presentations).

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas
Board of Directors Regulations regulates the evaluation process and areas that should be assessed, as follows: 1. Each year, the Board of Directors shall hold specific meetings to evaluate: (i) The quality and efficiency of the Board's function and the quality of the work, as well as diversity in its composition and skills, based on a report submitted by the Nominations, Compensation and Corporate Governance Committee; (ii) The performance of the duties of the Chairman of the Board of Directors and the CEO of the Company (at the same or in separate meetings), based on a report submitted by the Nominations, Compensation and Corporate Governance Committee; (iii) The function and composition of the Committees, based on the report that each of the latter submits to it; and (iv) The performance and contribution of the directors, paying special attention to the directors chairing the various Board Committees. 2. The Chairman of the Board of Directors shall organize and coordinate the aforementioned evaluation process, except as it applies to him, along with the chairmen of the

Audit, Risks and Compliance and the Nominations, Compensation and Corporate Governance Committees, as well as the Coordinating Director, if one is appointed. The evaluation of the Chairman shall be organized by the Coordinating Director or, in the absence thereof, the Chairman of the Nominations, Compensation and Corporate Governance Committee.

3. The Chairman of the Board and the Chief Executive Officer will be absent during the debates corresponding to their respective evaluations. In the Chairman's absence, the Board — and, where appropriate, the respective Committee— shall be chaired by the Vice-Chairman, and in the latter's absences, by the Coordinating Director; and in his absence, by the Chairman of the Nominations, Compensation and Corporate Governance Committee.

4. Based on the results of the annual evaluation, the Board of Directors shall propose the appropriate actions to remedy the problems identified and promote improvements.

Regarding the self-evaluation for 2019 (performed in 2020) and in accordance with the Board of Directors Regulations, the Board Chairman at that time, Javier Monzón de Cáceres, together with the chaimen of the Commissions, organised and co-ordinated said self-evaluation process. The areas evaluated were those set out in the Board of Directors Regulations, except concerning the Board members' individual contributions and performance.

The Company's coordinating director Beatriz de Clermont-Tonerre was not appointed to that post until December 2020, so she will not perform that function until the evaluation of the 2020 fiscal year is conducted in 2021.

Likewise, in the 2019 evaluation, for the first time the Company was assisted by an independent outside advisor (KPMG).

Based on the results of the annual evaluation (compiled from responses from questionnaires submitted to the directors) and a report and proposals from the Appointments, Compensation and Corporate Governance Committee, the Board of Directors with the external advice of KPMG approved an action plan to correct the deficiencies detected and implement improvements (which were described in the previous section).

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

For the first time and for the 2019 evaluation (conducted in 2020) the Company had the assistance of an outside independent advisor (KPMG).

During 2020 KPMG provided various consulting services to other Grupo PRISA companies (in the sense of article 42 of the Commercial Code), for a total of €1,839,487, although the Company doesn't deem it necessary to provide a detail of those services.

C.1.19 State the situations in which directors are required to resign.

Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases:

i. If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law.
ii. If, events or conduct attributable to the director result in – or in the Board's judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group.
iii. If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to

be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability.

iv. If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors.

v. When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment.

vi. If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law.

vii. If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high.

In all events, the director shall inform the Board and, if necessary, resign when situations arise that affect him, related or not to their actions within the Company, provided that they may harm its credit and reputation.

In particular, all directors shall inform the Board of Directors, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings.

The Board of Directors, once informed or been aware otherwise of any of the aforementioned circumstances, shall review the case as soon as possible and, attending to the particular circumstances, shall resolve, following a report by the Nominations, Compensation and Corporate Governance Committee, whether or not to adopt any measures it deems to be in the Company's interest, such as opening an internal investigation, calling on the director to resign or proposing his or her dismissal. The Board of Directors shall disclose this in the Annual Report of Corporate Governance, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company shall disclose, if appropriate, at the time it adopts the corresponding measures.

In the cases described above, the Board of Directors may require the resignation of the director and recommend the latter's termination to the General Shareholders Meeting.

If, in the cases described in paragraphs v) and vi) above, after a report from the Nominations, Compensation and Corporate Governance Committee, the Board of Directors considers that there are justified grounds for the director to stay, it shall review the latter's classification, taking into account the new circumstances that have arisen.

The cases described above shall also apply to the person representing a director who is a legal entity.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

NO

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

NO

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

NO

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

NO

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 20 of the Company Bylaws and Article 20 of the Board Regulations provide that if it is impossible for them to attend board meetings, they will appoint another director as proxy. In that regard, proxies must be in writing, specifically for the meeting in question and instructing to the representative about the sense of any vote. Non-executive directors can only delegate their representation to other non-executive directors. Representation cannot be delegated on matters in which the director has a conflict of interest.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	14
Number of Board meetings without the chairman	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Remarks
The lead director was appointed on December 22, 2020.

Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Delegated Commission	15
Number of meetings held by the Audit, Risks and Compliance Commission	8
Number of Meetings held by the Appointments, Remuneration and Corporate Governance Commission	12

C.1.26 State the number of meetings held by the Board of Directors during the year and the details of attendance:

Number of meetings attended by at least 80% of the directors	10

% of attendance over total votes during the year	86.78%
Number of meetings in situ or representations made with specific instructions of all directors	12
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	98.85%

Remarks
Attendance is deemed to include attendance in person, by telephone and by videoconference.

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

YES

Identify, where applicable, the persons who certified the company's individual and consolidated annual accounts for approval by the Board:
MANUEL MIRAT SANTIAGO (CEO)
GUILLERMO DE JUANES MONTMERTE (CFO)

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Regulations of the Board of Directors (articles 27 and 43) establish that:

i. It is the responsibility of the Audit, Risks and Compliance Committee to ensure that the annual accounts that the Board of Directors submits to the General Shareholders Meeting are drawn up in accordance to accounting legislation. In those cases where the auditor includes any qualification in its audit report, the Chairman of the Audit, Risks and Compliance Committee shall clearly explain at the general meeting the opinion of the Audit, Risks and Compliance Committee regarding its scope and content, and a summary of that opinion shall be made available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

ii. The Board shall do its best to submit the annual financial statements to the General Meeting without reservations or qualifications in the audit report. If these exist, the Board shall ask the external auditors to clearly explain them to the shareholders at the Ordinary General Meeting.

C.1.29 Is the secretary of the Board also a director?

NO

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative
XAVIER PUJOL TOBEÑA	

C.1.30. State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

The Board of Directors Regulations provides that the relationship with the external auditors shall be channelled through the Audit, Risks and Compliance Committee, which, among other responsabilities, will have the following:

i. Should the external auditor resign, to examine the circumstances that led to the resignation;

ii. To ensure that the remuneration of the external auditor does not compromise the auditor's quality or independence;

iii. To ensure that the Companies reports the change of auditor to the National Securities Market Commission and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist;

iv. To maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company;

v. To ensure that the Company and the external auditor comply with the applicable regulations on the provision of non-auditing services, restrictions on the concentration of the auditing business and, other general regulations on the independence of auditors.

In Addition, the Audit, Risks and Compliance Committee shall be responsible for the procedure for proposing the auditor, which shall take into account factors such as the scope of the works to perform, the training, experience and resources of the auditing team, and the auditor's signature, the fees, and its independence, and the effectiveness and quality of the services it provides.

Under art. 529 *quaterdecies* of the Capital Companies Act, the Audit, Risks and Compliance Committee also has the following tasks for preserving the auditors' independence:

i. Establish relations with the external auditor in order to receive information, for examination by the Committee, on any matters that may entail a threat to the auditor's independence and on any other matters concerning the audit; where necessary, authorise any permitted services, as provided by the Spanish Audit Act in relation to auditor independence; and receive any other communications provided for in auditing legislation and standards. The committee must receive an annual statement from the external auditors certifying their independence in relation to the Company or entities directly or indirectly related to it, as well as detailed, individualised information about any additional services of any kind provided to, and the fees received from, such entities by the external auditor or by individuals or entities related to it, in accordance with auditing regulations.

ii. Issue each year, before the auditor's report is issued, a report stating an opinion as to whether the auditor or audit firm's independence is compromised. This report must contain a reasoned assessment of the provision of any of the additional non-audit services referred to in the previous paragraph, considered individually and in the aggregate, in relation to the auditors' independence and compliance with auditing standards.

The Board of Directors Regulations also specify the following safeguards with respect to the external auditor:

i. The Board shall not award the contract to audit the annual accounts to firms at which there are circumstances that could compromise their independence, pursuant to the criteria defined at any time by applicable legislation.

ii. With the regularly and content defined by the applicable regulations at any time, the Board shall publically disclose the total fees that the Company has paid to the auditing firm for auditing services, and for non-auditing services, providing a breakdown of the fees paid to the external auditors and payments to any other company of their group.

iii. The auditing firm and/or the professional auditor responsible for the work and the members of the external auditing team shall be periodically rotated in accordance with the legally established deadlines at any time and in cases and with the criteria defined, where applicable, by the Board in accordance with a proposal by the Audit, Risks and Compliance Committee.

All the above safeguards are effectively applied by the Company: the Audit, Risks and Compliance Committee proposes the appointment of the external auditor and examines and, where appropriate, approves each specific proposal for the engagement of the external auditor's services in all Group companies, following the established preapproval procedure. This procedure requires that for each service subject to approval by the committee the external auditor must issue a certificate guaranteeing that providing the service does not affect its independence as auditor. The preapproval procedure is updated and approved by the committee each year and is distributed to the Group's business units, which must apply it. The committee also reviews and approves the audit fees of the external auditor and any other firms (which are disclosed in the notes to the financial statements and in the committee's annual activity report) and also reviews and approves any change of audit firm in any Group company.

Likewise, on the occasion of the review and authorisation of the financial statements, the Audit, Risks and Compliance Committee receives from the external auditor written confirmation of its independence with respect to the previous financial year, as well as information about the fees paid to the main auditor and its related parties for other professional services provided to Grupo PRISA companies, in accordance with the provisions of the Audit Act. The committee issues a report in which, in view of the foregoing, it sets out its conclusions regarding the external auditors' independence during the year in question, which is published on the company's web site (www.prisa.com) sufficiently in advance of the annual general meeting of shareholders, in compliance with Recommendation 6 of the CNMV's Unified Code on Good Corporate Governance.

The team responsible for the auditing of Grupo PRISA's accounts also attends various meetings of the committee, as well as the Board of Directors meeting at which the financial statements are authorised for issue, and holds meetings with committee members outside of any committee meeting.

The Company has not established any specific mechanism with respect to financial analysts, investment banks or rating agencies, but verifies their independence and possible conflicts of interest before engaging their services.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

YES

Outgoing auditor	Incoming auditor
Deloitte	Ernst & Young

Remarks
Considering that Deloitte has been auditing the Company's annual accounts for 29 years without

interruption (until the year 2019, this inclusive), the Audit, Risks and Compliance Commission has conducted a process to select a new external auditor, pursuant to the provisions of current regulations.

After application by several audit firms, the Commission recommended to the Board of Directors the appointment of Ernst & Young (EY) as new auditor of the annual accounts of the Company and its consolidated Group. At the proposal of the Board of Directors, the Ordinary Shareholders Meeting held on June 29, 2020 agreed to appoint EY as the auditors of the Company and its consolidated group, for the term of three years, to audit the financial statements for the years 2020, 2021 and 2022.

If there were any disagreements with the outgoing auditor, please provide an explanation:

NO

C.1.32. Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

YES

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	161	214	375
Amount invoiced for non-audit work/Amount for audit work (in %)	64.39%	23.95%	32.82%

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

NO

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	3.30%	3.40%

Remarks
Considering that Deloitte has been auditing the Company's annual accounts for 29 years without interruption (until the year 2019, this inclusive), the Audit, Risks and Compliance Commission has conducted a process to select a new external auditor, pursuant to the provisions of current regulations. After application by several audit firms, the Commission recommended to the Board of Directors the appointment of Ernst & Young (EY) as new auditor of the annual accounts of the Company and its consolidated Group. At the proposal of the Board of Directors, the Ordinary Shareholders Meeting held on June 29, 2020 agreed to appoint EY as the auditors of the Company and its consolidated group, for the term of three years, to audit the financial statements for the years 2020, 2021 and 2022.

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

YES

Explanation of procedure
The Board of Directors Regulations provides the following: i. The schedule of ordinary meetings shall be established by the Board of Directors itself before the start of each financial year. Se prevé asimismo un procedimiento y unos plazos para modificar el calendario y para convocar reuniones extraordinarias. The scheduled meetings shall be formally convened sufficiently in advance, and not later than three calendar days before the meeting, except in the case of urgent meetings, and shall include the agenda, unless there is a justified reason not to. The meeting shall be convened at least four calendar days in advance if a weekend falls between the date on which the meeting is convened and the date set for holding it. Unless the Board meets or has been exceptionally convened for urgent reasons, the notification of the meeting shall include the information necessary for the directors to properly prepare for and deliberate the items on the agenda, and should be accompanied by proposed resolutions related to the items on the agenda requiring a decision of the Board. ii. Likewise, the Directors shall have the duty to demand and the right to seek, with the broadest of powers, the information and advice they need about any aspect of the Company, provided it is necessary for the performance of their duties. The right to information is channelled through the Chairman, who shall respond to requests from directors, directly facilitating the information for them, providing them with the appropriate contact persons or making all the arrangements necessary for the requested inspection. Furthermore, the Chairman of the Board shall ensure, with the Secretary's assistance, that all documents distributed in the meetings of the various Committees is accessible to all of the directors. iii. For help in carrying out their duties, any of the directors may seek to hire, at the Company's expense, legal, accounting, technical, financial, business or other experts. The mandate must involve specific problems of certain relevance and complexity that arise during the performance of the director's duties.

C.1.36 State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

YES

Explain the rules
As established in the above section C.1.19, Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases provided in the Board of Directors Regulation: i. If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law. ii. If, events or conduct attributable to the director result in – or in the Board's judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group. iii. If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability. iv. If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors. v. When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment. vi. If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law. vii. If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high. In all events, the director shall inform the Board and, if necessary, resign when situations arise that affect him, related or not to their actions within the Company, provided that they may harm its credit and reputation. In particular, all directors shall inform the Board of Directors, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings. The Board of Directors, once informed or been aware otherwise of any of the aforementioned circumstances, shall review the case as soon as possible and, attending to the particular circumstances, shall resolve, following a report by the Nominations, Compensation and Corporate Governance Committee, whether or not to adopt any measures it deems to be in the Company's interest, such as opening an internal investigation, calling on the director to resign or proposing his or her dismissal. The Board of Directors shall disclose this in the Annual Report of Corporate Governance, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company shall disclose, if appropriate, at the time it adopts the

corresponding measures. In the cases mentioned above, the Board of Directors may require the resignation of the director and recommend the latter's termination to the General Shareholders Meeting.

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the LSC:

NO

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Refinancing agreement signed by Prisa, HSBC Plc., as agent, and other financial institutions (Override Agreement), in December 2020, and senior financing agreement signed on the same date by Prisa, Global Loan Agency Services Limited, as agent, and Deutsche Bank AG Frankfurt Branch (Super Senior Term and Revolving Facilities Agreement). Both the refinancing agreement and the senior financing contract include grounds for acceleration, which include the acquisition of control of PRISA (being the "control" defined by the contract as: the acquisition by one or more people acting in concert of more than 30% of the share capital with voting rights). In the event that such event of default occurs, the debt covered by each of said agreements would be accelerated and its payment would be enforceable from that moment.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of Beneficiaries	13
Type of Beneficiaries	As of December 31, 2020, there were the following beneficiaries: Mr Manuel Mirat Santiago (CEO), 7 senior managers and 5 managers of Grupo PRISA other than senior managers.
Description of the agreement:	1.Indemnification for unjustified dismissal: The contracts of Mr. Manuel Mirat Santiago (CEO) and 4 senior managers include a special clause that provides, in general terms, an indemnification for unjustified dismissal by the employer in an amount that ranges from between one year and one and a half years of total remuneration (fixed salary plus, in most cases, the latest variable compensation received). In the case of Mr. Mirat, the indemnification shall be calculated on the annual fixed and variable remuneration in cash at the date of his termination, taking into consideration the fixed remuneration and the target variable compesation set for the financial year of termination. In addition, Mr. Mirat will receive the indemnity stipulated by labor legislation applicable to ordinary

	employment relationships held in abeyance. The commercial contract with 1 senior manager provides that the indemnification, alternatively, will be the greater of the following amount: a year's pay (fixed salary plus the latest variable compensation received) or the one that would have been receivable for an ordinary employment relationship in the event of unjustified dismissal. In addition, the contract of the CEO and 3 of those senior managers will receive compensation equivalent to the maximum unemployment benefit that applies at the time the contractual relationship is terminated. Furthermore, at December 31, 2020, 3 executives of Grupo PRISA (who are not considered part of the Senior Management) had a golden parachute, which will be the higher of the following: the legal indemnity payment provided for in the senior management contract or the indemnity payment to which they are entitled in their previous ordinary employment relationship with the Company. The golden parachute is capped at EUR 1 million. 2. Indemnification for other reasons: The contract of one member of senior management provides for an indemnity payment in the event of objective dismissal or termination of the contractual relationship as part of any layoff proceedings for a sum equal to the indemnity payment due in the case of unfair dismissal less 30%. 3. Post-contractual noncompetition undertaking: The contract of Mr. Manuel Mirat Santiago (CEO) contain a 6 months post-contractual noncompetition agreement, with compensation equivalent to six months of the last gross fixed salary, payable in equal instalments over the term of the noncompetition agreement. The contracts of 7 members of the senior management likewise provide for a post-contractual noncompetition agreement of between six months and a year, with compensation equivalent to six or 12 months, as the case may have it, of the last gross fixed salary((plus variable compensation in one person's case), payable in equal instalments over the term of the noncompetition agreement. One of the members of senior management has a post-contract noncompetition agreement for one (1) year. Their salary compensation was settled and consolidated during the first two years of service, as established in their employment contract. In addition, 4 executives not considered part of the senior management have a noncompetition agreement of between nine and 12 months with compensation equivalent to six months of their fixed salary (plus their variable compensation in two cases).

Indicate whether, beyond regulatory requirements, these contracts must be reported to and/or approved by management bodies of the company or of the Group. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the severance clauses	YES	

Are these clauses notified to the General Shareholders' Meeting?	YES

Remarks
The requirements regarding the approval and notification of the abovementioned contracts are those laid down by the Capital Companies Act, which have also been incorporated in the Company's Board of Directors Regulations: The contracts of executive directors must be approved by a two-thirds majority of the Board of Directors, pursuant to article 249 of the LSC. Additionally, pursuant to articles 529 *septdecies*, 529 *octodecies* and 529 *novodecies* of the LSC, directors' remuneration must be specified in the Directors' Remuneration Policy, which is submitted to the General Meeting of Shareholders for approval, at the proposal of the Board of Directors, backed by a report by the Nominations, Compensation and Corporate Governance Committee (NCCGC). The Directors' Remuneration Policy for 2018, 2019 and 2020 was approved by the Annual General Meeting of Shareholders held in April 2018 and modified by the Annual General Meeting of Shareholders held in June 2019. Subsequently, at the Extraordinary Shareholders' Meeting held on 18 December de 2020, an amended text of the Directors Remuneration Policy for 2020 (complementing and updating the text approved in April 2018 and June 2019) and 2021. This Policy, which includes the abovementioned agreements with the executive director Mr. Manuel Mirat, is published on the website www.prisa.com. Under article 249 *bis* of the LSC, the Board of Directors also has the following non-delegable powers: i) decisions on directors' remuneration, within the framework of the articles of association and the remuneration policy approved by the General Meeting, and ii) approval of the terms of the contracts of senior managers, all this at the proposal of the NCCGC. Guarantee or lock-in clauses have been approved by the Board of Directors since 1 January 2018. The General Meeting of Shareholders is informed of these clauses to the extent that it approves the Directors' Remuneration Policy and, also, at yearly intervals when the Company publishes its Annual Corporate Governance Report on the occasion of the notice of General Meeting.

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDIT, RISKS AND COMPLIANCE COMMISSION

Name	Post	Category
MR. DOMINIQUE D´HINNIN	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR

AMBER CAPITAL UK LLP	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MS. MARIA TERESA BALLESTER FORNES	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR ROSAURO VARO RODRIGUEZ	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% of executive directors	00.00
% of proprietary directors	25.00
% of independent directors	75.00
% of external directors	00.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Committee shall be formed with a minimum of three and a maximum of five directors (non-executive directors and the majority of them shall be independent directors). Members of the Committee together, and especially its Chairman, shall be selected according to their knowledge and experience on matters of accounting, audits and risk management, both financial and non-financial.

Members of the Committee are appointed or terminated by the Board of Directors based on a recommendation of the Nominations, Compensation and Corporate Governance Committee. The Chairman of the Committee shall be chosen by the Board of Directors, on the recommendation of the Nominations, Compensation and Corporate Governance Committee, from among the members of the Committee who are independent directors.

In addition to the duties assigned to it by law, the Audit, Risks and Compliance Committee also has the following responsibilities:

(i) To ensure that the annual accounts that the Board of Directors submits to the General Shareholders Meeting are drawn up in accordance to accounting legislation. In those cases where the auditor includes any qualification in its audit report, the Chairman of the Audit, Risks and Compliance Committee shall clearly explain at the general meeting the opinion of the Audit, Risks and Compliance Committee regarding its scope and content, and a summary of that opinion shall be made available to the shareholders at the time of the publication of the notice of the meeting.

(ii) To supervise and evaluate the Internal Audit (which shall depend on the Audit, Risks and Compliance Committee for its work), ensure its independence, approve its duties, action plans and resources, and recommend, where appropriate, the recruitment, appointment or termination of its manager, as well as the latter's salary conditions and contractual relationship with the Company, which shall require a favourable report of the Nominations, Compensation and Corporate Governance Committee. The head of the Internal Audit division shall present its annual work plan to the Audit, Risks and Compliance Committee for its approval, and shall inform of its execution.

(iii) To supervise and assess the preparation process and the integrity of the financial and non-financial information, as well as the financial and non-financial risk and management systems—including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption— checking for compliance with regulations, adequate delimitation of the consolidation perimeter and proper application of accounting criteria.

(iv) To channel the contact with the external auditor: should the external auditor resign, to examine the circumstances that led to the resignation; to ensure that the remuneration of the external auditor does not compromise the auditor's quality or independence; ensure that the Companies reports the change of auditor to the National Securities Market Commission and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist; maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company; and ensure that the Company and the external auditor comply with the applicable regulations on the independence of auditors.

The Committee shall be responsible for the procedure for proposing the auditor.

(v) To verify compliance with the policies and rules of the Company in the environmental, social and corporate governance areas, as well as the internal rules of conduct of the Company.

(vi) To evaluate the non-financial risks of the Group.

The Committee shall establish and oversee a mechanism that allows employees and other persons related to the Company (such as directors, shareholders, suppliers, contractors or subcontractors) to notify about potentially significant irregularities, including those of financial and accounting nature or otherwise, related to the Company, that may be discovered at the Company. The Committee shall evaluate the control and risks management function and its duly independent management of risks, verifying that appropriate procedures have been introduced so that management, the Committee itself, and the Board can be sure that the control and risk management systems have worked in accordance with the policies and criteria approved by the Board

The Audit, Risks and Compliance Committee shall establish an annual work plan, that includes, at least, the activities provided for in the Board Regulations. The Audit, Risks and Compliance Committee shall meet periodically, according to need, and at least four times a year, and shall prepare an annual report on its activities and shall propose its publication to the Board for the General Shareholders Meeting. Furthermore, the Committee may specifically evaluate its own performance to strengthen its operation and improve planning for the next financial year.

The most important actions of the Audit, Risks and Compliance Committee during 2020 are detailed in the annual report on this Committee's activities, which will be published when the 2021 Ordinary General Meeting is called, on the corporate website www.prisa.com.

However, the following can be cited among the Committee's most relevant activities for the year: i) several matters involving the relationship with the external auditor and the process of selecting a new external auditor, ii) review of the annual accounts, the periodic financial information (quarterly and half-yearly) and the non-financial information statement (EINF), which is included into the consolidated management report, iii) monitoring the efficacy and results of the evaluation of the system for Internal Control over Financial Reporting (ICFR system); iv) review and monitoring the risk map, as well as developing the Risk Management Model (ERM); v) following up on the internal audit projects; vi) analysing of related party transactions; vii) anlysis of the impact of certain corporate transactions, as well as the COVID 19 crisis; viii) monitoring the Model for Prevention of Criminal Liability, and ix) assessing compliance with internal company regulations and monitoring regulatory changes.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR. DOMINIQUE D´HINNIN AMBER CAPITAL UK LLP MS. MARIA TERESA BALLESTER FORNES MR. ROSAURO VARO RODRIGUEZ
Date of appointment of the chairperson	20/11/2017

APPOINTMENTS, REMUNERATION AND CORPORTATE GOVERNANCE COMMISSION

Name	Post	Category
MS. BEATRICE DE CLERMONT-TONERRE	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR DOMINIQUE D´HINNIN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR JAVIER SANTISO GUIMARAS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% of executive directors	00.00
% of proprietary directors	25.00
% of independent directors	75.00
% of external directors	00.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Nominations, Compensation and Corporate Governance Committee shall be formed by a minimum of three to a maximum of five non-executive directors, the majority of them independent directors which shall be appointed ensuring that they have adequate knowledge, qualifications and experience for the duties they will be expected to perform and, particularly, in corporate governance issues, strategic analysis and evaluation of human resource, recruitment of directors and managers, performance of senior management functions and design of remuneration policies and plans for directors and senior managers. The Board of Directors shall appoint and terminate members of the Committee pursuant to a recommendation by the Nominations, Compensation and Corporate Governance Committee (the Chairman of the Committee shall be chosen from among the members of the Committee who are independent directors). In addition to the duties it is assigned by law, the Nominations, Compensation and Corporate Governance Committee has the following responsibilities:

i) Composition of the Board of Directors: Verify compliance annually with the board of directors diversity and members selection policy; Analyse the competencies, knowledge and experience required in the board of directors (preparation of a board competency matrix); Make proposals, in the case of independent directors, and inform about the proposals submitted to the Board in the case of other directors, for the appointment, reelection and termination of directors; Make recommendations for classifying directors as executive, proprietary, independent or other external director; Report on the proposals for appointing the individual representatives of legal entities who are directors; Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on the appointments of the Chairmen, the Vice-Chairmen, the Coordinating Director, the CEO, the members of the Delegated Committee, and the other Committees of the Board of Directors, as well as their respective Chairmen; Report on the proposals for the appointment of the Secretary and the Vice Secretary; Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on proposals for severance, termination or replacement of any post on the Board and its Committees other than the Secretary and Vice-Secretary; Report on the proposals for appointing representatives of the Company on the management bodies of the Companies of the Group; Elaborate the succession plan of the Chairman of the board and of the chief executive officer; Make appropriate recommendations for the Board to conduct proper planning for the orderly renewal and succession of its members.

ii) Senior management of the Group: report on the appointment and severance of senior managers and on the contractual conditions of their relationship with the Company; receive information on disciplinary measures in relation to senior managers; Supervise the succession plan of senior managers;

iii) Remuneration policy for the directors and senior managers: propose to the Board of Directors a policy for the remuneration of the directors and senior managers, and for the individual remuneration and other contractual conditions of the executive directors; verify compliance and periodically review the remunerations policy for directors and senior managers, and guarantee that their individual remuneration is proportional to their level of responsibility and dedication; Inform the Board about the proposals related to the variable terms of remuneration for executive directors and senior managers of the Company, and about the other incentive plans aimed at them and, if applicable, verify the degree of meeting the targets to which they are subject; Prepare the Annual Report on the Remuneration of the directors for its approval by the Board.

iv) Corporate governance system: Promote the Company's corporate governance policies (and report the proposals to amend the internal rules); Propose the approval of the Annual Report on Corporate Governance by the Board of Directors; Prepare a preliminary report on which the Board can base the annual evaluation of its activities; Promote and orientate the policy, internal rules and procedures related to sustainability regarding environmental and social issues; Propose to the Board of Directors the approval of the annual report on sustainability; Supervise the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored; Supervise and evaluate the communication process with the various stakeholders.

The Committee shall establish an annual work plan that includes the activities provided for in the Board Regulations (shall met on a regular basis according to its needs and, at least, three times per year) and shall annually approve a report on its activities. The most important actions of the Nominations and Compensation Committee during 2020 are detailed in the annual report on this Committee's activities, which will be published when the 2021 Ordinary General Meeting is called, on the corporate website www.prisa.com. However, it is worth highlighting the performance of the Committee during the year in the following matters: appointment and re-election of directors, preparation of a matrix of competencies, adaptation of the Company's internal regulations to legal developments and best practices in matters of corporate governance (including the Directors' Remuneration Policy); review of the remuneration conditions of the board and senior management in view of the Covid-19 Crisis; Board self-assessment with the support of an external advisor.

DELEGATED COMMISSION

Name	Post	Category
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. MANUEL MIRAT SANTIAGO	MEMBER	EXECUTIVE DIRECTOR
MR. JAVIER DE JAIME GUIJARRO	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. MANUEL POLANCO MORENO	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR JAVIER SANTISO GUIMARAS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS BEATRIZ DE CLERMONT-TONERRE	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% of executive directors	16.67
% of proprietary directors	33.33
% of independent directors	50.00
% of external directors	00.00

Explain the duties exercised by this committee, other than those that have already been described in Section C.1.10 and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The rules governing the organization and operations of the Delegated Commission that are described below are provided in the Board of Directors Regulation:

The Delegated Committee shall consist of at least one third of the members of the Board. The Delegated Committee shall be chaired by the Chairman of the Board of Directors, unless the Board decides that the CEO should chair it. In case of the temporary absence or momentary incapacity of the person acting as Chairman, the latter shall be substituted by the Chairman of the Board or by the CEO, as the case may be, and in their absence, by the Coordinating Director or, in the latter's absence, by another external director designated by the Committee.

The Board of Directors shall appoint the members of the Delegated Committee at the proposal of the Nominations, Compensation and Corporate Governance Committee, with a favourable vote of two-thirds of the directors. The Chairman of the Board and the CEO shall be members of the Delegated Committee and, if there is one, the Coordinating Director.

The Delegated Committee shall be composed by at least two non-executive directors, at least one of whom shall be independent.

The Delegated Committee shall meet whenever this is deemed to be in the interests of the Company in the judgement of the Chairman, who shall convene the meetings sufficiently in advance and when requested by two or more members of the Delegated Committee or the CEO.

Without prejudice to the authority of the Chief Executive Officer, the Delegated Commission is delegated all authority of the Board except for those that cannot be delegated under the law or the bylaws. Notwithstanding when duly justified urgent circumstances arise and the law permits it, the Delegated Committee may adopt resolutions related to the matters reserved to the Board, which shall be confirmed in the first meeting of the Board of Directors held after they are adopted.

The function performed by the Delegated Committee during 2020 primarily consisted in supervising the corporate strategic operations carried out by the Company, as well as supervising, in general the activities and results of the Company.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
		Year 2019 Number %	Year 2018 Number %	Year 2017 Number %
Audit, Risks and Compliance Committee	1 (25.00)	2 (50.00)	1 (33.33)	1 (33.33)
Appointments, Compensation and Corporate Governance Committee	1 (25.00)	2 (50.00)	0 (00.00)	0 (00.00)
Delegated Committee	1 (16.67)	1 (16.67)	1 (20.00)	0 (00.00)

Remarks
Until the time of the resignation of Ms Sonia Dulá as director (on December 18, 2020), the composition of the audit, risks and compliance committee and the appointments, remuneration and corporate governance committee was equal in terms of diversity of gender.

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

The functioning, powers and composition of the Delegated Commission, Audit, Risks and Compliance Commission and Appointments, Compensation and Corporate Governance

Commission are regulated by the Bylaws and by the Board Regulations, which are available on the Company´s website (www.prisa.com).

As already indicated in section C.1.15 of this Report, in 2020 the Company has carried out the review and update of its internal regulations, which has included the revision of the Company Bylaws, the Regulations of the Board of Directors and various internal policies of the Company. Some of the rules that regulate the Board committees have been affected by these modifications, which were aimed to (i) introduce certain basic provisions of Technical Guide 1/2019 of the Spanish National Securities Market Commission on Appointments and Remunerations Committees (*Guía Técnica 1/2019 de la Comisión Nacional del Mercado de Valores sobre Comisiones de Nombramientos y Retribuciones*); (ii) introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020; (iii) to include the novelties introduced in the Spanish Companies Act introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information, diversity in the composition of the Board and the non-delegable powers of this body; and (iv) include technical adjustments to improve the drafting and interpretation of the Regulations and to complete its content.

The Audit, Risks and Compliance Commission and the Appointments, Compensation and Corporate Governance Commission published in 2020 reports on their functions and activity during 2019, which were made available to shareholders when the Shareholders Meeting held in June 2020 were convened and that are published on the Company´s website.

The Commissions will again issue these reports on their functions and activities for the year 2020, which also will be made available to shareholders.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

In accordance with the Board of Directors Regulations of the Company, it is a non-delegable power of the Board to approve, following a report from the Audit, Risks and Compliance Committee, related party transactions as defined by currently applicable legislation.

Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company's directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.

The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall asses the operation from a perspective of equal treatment of shareholders and considering market conditions.

Notwithstanding the foregoing, authorization corresponds to the General Meeting if the transaction exceeds a value of 10% of the corporate assets.

For transactions of a recurring nature conducted during the ordinary course of the Company's business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.

The authorization provided for above shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:

- (i) they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;
- (ii) they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and
- (iii) the amount of the transaction does not exceed 1% of the Company's annual income.

For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influenced in companies or entities that maintain commercial or business relationships with the Company.

The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.

The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones.

D.2 Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Rendering of	1,030
BANCO SANTANDER, S.A.	GRUPO PRISA	Commercial	Rendering of services	2,277
RUCANDIO, S.A.	GRUPO PRISA	Commercial	Rendering of services	3
HSBC HOLDINGS PLC	GRUPO PRISA	Commercial	Rendering of services	2
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Reception of services	6,371
TELEFONICA, S.A.	GRUPO PRISA	Contractual	Operating lease agreements	1,595
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Operating lease agreements	11
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	249
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	260
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Financing Agreements: Loans	2,034
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	Contractual	Financing Agreements: Loans	6,000
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES,	Contractual	Financing Agreements: Loans	702
BANCO SANTANDER, S.A.	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Financing Agreements: Loans	6,750
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	15,483
HSBC HOLDINGS PLC	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Financing Agreements: Loans	219,242
BANCO SANTANDER, S.A.	EDICIONES SANTILLANA, S.A. (ARGENTINA)	Contractual	Financing Agreements: Loans	377
BANCO SANTANDER, S.A.	EDICIONES SANTILLANA, S.A. (ARGENTINA)	Contractual	Financing Agreements: Loans	377
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Warranties	193

BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Warranties	262
BANCO SANTANDER, S.A.	PRISA RADIO, S.L.	Contractual	Warranties	340
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	227
BANCO SANTANDER, S.A.	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Interest paid	360
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Interest paid	312
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIOFIFUCIÓN, S.L.	Contractual	Interest paid	282
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	7,260
HSBC HOLDINGS PLC	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Interest paid	11,520

Remarks
i)Transactions shown in the table include operations with the significant shareholder and/or companies in the Group. ii) Transactions with Grupo PRISA include those with Promotora de Informaciones, S.A. (PRISA) and companies in its group. When the name of a particular company in Grupo PRISA is specified, this indicates that the transaction was carried out exclusively with that company. iii) The operations shown in the table reflect the accounting information contained in the consolidated income statement for Grupo PRISA.

D.3 Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)

Remarks
i) Compensation to Prisa directors and senior management is detailed in Sections C.1.13 and C.1.14 of this report. ii) The director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Chairman of the media group Dar Al- Sharq, which maintains a strategic alliance with Diario As (a company of PRISA

Group), under which in 2017 they jointly launched "AS Arabia".

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
Sociedad Española de Radiodifusión, S.L.	Loans granted by Sociedad Española de Radiodifusión, S.L. to the company in which it holds holdings, Green Emerald Business INC.	2,203
Sociedad Española de Radiodifusión, S.L.	Dividends received by Sociedad Española de Radiodifusión for its shareholding in Sistemas Radiópolis, S.A. CV	12,418
Prisa Brand Solutions, S.L.U	Income received by Prisa Brand Solutions, S.L.U for advertising sales with the Company WEMASS MEDIA AUDIENCE SAFE SOLUTIONS, S.L.	2,531
PRISA Radio, S.A.	Income received by PRISA Radio, S.A for the provision of technical assistance and advisory services to Sistemas Radiópolis, S.A. de CV.	819
Ediciones El País, S.L.	Income received by Ediciones El País, S.L. for the sale of copies to KIOSKOYMÁS, Sociedad Gestora de La Plataforma Tecnológica, S.L.	514

D.5 State the amount of any transactions conducted with other related parties that have not been reported in the previous sections.

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)

Remarks
In addition to the transactions described in sections above, the following transactions with related parties, have been performed: i) services rendered to companies of Grupo Prisa by other investee companies, for an aggregate amount of 1,336 thousand euros, ii) services provided by Grupo Prisa companies to other investee companies, for an aggregate amount of 174 thousand euros, iii) loans granted by companies of Grupo Prisa to other associated companies, for an amount of 230 thousand euros, iv) financial income recorded by companies of Grupo Prisa, linked to the loans granted to the investees, for an aggregate amount of 266 thousand euros, v) dividends received by companies of Grupo Prisa from investee companies, for an aggregate amount of 14 thousand euros and vi) loan impairment expenses associated with loans granted to associates and foreign exchange differences arising from loans denominated in foreign currencies.

D.6 Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

Provisions of the Board of Directors Regulation:

"Article 36: Conflicts of interest and their exemption

1. The directors shall take the necessary steps to avoid incurring in situations in which their interests, whether for their own account or that of others, may come into conflict with the interests of the company and with their obligations to the Company.

The exceptions are cases in which the Company has given its consent under the terms established in paragraph 6 of this Article.

2. A conflict of interests is deemed to exist in cases in which there is a directly or indirect clash between the interests of the Company, or the companies of the Group, and the personal interests of the director. A personal interest of the director is deemed to exist when the matter concerns him or a person associated with him.

For purposes of these Regulations, persons associated with the director are those defined as such in the applicable legislation at any time.

3. In particular, in a conflict of interests situation, directors shall refrain from the following Conducting:

i. transactions with the Company, except for ordinary transactions standard for customers or suppliers and of little importance, under the terms established by law;

ii. exploiting the Company's name or invoking the director's status as administrator to unduly influence private transactions;

iii. using the corporate assets, including the Company's confidential information, for personal ends, under the terms established in Article 37 of these Regulations;

iv. taking advantage of the Company's business opportunities, terms established in Article 39 of these Regulations; and

v. receiving benefits or payments from sources other than the Company and the Group in connection with the performance of their duties, unless these involve simple acts of courtesy.

4. The provisions of paragraph 3 above shall also apply in the event that the beneficiary of the banned acts or activities is a person associated with the director.

5. In cases in which the conflict of interest is, or can reasonably be expected to be, of such a nature that it constitutes a structural and permanent conflict between the director (or a person related to the latter or, in the case of a the proprietary director, the shareholder or shareholders the latter proposed or appointed, or persons directly or indirectly associated with them) and the Company or the companies included in their Group, it will be understood that the director is not, or has ceased to be suitable to hold the post pursuant to the requirements of Article 23 of these Regulations.

6. The directors shall notify the Board about any direct or indirect conflict that they may have with the interest of the Company. In particular, they shall disclose situations that may involve conflicts of interest pursuant to the provisions of the "Internal Rules of Conduct Concerning Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies."

Likewise, they shall also disclose: (i) the positions they hold on other boards of directors of which they are members, whether listed companies or not, and other paid activities of any nature they are engaged in; and (ii) the shares of the Company they directly or indirectly own and the rights of options over them.

7. Notwithstanding the provisions of paragraph 3 above, the Company may waive the prohibitions contained therein in individual cases, authorizing: (i) a director or associated person to conduct a specific transaction with the Company (in accordance with the provisions of these Regulations); (ii) the use of certain corporate assets; (iii) the exploitation of a specific business opportunity; (iv) the attainment of an advantage; or (v) payment from a third party.

This authorization shall require a resolution of the General Meeting if the purpose is a waiver of the prohibition of attaining an advantage or payment from third parties, or concerns a transaction with a value of more than 10% of the corporate assets.

In other cases, authorization the Board of Directors may also grant this authorization, provided that the independence of the members who grant it is ensured with respect to the director who receives the waiver, also ensuring that the authorized transaction poses no harm to the corporate assets or, if applicable, their realization in market conditions, and that the process is transparent.

8. In the cases foreseen in paragraph 2 above, the Board, following a report from the Nominations, Compensation and Corporate Governance Committee, shall require the adoption of measures which, in its judgement alone, are necessary to protect the Company's interests.

9. The Company shall publically disclose the conflicts of interest of the directors under the terms established in the applicable legislation at any time."

"Article 40. Transactions with directors and major shareholders:

1. Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company's directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.

2. The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall asses the operation from a perspective of equal treatment of shareholders and considering market conditions.

3. Notwithstanding the provisions of the previous paragraph, authorization corresponds to the General Meeting if the transaction exceeds a value of 10% of the corporate assets.

4. For transactions of a recurring nature conducted during the ordinary course of the Company's business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.

5. The authorization provided for in the previous paragraphs shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:

i. they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;

ii. they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and *iii. the amount of the transaction does not exceed 1% of the Company's annual income.*

6. For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influenced in companies or entities that maintain commercial or business relationships with the Company.

7. The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.

8. The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones."

<u>Provisions of the Internal Conduct Regulation for Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies" (RIC), which has been modified in July 2016 to its adaptation to Regulation (EU) 596/2014 of 16 April 2014 on market abuse, states the following regarding conflicts of interest. The RIC applies, among others, to the directors of the Company and to certain managers of the Group:</u>

"Article 22 (Conflict of Interest): A conflict of interest shall be deemed to exist when any of the following applies to an Affected Person in relation to the entities referred to in this section:

1. *The party is a director or senior manager with regular access to Inside Information directly or indirectly relating to the entity in question, and with power to make management decisions affecting the said entity's future evolution and business prospects.*
2. *The party holds a significant holding (meaning: for companies listed in any official Spanish or foreign secondary market, those referred to in article 125 SML and its implementing legislation; and, for unlisted Spanish or foreign companies, any direct or indirect holdings of more than twenty percent of the issued share capital).*
3. *The party is a relative, to the second degree by affinity or third degree by consanguinity, of the parties referred to in article 21.1 above or of holders of significant holdings in their share capital.*
4. *The party has relevant direct or indirect contractual relations.*

Affected Persons subject to conflicts of interest must observe the following general principles of action:

Independence: Affected Persons must at all times act with freedom of opinion, loyalty to the Company and its shareholders and independently of their own or third parties' interests. Consequently, they shall refrain from placing their own interests above those of the Company or those of some investors over others.

Refrainment: They must refrain from being involved in, or influencing, the taking of any decisions that could affect the persons or entities with which there is a conflict and from accessing Inside Information that affects such conflict.

Disclosure: Affected Persons must inform the Compliance Unit of any possible conflicts of interest in which they may be involved as a result of their activities outside the Company, their family ties, personal assets or for any other reason, as regards:

(a) The Company or any of the GRUPO PRISA companies.
(b) Significant suppliers or customers of the Company or of GRUPO PRISA companies.
(c) Entities engaged in the same type of business as, or which are competitors of, the Company or any of the GRUPO PRISA companies.

Any queries regarding the possibility of a conflict of interest must be discussed with the Compliance Unit, and the final decision shall be made by the Audit Committee".

Provisions of the Code of Ethics of Grupo PRISA:

The Code of Ethics, which applies to directors, amongst others, underscores the duty to avoid situations that could give rise to conflict between private interests and those of the company and requires that such situations be disclosed to the Company.

D.7 Is there more than one company in the group listed in Spain?

NO

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

In order to be able to control, mitigate and manage any threat to the fulfilment of its objectives, the Group constantly monitors the risks that could affect it, according to the Risk Control and Management Policy approved by the Board of Directors of PRISA with the favorable report of the Audit, Risks and Compliance Commission and the Nominations, Compensation and Corporate Governance Commission.

In this way, the Group has a Risk Management System, supported by an adequate definition and assignment of functions and responsibilities at different levels and a series of control and management methodologies, tools and procedures. Through this Risk Management System, the Group identifies, monitors and analyses risks on an ongoing basis, defines and, where appropriate, implements, on a case-by-case basis, the measures required to mitigate risks when they materialize.

The Risk Management System works by business unit, consolidating such management at a corporate level through, among other specific tools, a comprehensive management model, focused on ad hoc analysis in relation to different risks, depending on their development and the analysis made of them and their circumstances over time.

The Group also has an Internal Control over Financial Reporting (ICFR), initially developed from the methodological framework of COSO 1992, and adapted during fiscal year 2014 to the new COSO 2013 Framework.

For the management of criminal risks, the Group has a Model for Prevention of Criminal Liability in Spain and develops regulatory compliance models in the main countries in which it is present. In the context of compliance models, and among others, environmental, labor relations, corruption and bribery risks associated with the various business activities and operations are analyzed.

E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

The identification of the risks is carried out by the various Directorates-General of the business and corporate units, identifying both those responsible for the management of each risk and the associated action plans and controls. At a corporate level, risk management is consolidated through a comprehensive management model, which provides a dynamic and continuous view, more suitable for monitoring, control and management.

In this regard, the business units contribute to the proper functioning of the risk control and management systems and, in particular, aim to adequately identify, manage and quantify the risks that affect them. Furthermore, they actively participate in the definition of the risk strategy and in the decisions regarding its management, also ensuring that the systems established adequately mitigate the risks within the framework of the policy established by the Board of Directors and the Audit, Risks and Compliance Commission.

Likewise, the Group has a risk map and a specific non-financial risks map as tools for their visual representation, used to identify and assess the risks of the activities of the business and the Group. In general, these risk maps are reviewed annually.

Periodically, the Internal Audit Department gathers and consolidates the risks identified by each business unit, in order to draw up the Group and business risk maps.

Both the comprehensive management model and the risk maps are reported to the Audit, Risks and Compliance Commission, which is also in charge of supervising and periodically evaluating the Group's risk management and control systems and setting the acceptable risk level, in view of the risk aversion, tolerance or appetite in each specific case.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

From a general viewpoint, a risk is considered to be any threat to the fulfilment of the objectives set forth in the Group's Strategic Plan and its businesses.

In particular, the Group's business activities, and therefore also the proper execution of its strategic roadmap, are subject to risks that can be categorized as follows:

a. Risks related to the financial and equity situation.
b. Strategic and operational risks.
c. Non-financial risks.
d. Reputational risks.

Below, for each of the above categories, we describe the risks that the Group faces in general:

a. Risks related to the financial an equity situation:

- Financing risk: The Group's financial obligations involve the following risks: vulnerability to the economic cycle and to market developments; limitations on the capacity to draw cash flows from operations; limitations on the capacity to adapt to changes in the markets; limitations on the capacity to obtain additional financing if necessary; disadvantages against less indebted competitors; the need to comply with certain financial ratios (*covenants*); and impacts arising from variations in credit ratings.

- Credit and liquidity risk: The Media businesses, which are dependent on advertising, have a high percentage of fixed costs, and the fall in advertising revenues has a significant impact on margins, cash generation capacity and cash position, making it difficult to implement additional measures to improve the Group's operating efficiency. See also "*Risk of deterioration in the advertising market*" for more information on the Group's risks related with advertising and its effects on credit and liquidity.

  On the other hand, the nature of the Education business determines that there are periods of cash collection around certain dates, mainly during the last months of each year, which generates certain seasonality in business cash flows. This could give rise to some cash flow stress during periods when collections are historically lower.

  With regards to commercial credit risk, the Group assesses the seniority of receivable balances and constantly monitors the management of collections and payments of all its activities, as well as the maturities of financial and commercial debt, and regularly analyses other financing methods in order to cover expected cash needs in the short, medium and long term.

- Interest rate risk: Upward fluctuations in interest rates imply an increase in interest expenses, which has a negative impact on the Group's available cash.

- Exchange rate risk: The Group faces fluctuations in exchange rates mainly due to financial investments related with holdings in Latin American companies, as well as due to the income and results from these investments, which represent a significant stake of the Group's aggregate. Likewise, potential adverse developments in Latin American economies where the Group operates may lead to situations of hyperinflation, with the consequent negative impact on exchange rates.

- Tax risk: In general, related to a possible different understanding of the regulations by the competent tax authorities, as well as to modifications of the tax regulations of the countries where the Group operates.

- Risk of impairment of intangible assets and goodwill: The valuation of these assets and goodwill is based on estimates made on the basis of the best information available at any given time. Events that may occur in the future may require these estimates to be modified downwards, which may result in the effect of these new estimates regarding the valuation of the assets being recognized in the income statement.

b. Strategic and operational risks:

- Macroeconomic risk: The evolution of macroeconomic indicators can affect the development and success of the Group's businesses both in Spain and in the Americas. The deterioration of macroeconomic indicators may have a negative impact, among others, on the Group's outlook in terms of results and cash generation, as well as on the valuation of its assets.

- Country risk: The Group's operations and investments, especially in Latin America, may be affected by various risks related with investments in countries with emerging economies or situations of instability, such as currency devaluation, restrictions on capital movements, inflation, confiscations or nationalizations, tax reforms or significant changes in policies and regulations.

- Regulatory and legal risk: The Group operates in regulated sectors (licensing policies regarding Radio and education policies in the Education business) and is therefore exposed to regulatory and administrative risks that could adversely affect its main businesses. Additionally, the Group's businesses are subject to numerous competition, merger control and antitrust regulations, both international and national.

- Risk of competition: The Group operates in highly competitive sectors. In the Education business, the Group competes both with traditional players and with smaller businesses, online platforms and digital providers that offer alternative contents and methodologies. In addition, there is a growing trend towards open educational content access through online platforms, the widespread consumption of second-hand materials and the increase of schools that do not use books and develop new contents within their curricular autonomy. In the Media businesses, competition with companies that offer online content is strong and the Group competes for advertising with traditional players, with multinational platforms of online audiovisual and music content, with new online content providers and with news aggregators. Therefore, the lack of capacity to anticipate and adapt to the needs and new demands of customers in each of the businesses may affect the Group's competitive position *vis-à-vis* the rest of its competitors.

- Risk of customer concentration in the public sector: Governments and public entities from the different jurisdictions in which the Group operates are relevant customers for the Education business. This dependence on public administrations may pose a risk regarding earnings, if the economic situation in these countries worsens or if there are changes in regulations or public policies.

- Risk of deterioration in the advertising market: Advertising investment (a factor on which a significant part of the Group's income depends) tends to be cyclical and reflects the general economic situation and outlook. Given the large component of fixed costs associated with the businesses and the relevant stake of advertising income in the Group's accounts, a fall in advertising income may have a significant direct impact on margins, cash generation capacity and cash position, making it difficult to implement additional measures to improve the Group's operating efficiency and, therefore, on the Group's results.

- Risk of traditional business models transformation: It refers to the development of new operators focused on the production and distribution of all types of contents (educational, informational, entertainment, etc.) in multiple formats (text, audio, video, online, offline, etc.). As indicated above, the Group's businesses must adapt to new consumer demands and new business models since if the Group fails to do so successfully it may have a negative impact on the Group's results and cash flow generation.

- Risk of digital transformation: The businesses in which the Group operates are subject to an ongoing and deep process of technological transformation related with new methods and channels for the distribution and consumption of content, accompanied, in turn, by changes in consumer preferences and habits. The digital transformation involves a series of risks, such as the development of new products and services that respond to market trends, the diminishing value of contents in the digital environment, the greater role of technology in the development of digital businesses, the management of new digital talent, and the resistance to technological changes in the Group's businesses.

    - In the area of Education, in certain geographies, especially in Latin America, subscription models with a strong digital component (educational systems) are becoming increasingly important, both in terms of content and educational experience.

    - In the area of Media, alternative digital actors are emerging, including both social networks or news aggregators, as well as online content providers through various platforms, significantly expanding the options available to consumers and resulting in a fragmentation of the audience. This also implies an increase in the inventory of digital advertising space available to advertisers, while technological change makes it easier for users to avoid digital advertising on the websites and mobile applications they access. Additionally, the emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, allows advertisers to develop more personalized advertising, and pushes prices down.

- Technological risk: The businesses in which the Group operates depend, to a greater or lesser extent, on information technology systems. These systems are vulnerable to a range of threats, such as hardware and software malfunctions, cyber-attacks, computer viruses, piracy and physical damages to technological equipment. In addition, they need regular updates and the Group may not be able to implement the necessary updates at the right time or the updates may not work as planned. The vulnerability of the Group's systems and platforms may result in the loss of data or compromise customer’s data or other sensitive information; therefore, significant system failures or attacks to the security of these could have an adverse effect on the Group's operating results and financial situation.

- Data protection risk: The Group has a large amount of personal data due to the ordinary operations of its businesses, including information related to employees, readers or students. Additionally, it is subject to data protection regulations in the various countries in which it operates. Any breach of these rules could have an adverse impact on the Group.

- Intellectual property risk: The Group's business depends, to a large extent, on intellectual and industrial property rights, including, among others, brands, literary content or internally developed technology. Brands and other intellectual and industrial property rights are one of the cornerstones of the Group's success and maintenance of its competitive advantages. However, there is a risk that unauthorized third parties may try to copy or obtain and improperly use the content, services or technology developed by the Group. On the other hand, the Group, in order to make use of the intellectual property rights of third parties, has non-exclusive authorizations, in exchange for a fee, granted by entities that manage these rights and companies that create or market intellectual property assets. In this regard, technological developments eases the unauthorized reproduction and distribution of content through various channels, making it difficult to implement the protection mechanisms associated with intellectual and industrial property rights.

- Risk of litigation and third party claims: The Group is party to litigation and is exposed to liability for the contents of its publications and programs. In addition, in the course of its activities and businesses, the Group faces potential liabilities and claims in the context of its labor relations.

c. Non-financial risks:

- Environmental management.

- Social and personnel management risks.

- Society.

- CSR performance.

- Supply chain.

d. Reputational risks:

This category identifies the risks related with a potential negative impact on the Group and its results due to behaviors that do not meet the expectations of the market and the various stakeholders, including those related to corruption, as defined in the Group's Anti-Corruption Policy.

E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

The Group has defined an acceptable error level in relation to the risks related with financial information. In accordance with this materiality level, significant processes and accounts are identified in the control systems.

Regarding to the rest of the risks, the Group's senior management periodically evaluates them, as it is described in sections E.1 and E.2.

The Audit, Risks and Compliance Commission is in charge of both supervising and periodically evaluating the Group's risk management and control systems and setting the acceptable risk level, in view of the risk aversion, tolerance or appetite in each specific case.

E.5 State which risks, including tax compliance risks, have materialised during the year.

Since mid-March, the Group has worked to deal with the impact of the pandemic caused by coronavirus (COVID-19). The world is experiencing an extraordinary and unprecedented social and economic emergency. The health system has never faced such a crisis, the number of infections is counted by millions, and the number of deaths has reached unbearable numbers. In short, this pandemic has placed everything and everyone in a critical, urgent situation.

Therefore, a big part of the risks identified by the Group, above all in what refers to strategic and operational risks, has been affected during 2020. Impacts range from a markedly unstable macroeconomic environment (macroeconomic risk, country risk, regulatory risk, exchange rate risk), with the economies of the countries in which the Group operates going through very complex situations (sever GDP falls, currency devaluations, etc.) and the Governments of those countries implementing unprecented initiatives (lock downs, mobility restrictions, high regulatory activity, etc.), to a microeconomic environment of the industries in which the Group operates very affected by the plunge of the advertising market in Media (risk of deterioration in the advertising market, risk of traditional business models transformation) and the schools' closure in Education (risk of traditional business models transformation, risk of customer concentration in the public sector). All together within a context of intensive digital transformation of the businesses and high competitiveness (risk of digital transformation, Technological risk, risk of competition).

In what refers to the risks related to the financial and equity situation, in this context of crisis and uncertainty motivated by the Covid-19 pandemic, the Group has accounted a tax assets impairment amounting to 64,1 million euros (tax risk). Additionally, the Group has recorded an impairment of intangible assets related to the Radio business amounting to 30 million euros (risk of impairment of intangible assets and goodwill).

Finally, resulting from the sale in May 2020 of the stake of Vertix SGPS, S.A. (subsidiary fully owned by Prisa) in Grupo Media Capital, SGPS, S.A., the Group has recorded a loss amounting to 77,3 million euros (risk of impairment of intangible assets and goodwill).

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

In order to be able to control, mitigate and manage any threat to the fulfilment of its objectives, the Group constantly monitors the risks that could affect it, according to the Risk Control and Management Policy approved by the Board of Directors of PRISA with the favorable report of the Audit, Risks and Compliance Commission and the Nominations, Compensation and Corporate Governance Commission. To perform this continuous monitoring, the Group relies on the Risk Management and Control System as described on previous sections E.1 and E.2.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANICAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Control environment

F.1 Entity control environment

Indicate the following, detailing at least their main features

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

The company's approach regarding the internal control over financial reporting (hereinafter ICFR), which was initially deployed according Internal Control Framework issued by COSO in 1992, was adapted in 2014 to the COSO Framework issued in 2013. In this regard, the Group will continue improving its ICFR system in conformity with this new Integrated Internal Control Framework.

As set out in Article 5.3 of the Board Regulations, the functions of the Prisa Board of Directors include ensuring that there is an appropriate and effective system of internal control over financial reporting (ICFR) in place and maintained. Also, pursuant to the same article of the regulations, the Board is responsible for supervising internal reporting and control systems. In this regard, the Board of Directors is assisted, for the development of these functions, by the Audit, Risks and Compliance Commission of Prisa. Among the responsibilities of the Audit Commission, is the monitoring of the preparation and presentation of the regulated financial information.

The effective implementation of internal control model is the responsibility of the CEO and the CFO of Prisa, as well as the CEOs and CFOs of the Group's business units involved in the preparation of financial information which forms the basis for the preparation of Group's Financial Statements.

The monitoring of ICFR, is performed both by the Audit Commission and the Board of Prisa, with the Internal Audit function support.

F.1.2. In particular reference to the process for preparing financial information, which of the following elements are in place:

• Departments and/or mechanisms responsible for: (i) design and review of the organizational structure; (ii) defining clearly lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring there are adequate procedures for their correct dissemination within the entity.

The Direction of Talent Management and Human Resources, under the Secretary of the Board, is responsible for the design, implementation, reviewing and updating of the Group's organizational structure. The Group's business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of the financial reporting.

In addition, this Direction and the Group Compliance Officer coordinate and monitor the internal procedures of the Group companies, and its degree of documentation, updating and communication.

• Code of conduct: approval body, degree of communication and instruction, principles and values included (indicated whether specific mention is made of the recording of operations and the preparation of financial information), the body responsible for analyzing non-compliance and proposing corrective actions and sanctions.

Prisa Group has a Code of Ethics that sets out the principles and standards of conduct that should govern the companies in PRISA Group and all their employees, aimed at ensuring ethical and responsible behavior in the pursuit of their activities.

The PRISA Compliance Unit reports to the Audit, Risks and Compliance Commission and is the body charged with safeguarding and promoting ethical behavior of employees, associates and members of PRISA Group, and, therefore, amongst other functions, with overseeing their compliance with the Code of Ethics.

The Compliance Unit reports incidents relating to the Code of Ethics to the Audit, Risks and Compliance Commission so that the latter can assess annually the compliance with the Group's rules of governance.

The Code of Ethics has been communicated and disseminated to all employees of the Group to whom it applies. Also, an internal and external communication plan is carried out periodically for the Code. At the end of 2020, an online course on the content of the Code of Ethics was launched, initially aimed at Group employees in Spain, and whose scope will be extended during the 2021 financial year to employees in other countries.

The Code of Ethics, posted on the corporate website (www.Prisa.com) and in PRISA's global intranet sets out a series of standards of conduct based on the following principles:

i. Respect human rights and liberties.

ii. Promotion of career development, equal opportunity, non-discrimination due to personal, physical or social conditions, and respect for persons.
iii. Occupational safety and health.
iv. Environmental protection.

Specifically, in relation to financial reporting, PRISA Group considers transparency in financial information as a basic principle that must govern its actions and, therefore, establishes rules of conduct aimed at ensuring that all information, be it internal information or the information reported to the markets, to the regulators of those markets or to government authorities, be truthful and complete and adequately reflects, amongst other aspects, its financial situation and the results of its operations, and be reported on a timely basis and in accordance with the applicable standards and general principles governing markets and their proper governance that PRISA Group has endorsed.

Rules of conduct are also established aimed to guarantee that all transactions are timely recorded in the Group's systems, in keeping with the principles of existence, completeness, clarity and accuracy in the Group's systems and financial statements, in accordance with the applicable accounting standards.

• Whistle-blowing channel for communicating irregularities of a financial and accounting nature to the Audit Commission, as well as any failures to comply with the code of conduct and irregular activities in the organization, indicating whether it is confidential in nature and whether it allows anonymous communications while respecting the rights of both the complainant and the respondent.

The Group has a Whistle-blowing channel for the reception and treatment of complaints regarding wrongdoings or breaches related to both, internal and external regulations, in matters affecting the Group, its employees or its activities.

It is a confidential and anonymous communication channel available to any employee in the Group intranet or alternatively through a post office box laid out for this purpose. The complaints received are currently managed by Prisa Compliance Unit, who reports them to the Audit Commission. Additionally, there is a confidential Whistle-blowing mailbox for third parties related to the Group and accessible through corporate website www.prisa.com. On the other hand, there are compliance mailboxes associated with the Compliance Units of each business redirected to the Prisa compliance mailbox, through which doubts about the Code of Ethics and other matters can be transferred, as well as allegations of improper behavior. In the treatment of the complaints received through these mailboxes, a procedure, similar to the one defined for those received through the whistleblowing channel, is followed.

• Training and regular updating programs for the personnel involved in the preparation and review of financial information, as well as assessment of the ICFR, dealing at least with accounting standards, audit, internal control and risk management.

The financial officers responsible for reporting in the business units and significant companies in the Group periodically receive accounting standards update bulletins. In this regard, during 2020, bulletings have been sent out on the potential impacts of COVID on financial information and its accounting treatment. In addition in 2020, an online course on the Code of Ethics was sent to Group employees in Spain and online training sessions were held on the management of risks related to criminal compliance, data protection and cybersecurity.

F.2 Assessment of financial reporting risks

Inform at least on the following:

F.2.1. Which are the main features of the risks identification process? Including risks of error and fraud, indicating:

• Whether the process exists and is documented.

The system established in the Group for financial reporting risks identification and assessment is formally documented and updated at least once a year.

In the Group financial reporting risks assessment it is applied a top down approach based on the Group's significant risks. This approach starts with the identification of significant accounts and disclosures, assuming both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and it is supplemented by qualitative analysis that determines the associated risk considering the characteristics of the transactions, the nature of the account, the accounting and reporting complexity, the probability of significant contingent liabilities to be generated resulting from transactions associated with the account, the susceptibility to errors or fraud losses and the potential impact on financial reporting of the risks identified in business units, corporate risks maps and during performed Internal Audit reviews.

In order to perform a full risk assessment, this analysis is performed on each business unit, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group.

For each business unit, the most relevant accounts are identified, based on mentioned risk analysis. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main kind of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

• Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated, and with what frequency.

For each account the controls are analyzed in order to cover the assertions to ensure the reliability of financial reporting, i.e. that recorded transactions have occurred and pertain to that account (existence and occurrence) , transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are properly disclosed, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness). Complementary to risks update, the Group annually performs a review of controls that mitigate identified risks.

• Whether there is a process for identification of scope of consolidation, taking into account among other aspects the possible existence of complex corporate structures, holding companies or special purpose vehicles.

Among the significant processes of the Group it is considered the determination of the scope of consolidation, which is conducted monthly by the Consolidation department, set in the Corporate Finance Department, in collaboration with Legal Advisory Department, who regularly reports the corporate transactions and subscribed shareholder agreements.

• Whether the process takes into account the impacts of other types of risk (operating, technology, financial, legal, reputational, environmental, etc.) insofar as these affect the financial statements.

Risk assessment process takes into account the risk profile of each business unit, which is determined by their contribution to the consolidated financial statements, and assessing the specific risks, among other factors, the nature of their activities, centralization or decentralization of operations, specific industry and environmental risks, to the extent they may have potential impact in financial statements.

- **Which governing body of the entity supervises the process.**

The system is monitored, as mentioned above, by the Audit Commission and, ultimately, by the Board of Directors.

F.3 Control activities

Provide information on whether at least the following exist, indicating their main features:

F.3.1. Procedures for reviewing and authorizing financial information and description of the ICFR, to be published on the stock markets, indicating those responsible, as well as documentation describing flows of activities and controls (including those relating to risk of fraud) of different transaction types that may significantly affect the financial statements, including the procedure for the accounting close and the specific review of judgments, estimates, assessments and relevant forecasts.

The Group has documentation describing flows of activities and process controls identified as significant in each business unit and at corporate level, both at general level (general controls) and at process level (transactional controls). Based on this description the key risks and mitigating controls are identified. The documentation of control activities is supported on risk and control matrixes by process. In these matrixes the control activities are classified by their nature as preventive or detective, manual or automatic, and based on the degree of mitigation of associated risks, as key or standard.

In each significant business unit there is a documented process describing the accounting close as well as specific controls concerning relevant judgments and estimates, according to the nature of the activities and risks associated to each business unit.

In relation to the financial reporting review and approval process, a phased certification process is developed on the effectiveness of internal control model over financial reporting. The CEOs and General Managers in the business units and companies that are considered significant, confirm, at the year end, in writing the effectiveness of defined controls for their critical processes as well as their financial information reliability. Also, in relation to this process, as mentioned above, there are procedures for the financial information disclosed to the stock markets review and approval by the governing bodies.

F.3.2. Internal control policies and procedures for information systems (including secure access, controls over modification and operation, continuity of operations and segregation of duties) that support the relevant processes of the entity in connection to the development and publishing of financial information.

As for the controls on the systems or applications which are relevant in relation to the developing of financial information, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls considered on information systems are essentially access control, segregation of duties, systems operations and development or modification of computer applications. The Group annually reviews and evaluates the controls and procedures associated with the main applications and infrastructures implied in financial reporting processes.

F.3.3. Internal control policies and procedures for supervising the management of activities outsourced to third parties, as well as those aspects of assessments, calculations or valuations that are entrusted to independent experts, which may have a material effect on the financial statements.

In relation to subcontracted activities, the Group has outsourced the maintenance of its applications and technological infrastructures with different suppliers, as well as logical security services. The supervision of these services is articulated through the monitoring of compliance with the levels of service agreed with the different suppliers, and with monitoring meetings and committees, with a defined period and content.

F.4 Information and communication

Provide information on whether at least the following exist, indicating their main features:

F.4.1. A specific function tasked with defining and updating accounting policies (accounting policy area or department) and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organization, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity operates.

The organization has an accounting manual founded on the International Financial Reporting Standards applicable to the Group's businesses, developed by the Internal Audit Department, and annually updated and communicated to the different business units. There are also specific accounting policies developed for some Group businesses providing specific accounting treatment to correctly reflect their activities. Furthermore, Internal Audit Department periodically issues accounting newsletters that show the latest changes of international accounting standards in those aspects that could affect Group entities' financial statements.

F.4.2. Mechanisms for gathering and preparing the financial information using standard formats, applied and used by all the units in the entity or the group, which support the main financial statements and disclosures, as well as the information given on the ICFR.

Prisa counts on an unified and adapted chart of accounts applicable to all the Group companies that manage financial information within Group SAP software. Likewise, there is a single and homogeneous format of documentation for the financial reporting of Group business units which supports the financial statements, notes and disclosures included in regulated financial information.

F.5 Supervision of system effectiveness

Provide information on at least the following, indicating their main features:

F.5.1. Supervisory activities on the ICFR carried out by the Audit Commission, as well as whether the entity has an internal audit function that includes among its competencies supporting the commission in the task of supervising the internal control system, including the ICFR. Furthermore, information must be provided on: the scope of the evaluation of the ICFR carried out during the year and on the reporting procedure followed by the person in charge of conducting the evaluation; whether the entity has an action plan detailing possible corrective measures; and whether its impact on the financial information has been considered.

As part of the monitoring activities on the internal control system carried out by the Audit, Risks and Compliance Commission, the following are included:

i. Monitor the effectiveness of the Company's internal control, internal audit and risk management system.

ii. In relation to the external auditor, it must supervise the work performed by the latter and their conclusions, including any that have an impact on the audit report and any significant weaknesses identified in the internal control system during the audit.

iii. Supervise the process of drawing up financial reporting for Prisa and for the Group and the integrity of the information, ensuring it meets regulatory requirements, covers the appropriate scope of consolidation and that accounting criteria are properly applied.

The Group has an internal audit unit, which supports the Audit, Risks and Compliance Commission in monitoring internal control system over financial reporting. The Internal Audit Department depends functionally to the Audit Commission, which annually approves the audit plan for each fiscal year and the resources required for its development.

The main objective of internal audit is to provide the Group management and the Audit Commission with reasonable assurance on the environment and internal control systems operating within the Group companies having been properly managed. For this purpose, internal audit reviews the design and scope of the Group's internal control system over financial reporting, and subsequently carries out the evaluation of the design and effectiveness of the control activities defined in the model. Annually the functioning of the general controls of the Group as well as controls related to the information systems and the key control activities in the ICFR are tested. For each of the identified weaknesses, an estimation of its impact is done. Also, for all the identified weaknesses a plan of action is defined in order to correct or mitigate the risk, including a responsible for the management and an implementation schedule. The Internal Audit Direction reports annually to the Audit Commission on the results of the evaluation of the ICFR and regularly informs on the evolution of the more relevant established action plans.

F.5.2. Whether any discussion procedure is in place whereby the auditor (in accordance with the provisions of the Technical Auditing Rules), the internal audit function and other experts may notify senior management and the Audit Commission or directors any significant internal control weaknesses identified during the processes of reviewing the financial statements and in any other processes that may have been entrusted to them. Information must also be provided on whether it has an action plan that seeks to correct or mitigate the weaknesses identified.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of internal control system over financial reporting, are reported to both the Audit Commission and the external auditor. Internal Audit prepares an annual report on the evaluation of the internal control system over the Group's financial information in which it is detailed for each weakness identified, the mitigating controls or a defined action plan, and those responsible for its implementation.

Additionally, ultimately, the internal control system is audited by the statutory auditor of the Group, who reports to the Audit Commission on the significant and material weaknesses identified and gives opinion on the effectiveness of internal control over financial reporting during the year.

F.6 Other relevant information

None

F.7 External auditor's report

Provide information on:

F.7.1. Whether the information on the ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the provided report as an annex. If that is not the case, reasons should be reported.

The system of internal control over financial reporting is audited by the statutory auditor of the Group that gives opinion on the effectiveness of internal control within a reasonable assurance report in accordance with ISAE 3000.

G EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company´s actions. General explanations are not acceptable.

1. **That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

   Compliant

2. **That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

   a) **The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.**

   b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

   Does not apply

3. **That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:**

   a) **Changes that have occurred since the last General Shareholders' Meeting.**

b) **Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.**

Compliant

4. **That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.**

   And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

   Compliant

5. **That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.**

   And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

   Compliant

6. **That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:**

   a) **Report regarding the auditor's independence.**

   b) **Reports regarding the workings of the audit committee and the appointments and remuneration committee.**

   c) **Report by the audit committee regarding related-party transactions**

   Compliant

7. **That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.**

   And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

   Compliant

8. **That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

   Compliant

9. **That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

   Compliant

10. **That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:**

    a) Immediately distributes the additions and new proposals.

    b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

    c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

    d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Does not apply

11. **That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.**

    Does not apply

12. **That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.**

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

    Compliant

13. **That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.**

    Compliant

14. **That the Board of Directors approves a a policy aimed at favouring an appropriate composition of the Board and that:**

    a) Is concrete and verifiable;

    b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

    c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

    That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Compliant

15. **That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

    And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

    Partially compliant

    The Company is in compliance with the first part of this recommendation. However, we have not been able to meet the objective of filling at least 30% of the total directorships on the Board with women.

    The Company's Board of Directors is composed of 12 directors. Until December 2020 the Board had three female directors, representing 25% of the total board members. However, after Ms. Sonia Dulá's resignation on December 18, the number of female members on the board was reduced to two and, thus, at the closing of the 2020 fiscal year women directors compose 16.66% of the total Board members.

    However, it is noted that in February 2021 the director Mr. Javier de Jaime Guijarro resigned, in addition to professional reasons and lack of availability, due to his desire to improve gender diversity on the Board of Directors of PRISA, which would facilitate leaving a vacant vacancy on the Board. To fill this vacancy, the Board has appointed Ms. Pepita Marín Rey-Stolle as a director, by co-option, so that the representation of women on the board has risen to 25%.

    The circumstances that have hindered incorporating a larger number of women directors on the Board include:

    i) Coinciding with the annual shareholders meeting held in June, 2020, the directorships of several board members expired. After the Appointments, Compensation and Corporate Governance Committee (CNRGC) and the Board of Directors analyzed and evaluated their reelection or replacement, it was decided that it was in the Company's best interest to propose that the shareholders: i) reduce the number of directors from 13 to 12 (taking into the account that one of the directors requested that he not be reelected) and ii) reelect the other directors whose posts were expiring (which included a woman, Ms. Sonia Dulá).

    It should be noted in that regard that in early 2020 the Company had commenced a process to identify female candidates for directorships. However, the COVID-19 public health crisis has prompted serious and exceptionally unprecedented circumstances, particularly in Spain where the declaration of successive states of emergency (implementing, among others, measures restricting freedom of circulation and assembly) has greatly hindered certain business activities and prevented the Company from advancing and duly completing the process to identify and select potential women candidates for the Board as planned, prior to the annual shareholders meeting in June 2020 when the directorships of several board members expired.

Thus, in the process of reelecting or replacing the board members whose directorships expired in June, the corresponding suitability assessments were made based on the matrix of competences required of board members, taking into account both the results of the Board's 2019 evaluation as well as the Company's circumstances at that time, all of which made the reelection of those directors advisable, in order to continue the work and actions of the Board then underway, as well as to ensure the increased effectivity of its functions and the contribution of its members.

These decisions were ratified by the Board at the annual shareholders meeting held on June 29, 2020.

ii) At the extraordinary shareholders meeting held on December 18, 2020 the removal of Mr. Javier Monzón de Cáceres was approved and, as indicated previously, Ms. Sonia Dulá presented her resignation as board member on that same date.

At that time, it was deemed appropriate to initiate an evaluation to appoint two new directors to fill those vacancies, to ensure the normal functioning of the Company's management bodies. An analysis was made of the Board's needs, taking into consideration the matrix of competences required of directors, and only four days later on December 22, 2020 and at the CNRGC's proposal, the Board of Directors approved the interim appointment of two independent directors.

With such short notice, no appropriate women candidates were found and, moreover, in view of the circumstances and given that the candidates were qualified, there was no substantial reason for not appointing them to the vacant directorships.

Both the CNRGC and the Board of Directors have recognized that resolving the Board's lack of gender diversity is a priority for future improvement.

16. **That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.**

    This criterion may be relaxed:

    a) **In companies with a high market capitalisation in which interests that are legally considered significant are minimal.**

    b) **In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.**

    Compliant

    The Company has 11 non-executive directors, of which 5 (that represent 45.45% of the total non executive directors) are proprietary.

    The proprietary directors represent the significant shareholders Amber Capital, International Media Group, Consorcio Transportista Occher and Rucandio which, jointly, as of December 31, 2020, represent the 47.612% of the capital stock of the Company.

17. **That the number of independent directors represents at least half of the total number of directors.**

    Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together

control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Compliant

18. **That companies publish and update the following information regarding directors on the company website:**

    a) **Professional profile and biography.**

    b) **Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**

    c) **Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**

    d) **The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.**

    e) **The shares and options they own.**

    Compliant

19. **That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.**

    Does not apply

20. **That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.**

    Compliant

21. **That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if**

the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Compliant

22. **That companiesshould establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.**

    And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented

    Compliant

23. **That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**

    Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Compliant

24. **That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.**

    And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

    Compliant

    Mr. Javier Monzón de Cáceres, who held the non-executive chairmanship of the Board of Directors, was ceased as a director at the Extraordinary Shareholders' Meeting held on December 18, 2020, upon approval of the proposal raised by shareholder Amber Capital, with the favorable vote of 52.201% of the quorum of the meeting.

    During the holding of the Shareholders' Meeting (in which the rest of the members of the Board of Directors were present), Mr. Monzón gave his opinion on the proposal for his removal, presented by the aforementioned shareholder. The Shareholders' Meeting was broadcast via streaming, so that all investors and other interest groups had access to the statements made by Mr. Monzón. However, once the Shareholders' Meeting was over, the Company formally published the cessation of Mr. Monzón through the corresponding communication of privileged information sent to the CNMV, as well as the appropriate press release.

    Also on December 18, 2020, the director Ms. Sonia Dulá presented her resignation, and explained the reasons in a letter that was sent to all the members of the Board of Directors. The corresponding communication was also made to the CNMV.

25. **That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.**

    And that the Board rules establish the maximum number of company Boards on which directors may sit.

    Compliant

26. **That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.**

    Compliant

27. **That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.**

    Compliant

28. **That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.**

    Compliant

29. **That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

    Compliant

30. **That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require**

    Compliant

31. **That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

    When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

    Compliant

32. **That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

    Compliant

33. **That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.**

    Compliant

34. **That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.**

    Compliant

35. **That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.**

    Compliant

36. **That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

    a) **The quality and efficiency of the Board of Directors' work.**

    b) **The workings and composition of its committees.**

    c) **Diversity of membership and competence of the Board of Directors.**

    d) **Performance of the chairman of the Board of Directors and the chief executive officer of the company.**

    e) **Performance and input of each director, paying special attention to those in charge of the various Board committees.**

    In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a

starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Partially compliant

The Regulations of the Board of Directors provides for the procedure to carry out the annual evaluation of the Board. In 2020 the Company has carried out the annual evaluation with the support of an external consultant. Nevertheless, no evaluation had been carried out of the individual contribution and performance of each Board member in 2020.

The Company does not consider it appropriate to publish in the IAGC the business relationships it has maintained during the fiscal year with KPMG, a firm that has assisted the Company, in 2020, to carry out the annual evaluation of the Board for fiscal year 2019.

37. **That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

    Compliant

38. **That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

    Compliant

39. **That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

    Compliant

40. **That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Compliant

41. **That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Compliant

42. **That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence

Compliant

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Compliant

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Compliant

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks

Compliant

46. **That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:**

    a) **Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**

    b) **Actively participate in the creation of the risk strategy and in important decisions regarding risk management.**

    c) **Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

    Compliant

47. **That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.**

    Compliant

48. **That high market capitalisation companies have formed separate appointments and remuneration committees.**

    Does not apply

49. **That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

    And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

    Compliant

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Compliant

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Compliant

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Compliant

53. **That verificationof compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.**

    Compliant

54. **The minimum functions referred to in the foregoing recommendation are the following:**

    a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

    b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

    c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

    d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.

    e) Supervision and evaluation of the way in which relations with the various stakeholders are handled

    Compliant

55. **That environmental and social sustainability policies identify and include at least the following:**

    a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Compliant

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Compliant

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Compliant

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) **Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.**

Compliant

59. **That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.**

    That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

    Compliant

60. **That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.**

    Compliant

61. **That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.**

    Compliant

62. **That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.**

    An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

    The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require

Compliant

63. **That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.**

    Compliant

64. **That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

    For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

    Partially Compliant

    Pursuant to the provisions of the services contract between the Company and the CEO (Mr. Manuel Mirat), in the event the Company unilaterally terminates the contract or in the event of the CEO's breach of that contract, the CEO would have the right to receive: i) severance pay calculated in accordance with labor laws governing suspended employment contracts; ii) a cash compensation equivalent to 18 months of his annual fixed and variable remuneration on the date of termination, calculated based on the established fixed and variable target remuneration for that year; and iii) a post-contractual non-compete compensation equivalent to six months of his last gross fixed salary. Moreover, the termination of the CEO's contract entitles him to receive an additional amount equal to the unemployment benefit provided for at that time, taking as a reference the maximum base contribution and, likewise, the maximum term for which that benefit is granted.

    It should be borne in mind that the aforementioned compensation for the currently-suspended employment contract derives from Mr. Mirat's previous employment contract with the Company, which is presently suspended, and not from the services contract governing Mr. Mirat's executive functions as CEO. In consequence, there are two possible scenarios: i) terminating the services contract governing Mr. Mirat's executive functions as CEO while simultaneously reactivating Mr. Mirat's currently-suspended employment contract with the Company, in which case Mr. Mirat would not be entitled to receive severance pay, and the recommended compensation limits would apply, or ii) terminating the services contract governing Mr. Mirat's executive functions as CEO and not reactivating Mr. Mirat's currently-suspended employment contract with the Company, in which case Mr. Mirat would be entitled to receive the aforementioned severance pay and the recommended compensation limits would not apply and, thus the compensation envisioned for termination of contract would exceed an amount equivalent to two years of his total annual remuneration.

H FURTHER INFORMATION OF INTEREST

1. **If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.**

2. **This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.**

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. **The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010**

-With regard to Section A.5 of this report, see section D.

- With regard to Section B.2 of this report, it should be underscored that in the Company's internal regulations (Articles of Association, General Meeting Regulations and Board of Directors Regulations) the power to issue non-convertible bonds has been transferred from the General Meeting to the Board. Therefore, although those regulations stipulate the same qualified majorities as are set out in article 201.2 of the LSC for the cases provided for in article 194.1 of the LSC, the quorums and qualified majorities required for the issue of bonds by the General Meeting apply exclusively to resolutions for the issue of convertible bonds.

- With regard to Section B.2 of this report, it should be underscored that the co-optation onto the Board of Mr. Manuel Mirat Santiago, carried out by the Board of Directors of 30.06.2017, was ratified by the shareholders at the Extraordinary General Meeting held on 15.11.2017. Thus, the date of his appointment was 30 June 2017, although following CNMV criteria, the table above shows the date the appointment was ratified.

-With regard to Section C.1.37 of this report it should be underscored that within the framework of preliminary hearing 85/2014 by Central Magistrates' Court 6 of the National Court and specifically concerning case file 9, on September 2, 2019, the judge served a writ of summons on Mr. Javier Monzón, (prior non executive Chairman of Prisa's Board of Directors until his cessation on December 2020) to appear before the court in the preliminary hearing for interrogation. The events under investigation concern the company Indra, S.A. during a period when Mr Monzón was its executive chairman. These matters were duly disclosed in the Annual Corporate Governance Report and the Annual Report of this Committee for 2019. In May 2020 the Nominations, Compensation and Corporate Governance Commission closed its investigation concerning the legal proceedings affecting Mr. Javier Monzón de Cáceres following the court ruling dismissing the case against Mr. Monzón.

-As PRISA's ADS are not listed on the NYSE (see Section A.14 of this Report), the Company is not subject to the corporate governance requirements specified by the Securities Exchange Act, the Sarbanes-Oxley Act and the NYSE.

-Prisa does not prepare any annual corporate governance report other than this one.

- The Company is not a signatory to the Code of Best Tax Practices of 20 July 2010.

- Lastly it is placed on record, in general for the entire Report that the taxpayer identification numbers (CIF) attributed to certain natural and legal persons are fictitious and have only been included to be able to complete the electronic template.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on March 23, 2021.

State whether any directors voted against or abstained from voting on this report.

NO

Independent Assurance Report on the "Information Regarding Internal Control over Financial Reporting (ICFR) System"

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES

2020

Ernst & Young, S.L.
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INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM"

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of PROMOTORA DE INFORMACIONES, S.A.:

Scope of the work

We have examined the accompanying information on the Internal Control over Financial Reporting (ICFR) system of PROMOTORA DE INFORMACIONES, S.A. and subsidiaries (the "Group" or "PRISA Group") contained in Section F of the Annual Corporate Governance Report for the year ended December 31, 2020.

The objective of this system is to contribute to the faithful representation of the transactions performed and to the provision of reasonable assurance in relation to the prevention or detection of any errors that might have a material effect of the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Boards of Directors of PROMOTORA DE INFORMACIONES, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail, (ii) guarantee that these transactions are performed only in accordance with the authorizations established; (iii) provide reasonable assurance that transactions are recognized appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorized acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

Directors' Responsibility

The Directors of PROMOTORA DE INFORMACIONES, S.A. are responsible for maintaining the System of Internal Control over Financial Reporting included in the consolidated financial statements and for evaluating its effectiveness.

Our responsibility

Our responsibility is to issue an independent assurance report on the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us.

Our work includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the PRISA' Group consolidated financial statements as at December 31, 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Reasonable assurance work includes comprehension of internal control over financial information contained in the financial statements; risk evaluation regarding possible material errors within them; tests and evaluations on design and daily effectiveness of the system and the use of any other procedures we considered necessary. We consider that our audit provides a reasonable basis for our opinion.

Independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

Building a better working world

Conclusion

In our opinion, at December 31, 2020, the Group had, in all material respects, an effective System of Internal Control over Financial Reporting contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of PROMOTORA DE INFORMACIONES, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report. Also, the disclosures contained in section F of the Annual Corporate Governance Report at December 31, 2020 comply, in all material respects, with the requirements established in article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 1/2020, of October 6, which amends Circular 7/2015, of December 22, which amends Circular 5/2013, of June 12, and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission (CNMV).

Other matters

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain. Nevertheless, in accordance with prevailing audit regulations in Spain, we have audited the consolidated financial statements of PROMOTORA DE INFORMACIONES, S.A. and subsidiaries for the year ended December 31, 2020, prepared by the directors in accordance with the International Financial Reporting Standards as adopted by the European Union, and other financial reporting framework provisions applicable to the PRISA Group in Spain and our report issued on March 23, 2021 on the consolidated financial statements expressed an unqualified opinion.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Vázquez Pérez

March 23, 2021

REPORT ON THE VERIFICATION OF INFORMATION INCLUDED IN THE NON-FINANCIAL INFORMATION STATEMENT ISSUED BY AN INDEPENDENT VERIFIER

To GRUPO PRISA shareholders:

Pursuant to Law 11/2018dated 28 December (hereinafter, "Law 11/2018"), we have proceeded to the verification of the information included in the non-financial information statement of GRUPO PRISA for the year ended 2020.

We believe that based on the procedures applied and the evidence obtained during the verification process that we have carried out, the subject of this report, we have not come to our knowledge any question that leads us to believe that the verified information has not been prepared in all its significant aspects in accordance with the requirements of Law 11/2018.

Methodology and Verifier team

SGS' methodology for the verification of non-financial information consists of audit procedures and mechanisms to verify information and indicators, commonly accepted within the scope of the Conformity Assessment Bodies (as defined by Regulation (EC) no. 765/2008), such as the audit guidelines contained in standard ISO 19011, and particularly:

- Review of non-financial information in accordance with the requirements of Law 11/2018
- Interviews with staff responsible for obtaining and preparing data
- Review consisting of sampling of documents and records (both internal and public)
- Check consisting of checking the reliability and traceability of data
- Assessment of systems for the collection, management and handling of the information and indicators

The verification team was formed by qualified personnel of SGS International Certification Services Ibérica, S.A.U., who had a technical competence based on the experience of the different sectors of activity essential for the issuance report.

Independence

We are an independent entity to GRUPO PRISA in accordance with the ethics requirements, including those related to independence that are applicable to our activities.

Other information from the Management Report

In relation to the verification carried out, it is expressly stated that the regulatory obligation covers only the non-financial reporting statement for the 2020 financial year, with the rest of the content of the report being excluded from that process management.

The responsibility of the independent verifier is to issue this report once the content of the status of the non-financial information provided by the administrators of the Company subject to the verification process has been verified. If, based on the work done, we conclude that there are caveats, we are obliged to report them.

SGS International Certification Services Ibérica, S.A.U. Trespaderne 29 28042 Madrid **t** 34 91 3138115 **f** 34 91 3138102 www.sgs.es

REPORT ON THE VERIFICATION OF INFORMATION INCLUDED IN THE NON-FINANCIAL INFORMATION STATEMENT ISSUED BY AN INDEPENDENT VERIFIER

The administrators' responsibility in relation to non-financial information

The administrators of the parent company are responsible for the formulation of the consolidated management report and the non-financial information detailed in accordance with paragraph 6 of Article 44 of the Code of Commerce, approved by Real Decreto dated 22 August 1885, amended by Law 11/2018, dated 28 December, amending the Code of Commerce.

The independent verifier's responsibility

The objective of the mission entrusted to us has been limited to obtaining limited assurance that non-financial information is free from material inaccuracies and to issuing a verification report of the information included in the state of non-financial information containing our opinion.

23th March, 2021

Signed: Juan José Fontalba
SGS International Certification Services Ibérica, S.A.U

NOTE: *"This document has been originally drafted in Spanish, which will therefore prevail over the English language version in the event of any discrepancy."*

SGS International Certification Services Ibérica, S.A.U. Trespaderne 29 28042 Madrid **t** 34 91 3138115 **f** 34 91 3138102 www.sgs.es

DECLARACION DE RESPONSABILIDAD SOBRE LAS CUENTAS ANUALES E INFORME DE GESTIÓN (QUE INCLUYE EL ESTADO DE INFORMACIÓN NO FINANCIERA) CORRESPONDIENTES AL EJERCICIO 2020, DE PROMOTORA DE INFORMACIONES, S.A. Y SOCIEDADES DEPENDIENTES.

AFFIDAVIT OF ASSUMPTION OF LIABILITY WITH RESPECT TO THE 2020 ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT (WHICH INCLUDE THE NON-FINANCIAL INFORMATION) OF PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES

23 de marzo de 2021

Conforme a lo dispuesto en el art. 8 del Real Decreto 1362/2007 de 19 de octubre, todos los miembros del Consejo de Administración de PROMOTORA DE INFORMACIONES, S.A. declaran que responden del contenido de las cuentas anuales e informe de gestión (que incluye el Estado de Información no financiera) del ejercicio 2020, correspondientes a PROMOTORA DE INFORMACIONES, S.A. y sociedades dependientes, que han sido formuladas con fecha 23 de marzo de 2021 siguiendo el Formato Electrónico Único Europeo (FEUE), conforme a lo establecido en el Reglamento Delegado (UE) 2019/81, en el sentido de que, hasta donde alcanza su conocimiento, han sido elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados del emisor y de las empresas comprendidas en la consolidación tomados en su conjunto, y que el informe de gestión consolidado incluye un análisis fiel de la evolución y los resultados empresariales y de la posición del emisor y de las empresas comprendidas en la consolidación tomadas en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a las que se enfrentan.

Pursuant to the provisions of Article 8 of Royal Decree 1362/2007 of October 19, the members of the Board of Directors of PROMOTORA DE INFORMACIONES, S.A. hereby declare that they are accountable for the content of the 2020 annual accounts and management reports (which include the non-financial information) of both PROMOTORA DE INFORMACIONES, S.A. and subsidiaries, which were drawn up on March 23, 2021 in the European Electronic Format (FEUE), in accordance with the provisions of Delegated Regulation (EU) 2019/815, in the sense that, to the best of their knowledge, they have been calculated according to applicable accounting principles, they offer a true and fair view of the assets, financial situation and results of the issuer and its consolidated companies as a whole, and the consolidated management report includes a true and fair analysis of the evolution, business results and position of the issuer and its consolidated companies as a whole, together with a description of the principal risks and uncertainties which they face.

D. Joseph Oughourlian

D. Rosauro Varo Rodríguez

D. Manuel Mirat Santiago

Dr. Khalid Thani Abdullah Al Thani

D. Roberto Alcántara Rojas

Amber Capital UK LLP (representado por D. Fernando Martínez Albacete)

Dª Mª Teresa Ballester Fornés

D.ª Béatrice de Clermont-Tonnerre

D. Dominique D’Hinnin

Dª.- Pepita Marín Rey-Stolle

D. Manuel Polanco Moreno

D. Javier Santiso Guimaras