



Ordinary General Shareholders' Meeting 2020

Joseph Oughourlian, Chairman

Madrid, 29th June 2020

Ladies and gentlemen.

The year 2020 has marked our lives forever. I would like to begin by remembering the victims of COVID, their families and friends. I want to convey to all of them our support and the recognition of all those of us who make up Grupo PRISA. I would also like to thank each and every one of PRISA's professionals for their enormous commitment and dedication.

The pandemic has highlighted the great responsibility we have as a Group: our value as a provider of public service and everything we can contribute to society.

These have been – and still are – extremely difficult times, but now is a time of renewed hope. The vaccination campaign offers us a glimpse of a way out of our dire straits. For the Group, this is also a decisive moment, a true turning point in the history of PRISA. A new project that we will lead, at all times, with our shareholders' best interests at heart.

Regarding the Group's strategy, in 2020 we initiated the major changes that we are currently rolling out, all part of a profound digital transformation of the businesses.

The first thing we had to do was address the financial state of the company. To this end, structures were adapted and the strength of our finances was improved. We refinanced our debt and, after the subsequent amortization of debt using the proceeds from the sale of Santillana Spain and Media Capital, net debt was reduced by more than 30%. At the end of 2020, it stood at 679 million euros. But this is not enough. Our level of debt remains too high. One of my priorities, therefore, will be to reduce it as quickly as possible to manageable levels.

But I would like to spend a few minutes taking you through the most significant aspects in terms of corporate governance since the last General Meeting was held, as well as a number of other matters that are being submitted for your consideration today.

With regard to the composition of the Board, I'd now like to outline what happened over the course of the past year.

Leaving the Board were independent directors Javier Monzón de Cáceres, who departed after the Extraordinary Shareholders' Meeting held on December 18, 2020 agreed to his removal, as well as Sonia Dulá and Javier de Jaime Guijarro, who resigned as directors on December 18 and February 23, respectively.

To fill these three vacancies, the Board subsequently co-opted Rosauro Varo Rodríguez, Javier Santiso Guimarães and María José Marín Rey-Stolle, all three with the status of independent directors.

Mr. Monzón de Cáceres had held the chairmanship of the Board of Directors and, within the framework of the Succession Plan launched by the Board after his departure, I myself was appointed Chairperson on February 23, following the proposal and prior report of the Appointments, Remuneration and Governance Committee of the company. Furthermore, since until the moment of my appointment as Chairperson I had held the position of Vice-Chairperson of the Board of Directors, the independent director Mr. Rosauro Varo was then appointed to the position of Vice-Chairperson.

Additionally, in December 2020, following the recommendations of the Code of Good Governance for Listed Companies of the CNMV, the Board agreed to the appointment of the independent director Ms. Béatrice de Clermont-Tonnerre, as Coordinating Director.

Regarding the composition of the Board of Directors, I would now like to explain the proposals that are brought before this Meeting today.

First of all, under item 4.2 of today's agenda, the Board has agreed to propose to this Meeting the appointment of Ms. Carmen Fernández de Alarcón Roca to the Board as a director representing shareholder Vivendi. I'd like to extend the warmest of welcomes to both Carmen and Vivendi. For PRISA, it is a privilege to have an industrial shareholder of this calibre.

As you know, the Board also approved last March a new organizational structure for the Group, in order to facilitate the operational division of the Education and Media businesses (which includes Radio and News).

With this new organizational structure, the Group goes from having one single CEO to having two executive directors, with differentiated responsibilities within the scope of their respective businesses. Thus, following a proposal from the Board of Directors, Mr. Manuel Mirat (current CEO of PRISA and whose proposed re-election falls under item 4.3 of today's agenda) would become executive director with responsibilities in the Education business (Santillana). Mr. Carlos Núñez (whose appointment as director is proposed to this shareholders' meeting under item 4.4 of the agenda) would be appointed executive director with responsibilities in the new PRISA Media business unit.

I would like to underline that Mr. Núñez has undergone a rigorous selection process in recent months, overseen by the Appointments Committee, with the support of an external advisor.

Additionally, this Shareholders' Meeting is being asked to consider, under items 4.5, 4.6 and 4.7 of the agenda, the ratification and re-election of the independent directors Mr. Rosauro Varo, Mr. Javier Santiso and Ms. María José Marín, since both the Appointments Committee and the Board see the continuity of these directors as recommendable.

Before presenting all these proposals to the Shareholders' Meeting, the Board of Directors, together with the Appointments Committee, has carried out an analysis of needs and required skills, which has served as a starting point in the process of ratification and re-election of directors and the selection of new candidates. The background, experience and professional track record of the directors subject to re-election and / or appointment have been analyzed and assessed, and how and where they fit within the competency matrix of the Board has been taken into account, as well as the provisions of the Board of Directors' Diversity Policy for the selection of directors.

In order to facilitate all the previous proposals, this General Shareholders' Meeting is also being asked to consider, under point 4.1 on the agenda, an increase in the size of the Board, from 12 to 14 directors.

Likewise, I cannot fail to stress the Company's commitment to the incorporation of women into the governing bodies to achieve a balance in terms of gender diversity.

The Company expects to make good on its commitment to ensure that 30% of the members of the Board be women, in line with the Code of Good Governance of the CNMV and with PRISA's Policy for the Selection of Directors.

I would now like to turn to the proposal that is submitted to this Shareholders' Meeting, under item 5.1 of the agenda, namely to approve a new Directors' Remuneration Policy, for 2021, 2022 and 2023. The main purpose of this initiative is to adapt the remuneration policy to the new organizational structure of the Group – a consequence of the planned operational division of the Education and Media businesses, as a result of which there will be two executive directors entitled to remuneration for the performance of executive duties in their respective businesses.

What's more, I would like to highlight that, as Chairperson and in light of current socioeconomic circumstances, I have decided to take a 50% pay cut. The remuneration of Board members has

also been reduced. The time has come to share the hard work and to ensure that cuts do not always fall on the general workforce. Here, I would hasten to add that we are committed to launching an ambitious project for growth that prioritizes human capital and talent.

Returning to the proposals that the Board of Directors are today submitting for consideration, we find, under items 6 and 7 of the agenda, motions to modify the Company's Bylaws and the Regulations of the Shareholders' Meeting to adapt them to the latest legislation, specifically with regard to the holding of shareholders' meetings in an exclusively virtual format, the need for which has become apparent in recent times.

Finally, I also wanted to point out that the 2020 Annual Corporate Governance Report, which has been made available to shareholders, provides comprehensive information on the degree of compliance with the recommendations as set out in the CNMV's Code of Good Governance .

We continue to achieve significant levels of compliance with the aforementioned Code, and our Corporate Governance Report reflects the Company's commitment to good corporate governance. Of the 64 recommendations set out in the Code, the Company fully complies with 56, partially with three, a further five do not apply, and there has been no single instance of failure to comply with any recommendation of the Code of Good Governance.

Ladies and gentlemen shareholders, I would now like to spend our last few minutes telling you how we are going to transform the education and media sectors, not merely in Spain but across the Spanish-speaking world.

The company is implementing major changes that mark a turning point for the future of the Group and the generation of value for shareholders:

- We have undertaken changes to corporate governance, as I have just seen.
- We have seen changes to the shareholder structure. For the first time in many years, a highly reputable industrial shareholder, with a great business vision, has entered the capital structure. With its investment, Vivendi recognizes the value and potential of PRISA's assets and brands. This endows the Group with the strength and security required for its future project.
- There have been changes to the organizational structure, with the creation of two business units to maximize the value of our assets.
- There have been changes, too, to the management teams: a new deeply transformative and innovative management team, which is independent and boasts a solid digital vision of business. A new management that reinforces the generational change and the new PRISA project.
- And finally, there have been changes to the structure of the balance sheet – with a refinancing deal that has allowed us to extend maturities and increase the company's liquidity.

Ladies and gentlemen, as I was saying, we are set to transform the education and media sectors, not only in Spain but also across the entire Spanish-speaking world. We reach more than 700 million people in 24 countries. We are leaders for content and we have an enormous distribution capacity that we are now going to strengthen thanks to the new digital environment, accelerated by the pandemic, and which is now irreversible. Digitization does not implicitly entail cuts, on the contrary, it brings us opportunities and we must now take advantage of these to boost the enormous potential that we have. We are going to look to the future and we are going to focus our efforts on investing and growing, although obviously without losing sight of costs.

We are now in a position to tap the full potential of our unique assets and to drive a powerful new wave of growth.

I am convinced of our capacity for innovation and the talent of our professionals. And I am convinced of our capacity to grow with our communities, with our subscribers, listeners, teachers, families and students, with whom we share common interests and values.

We are at a historic moment for the Group. We are ushering in today the education of the future, and we are designing the media of the new digital age. We are setting the gold standard for quality, independent, truthful, rigorous, transparent and honest journalism.

I would like to thank all the PRISA professionals for their contribution and commitment, and I would especially like to express my gratitude and my heartfelt thanks to those who have recently left the Group, for their years of dedication and professionalism.

And my thanks to you, of course, and especially, to you, the shareholders, who have given us your vote of confidence as we design the future of journalism and education in the new PRISA that we are building. I am all too aware – because I too am also a shareholder – that the share performance of the company since the death of Jesús de Polanco has been a veritable disaster for you. I assure you that I will put all my determination and efforts into ensuring that, as we embark on this new era, we will prove capable of recovering the great successes, both social and financial, which have always been hallmarks of Grupo PRISA.

2021 will mark a milestone in the life of this Group. Let's all work together because the best is yet to come.

Thank you for your attention.

I would now like to hand you over to Manuel Mirat who will go into greater detail with regard to the performance of the businesses and their management in 2020.



Ordinary General Shareholders' Meeting 2021

Manuel Mirat, CEO

Madrid, 29th June 2021

Ladies and gentlemen shareholders,

Welcome to this Annual General Meeting which, like last year, is being held online again as a result of the pandemic.

Fortunately, the rapid pace of vaccination means we are now able to face the coming months with hope. However, this is not to forget or minimize the suffering that COVID-19 has brought everyone. And I would like to convey my deepest condolences to all those who have suffered a loss during these terrible months.

I would also like to express my pride in the work that our professionals have carried out throughout the pandemic, both in the field of Education and in Media. It is a commitment that they continue to demonstrate on a daily basis.

Allow me now, ladies and gentlemen, shareholders, to go over last year's accounts, which we are submitting for your approval today.

We are all too aware that 2020 was possibly the most turbulent year in our history, due to the devastating effects that the pandemic has had on all of our businesses.

But I believe that, despite these conditions, PRISA's response has been exceptional.

- The Group ended last year with a net profit of 90 million euros, compared to losses of 182 million registered the previous year.
- EBITDA, meanwhile, was down by 66% due chiefly to the Covid crisis. Specifically, the pandemic had a negative impact of 223 million in terms of revenues and of 153 in terms of EBITDA.

Another factor that had an impact on the income statement was exchange rates, which had a negative impact of 72 million on revenues and of 13 million on EBITDA, due to devaluations in Mexico, Argentina and Brazil.

- In an effort to counter, to the utmost, the adverse effects of the pandemic, the Group implemented a cost containment plan. By the end of the year, savings of 49 million had been achieved, which clearly exceeded the 40 million originally envisaged in the initial contingency program.
- Another outstanding achievement was the reduction of debt. As of December 31, net bank debt stood at 679 million, compared to 1,061 million registered in December 2019, after

the amortization carried out using the proceeds from the sale of Santillana Spain and Media Capital.

- The company closed the year with a positive cash balance of 222 million euros, plus an additional 143 million in restricted cash.
- PRISA's strategic roadmap, focused on subscription models in both Education, in Latin America, and Media, has yielded encouraging results.
 - By the end of 2020, the Education business had a total of 1,727,000 digital students, which represents an increase of 20 % compared to the same period of the previous year.
 - EL PAÍS reported 130,500 subscribers, 85,000 of whom are exclusively digital, after rolling out its subscription model at the beginning of May, 2020.
 - The Radio businesses registered a monthly average of 59 million hours of streaming content (an increase of 11%) and 24 million podcast downloads (an increase of 63%).

Digital revenues have thus increased their contribution to PRISA's total revenues by 31%. Digital revenues now account for 30% of the group total and continue to grow.

By business area:

- The Education business has maintained margins of 21% in an extremely complicated environment, given the closure of most schools with which Santillana works.

It should be noted that revenue from subscription models grew 12% in local currency, to reach 137 million euros

Subscription models have become the largest source of income for Education. Its technological platform has registered exponential growth in terms of connectivity and the use of content since the beginning of the pandemic, and the system has proved capable of guaranteeing teachers, students and families normal school activity.

By 2021, and based on contracts already signed, a growth in student numbers of more than 10% is expected, leading to a final figure of two million.

- PRISA's Media businesses have been greatly affected by the severe impact of the pandemic on advertising markets, both in Spain and Latin America. Nevertheless, they have forged ahead with new digital business models, have strengthened their leads and cut costs.

I must confess that this Board marks a very special moment in my career.

Almost four years ago I took on the responsibility of being CEO of the Group. It has proven to be a very eventful period during which we have laid the foundations for the future of the new PRISA. Over the course of these years...

- We have carried out two capital increases for an overall value of 763 million euros, which have received broad support from shareholders and the market, and which have strengthened the company's balance sheet.
- We have secured two debt restructurings.
The most recent was last year when we reached a deal that involves extending debt maturity until March 2025. It also includes the amortization of 400 million of debt (slashing total net debt by more than 30%) and establishes a framework for the separation of the Education and Media businesses.
- We have notably reduced debt, which has gone from 1,422 million in December 2017 to 679 million in December 2020.
- Santillana has made it possible during these three years to restructure PRISA's balance sheet and lay the foundations for the future of the Group.

Firstly, because we kept it within the perimeter of the company in 2017.

Then, in April 2019, because we acquired 25% of the capital that we did not control at that point.

And last year, because we sold the Spanish business to the Finnish group Sanoma for 465 million euros, which represented 9.6 times the EBITDA, considerably higher than the chief comparable transactions in the sector.

The sale generated capital gains of 377 million euros and enabled the refinancing agreement signed last year, which gives the Group as a whole some breathing space to better face the future with confidence.

- In 2020 we also sold Media Capital to a group of Portuguese investors for a total of € 47.3 million.
- Throughout these years, we have undertaken an extensive divestment plan in non-strategic assets, especially in Latin America.
- We have cleaned up the balance sheet by more than 600 million, adjusting tax credits, goodwill and other assets in line with expectations for future recovery.
- In this period, we have implemented cost reduction and efficiency plans amounting to 128 million.

- Over the course of these three years, we have also signed several collective agreements and created a positive workplace culture within the Group, and we have promoted the renewal of teams in both the editorial and management areas.
- We have maintained the independence of our media, and we have promoted the best corporate governance practices, which we have also applied to the companies and organizations that manage our businesses.
- And in 2020, when the pandemic shook us all, at PRISA we reached out to and were closer than ever to our stakeholders, thanks to a very high level of social commitment and public service. This has allowed us to continue to be leaders in terms of audiences and social influence.

As I was saying, these past few years as CEO of PRISA have been very eventful yet they have also been very rewarding because, thanks to everyone's efforts, we have set PRISA on a firmer footing and we have laid the foundations for a much brighter and more hopeful future.

The Group is undergoing a profound digital transformation and is firmly committed to increasing its lead in Spain and Latin America, and this will undoubtedly allow us to generate value for our shareholders in the medium term.

This new era for PRISA, as the Chairperson has mentioned, has already got underway – with the Group's operational division in two broad areas, Education and Media. The objective of this new structure is to more quickly tap the full potential of Santillana and lay the foundations for the development of PRISA Media.

This company is my home. It has been my home since 1997. I have a lot to be thankful for.

I cannot help but remember the Chairpersons who have placed their trust in me: Juan Luis Cebrián, Manuel Polanco, Javier Monzón and Joseph Oughourlian. I'd like to express my gratitude to them and to the boards of directors that they have presided over these years for the trust they have always shown me.

I would also like to remember the magnificent group of professionals who have accompanied me these years, such as Xavier Pujol, Miguel Ángel Cayuela, Pedro García Guillén, Augusto Delkáder, Soledad Gallego Díaz, Daniel Gavela, Alfredo Relaño, Guillermo de Juanes, Jorge Rivera and Alejandro Martínez Peón, to name but a few.

Many thanks to all of them, to those who have joined this wonderful family, and to all of you, ladies and gentlemen, for giving us your support.