

# **Prisa Group**

Explanatory notes to the financial statements for the 2020  
financial year

## **1. PRESENTATION BASES FOR THE FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR**

### **Consolidated financial statements**

The financial statements of Promotora de Informaciones, S.A. and subsidiaries (Prisa Group or Group) for the 2020 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, in compliance 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.

These consolidated financial statements are presented in thousands of euros.

This financial reporting is prepared in order to update the latest approved consolidated financial statements of the Group, highlighting the new activities, events and circumstances that have taken place during the period and avoiding the repetition of information previously reported in the consolidated financial statements for 2019. Therefore, this explanatory notes do not contain all the information and disclosures required for a complete set of consolidated financial statements in accordance with IFRSs as adopted by the European Union. In order to correctly understand the information included in these explanatory notes, they must be read in conjunction with the consolidated financial statements for 2019.

The IFRS 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.

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.

### **Individual financial statements**

Promotora de Informaciones, S.A. (the Company or Prisa), as parent company of the Group, presents its financial statements in accordance with the Spanish General Accounting Plan set out in RD 1514/07 of 16th November.

#### **a) Evolution of the Group's capital 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.

The Company's General Shareholders' Meeting on November 15, 2017 agreed to an increase in share capital amounting to EUR 450,000 thousand. On January 22, 2018, this amount was subsequently extended by an additional EUR 113,220 thousand by the Prisa Board of Directors. In February 2018, the capital increase was subscribed by an amount of EUR 563,220 thousand.

On January 22, 2018, the Company signed with all the financial creditors of the Override Agreement (agreement to refinance the Group's debt signed in December 2013) an agreement to refinance and modify the terms of Prisa's financial debt. On June 29, 2018, said refinancing came into effect, once the agreements reached with all of its creditors were concluded. On this same

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date, and as one of the preconditions for the agreement to come into force, the Company cancelled a debt amounting EUR 480,000 thousand with the proceeds from the cash capital increase described above (EUR 450,000 thousand) and cash available from the Company (EUR 30,000 thousand). The basic terms of the refinancing agreement included, among other aspects, the extension of the debt maturity date to November and December 2022.

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, Vertex, 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 2 and 13).

On June 29, 2020, the Prisa’s General Shareholder Meeting agreed to reduce in share capital of the Parent Company in order to reestablish its equity balance (see note 8). 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 represented the entire shareholding (64.47%) held by Prisa through Vertex 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, was used to partially repay the Group’s syndicated loan. The above 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 2 and 13).

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 which represents 9.6 times the average EBITDA registered for the educational cycles over the 2017/2019 period. Of the cash obtained, 371 million euros have been used to partially repay the Prisa syndicated loan (see notes 2 and 10). 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 notes 2 and 13).

On October 15, 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, describe above (see note 10).

The basic terms of the Refinancing consist in: (i) partial repayment of the debt to be restructured in an minimum amount of EUR 400 million; (ii) a significant time extension for the maturity of the remaining financial debt, until 2025; and (iii) adaptation of the financial conditions of the debt to the

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Group's new position in terms of generating cash. On top of these essential terms, 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. 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%. The agreed Refinancing will therefore make the Group's financial indebtedness more flexible and give it a financial structure that allows the Group to fulfil 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 global expansion to a large number of countries 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 and the absence the consequences for the Group's businesses are uncertain, and will depend to a large extent on the development, extent and possible flare-ups of the pandemic in the coming months and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

Therefore, at the date of approval of these explanatory notes, 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 made an assessment of 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 and revolving credit facility 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 10). 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 cost savings for 2021 are estimated to be around EUR 30 million in relation to 2019. 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 remeasured 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 3 a), 5 and 7 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 set out above, the Directors have applied the going concern principle.

#### **b) Entry into force of new accounting standards**

The application of the amendments and interpretations applicable from January 1, 2020 did not have a significant impact on the Group's consolidated financial statements for the present period.

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", which has meant a lower lease expense in the year 2020 of EUR 1.2million.

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

#### **c) Changes to estimates**

Consolidated earnings and the determination of consolidated equity are subject to the accounting policies and standards, measurement bases and estimates applied by the Group's directors in the preparation of the interim condensed consolidated financial statements. The accounting policies

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and standards and measurement bases are explained in notes 2 and 4 to the consolidated annual accounts for 2019.

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 3a, 5, 7 and 13, respectively.

#### **d) Information comparison**

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 13 y 14).

#### **e) Materiality**

When determining the information to be disclosed in these explanatory notes on the different items of the financial statements or other matters, the Group has taken into account the relative importance in relation to the consolidated financial statements for fiscal year 2020.

#### **f) Correction of errors**

In the consolidated financial statements for the year 2020 there has been no correction of errors.

## **2. CHANGES IN THE GROUP STRUCTURE**

The changes in the Group structure are set out in section 11 of Chapter IV on Selected financial information.

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.

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

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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, Vertex, 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 1a) and 13).

On September 4, 2020, Prisa signed with a plurality of investors independent agreements for the sale of shares of Media Capital, which together represented the entire shareholding (64.47%) held by Prisa through Vertex 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, was used to partially repay the Group's syndicated loan. The above 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 1a) and 13).

Since September 2019 the assets and liabilities of Media Capital and Vertex are presented in the consolidated balance sheet as *'Non-current assets held for sale' and 'Non-current liabilities linked to assets held for sale'*. In November 2020, following the sale operations described above, Media Capital left the scope consolidation perimeter.

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

The merger by absorption of Radio España 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'Ensenyament i Difusió 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 10) with the cash obtained from Prisa Activos Educativos, S.L.U. (parent company of Grupo Santillana Educación Global) via dividend and an intercompany loan. 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 13).

From October 2020, the assets and liabilities of Santillana España are presented in the consolidated balance sheet as *“Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”*. In December 2020, following the sale transaction described, the subsidiaries of Santillana España subject to the transaction were removed from the Group's consolidation perimeter.

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

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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 2020, 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.

## 3. INTANGIBLE ASSETS

### a) Goodwill

The detail, by business segment and in thousands of euros, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2019 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)	0
<b>Total</b>	<b>151,073</b>	<b>(16,019)</b>	<b>573</b>	<b>(16,602)</b>	<b>(6,524)</b>	<b>112,501</b>

The result of the impairment tests has meant 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.

### b) Other intangible assets

Additions to the Group's consolidated financial statements under "*Other intangible assets*" during 2020 totalled EUR 37,178 thousand, corresponding mainly to:

- '*Prototypes*' amounting to EUR 25,087 thousand, relating to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L., mainly in Brazil.

- '*Computer software*' amounting to EUR 11,100 thousand, relating to the computer software acquired and/or developed by third parties for Group companies, mainly in Santillana, Prisa Noticias and Radio in 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 2. These additions as of December 31, 2019 amounted to EUR 7,360 thousand.

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

The intangible assets in lease include 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).

#### **4. PROPERTY, PLANT, AND EQUIPMENT**

Additions to the Group's consolidated financial statements under "*Property, plant and equipment*" during 2019 totaled EUR 13,860 thousand, corresponding mainly to:

- '*Plant and machinery*' amounting to EUR 1,629 thousand.
- '*Other property, plant and equipment*' amounting to EUR 11,716 thousand, mainly for investments made by Santillana in digital developments and learning systems to be used in the classrooms by teachers and students and the acquisition of computers to the Group.

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

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 totaled EUR 34,121 thousand (EUR 37,710 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).

#### **5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

During 2020, changes in "*Investments accounted for using the equity method*" in the accompanying consolidated balance sheets is mainly due to the results participation in Sistema Radiópolis, S.A. de C.V., for an amount of EUR 1,636 thousand, the dividend distributed by the company, 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 result of the impairment test in Sistemas Radiópolis, S.A. de C.V investment 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.

## 6. NON-CURRENT FINANCIAL ASSETS

The variation in the heading “*Non-current financial assets*” is mainly due to the reduction of the credit to Le Monde 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 before Le Monde in the amount of EUR 2,679 thousand, the impairment of the credit granted to Green Emerald Business, Inc in the amount of EUR 1,157 thousand and 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.

## 7. TAX MATTERS

### Deferred tax assets and liabilities

The movement in the heading “Deferred Tax Assets” mainly includes the effect of the tax credit recovery analysis, according to the criteria established by the accounting regulations, which has led to a withdrawal of tax credits corresponding to (i) deductions for a total 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 restructuring of the Group’s syndicated debt (see notes and 2).

Exchange rate fluctuations in Brazil and Colombia, as well as the different accounting and tax accounting criteria of certain public sells recorded in Brazil and certain intangible asset amortization expense have resulted in a net withdrawal of deferred tax liabilities amounting to EUR 8,153 thousand.

### Tax Inspections

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 approval of these explanatory notes, 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 finalised 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 administrative appeal. As at the date these explanatory notes were prepared, a dismissal has been received from the National Court of Spain, against which an appeal for judicial review will be lodged. 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 explanatory notes were prepared, the Resolution has been executed for the part that the TEAC has upheld for the company. 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.

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 2020, a favourable resolution has been received regarding the economic-administrative appeal relating to the Personal Income Tax Appeal for the period May 2010 to December 2012, as well as penalisation proceedings arising from these audits.

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 SER, Santillana Global and Grupo Santillana de Educación Global.

**Other relevant tax matters**

Derived from the same tax reform ushered in by Royal Decree-Law 3/2016, of 2 December, the Group has now recognised an additional expense of 3,304 thousand euros for corporate income tax, as a result of the minimum five-year integration of the reversal of impairment losses on the equity instruments of companies that were tax deductible in the past.

**8. EQUITY****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.

**Share premium**

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.

### Non-controlling interest

The detail, by company, of the non-controlling interest at December 31, 2020 and December 31, 2019 is as follows:

	Thousands of euros	
	12.31.2020	12.31.2019
Caracol, S.A.	7,796	11,183
Diario As, S.L.	7,521	11,166
GLR Chile, Ltda.	9,382	15,171
Media Capital, SGPS, S.A. Group and subsidiaries	-	4,711
Prisa Radio, S.L. and subsidiaries (Spain)	20,187	21,704
Other companies	1,385	5,821
<b>Total</b>	<b>46,271</b>	<b>69,756</b>

### 9. LONG-TERM PROVISIONS

Long-term provisions include those for taxes, corresponding to the estimated tax liability amount arising from inspections carried out at Group companies, provisions constituted to cover employee compensation and third-party liability provisions for the estimated amount to cover potential claims and litigation against Group companies and other future obligations to employees. In addition, this section also includes Group interests in companies accounted for using the equity method, the net negative value of which is negative.

The breakdown of "Long-term provisions" at December 31, 2020 and at December 31, 2019, is as follows (thousands of euros):

	12.31.20	12.31.19
For taxes	3,378	3,384
For redundancies	2,555	4,061
For third-party liability and other	13,262	14,694
<b>Total</b>	<b>19,195</b>	<b>22,139</b>

## 10. FINANCIAL LIABILITIES

The breakdown of “Non-current financial liabilities” and “Current financial liabilities,” in EUR thousand, is as follows:

	Non-current financial liabilities	Current financial liabilities	Total financial liabilities
	12.31.2020	12.31.2020	12.31.2020
Bank borrowings	810,568	102,746	913,314
Financial liabilities for leases	99,203	18,462	117,665
Other financial liabilities	145	96	241
<b>Total</b>	<b>909,916</b>	<b>121,304</b>	<b>1,031,220</b>

### Bank borrowing

The most significant balance under “Financial liabilities” relates to bank borrowings, the details of which, in EUR thousand, as of December 31, 2020 are as follows:

	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa	-	752,896
Super Senior credit facility and Revolving	80,000	36,500
Credit facilities	4,389	-
Loans	14,193	10,351
Finance leases, interest and other	4,164	4,786
Loan arrangement costs/ Present value of debt	-	6,035
<b>Total</b>	<b>102,746</b>	<b>810,568</b>

### Refinancing-

On October 15, 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 the refinancing agreement (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 (see note 2).

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 2).

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. The average cost of debt is 7.1%.

- 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 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.

EUR 35,000 thousand of syndicated debt was drawn down in September 2019, included in the refinancing agreement of 2018, to settle the payment of the unfavourable ruling in the Mediapro dispute of March 29, 2019 (see note 11). This provision replaced the guarantee issued to cover the aforementioned litigation.

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.

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

***Super senior credit facility and revolving -***

On June 29, 2018, the Company established a Super Senior credit facility for a maximum amount of up to EUR 86.5 million, of which EUR 50 million had the objective of financing the Company's operating needs. In April 2019, as a result of the acquisition of 25% of Santillana, the credit facility was increased by EUR 30 million, for a maximum amount of up to EUR 116.5 million. 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 credit facility to cover operational needs by EUR 108.5 million, bringing this facility's total to EUR 225 million.

As of December 31, 2019, EUR 36.5 million was draw down to finance the acquisition by Prisa Radio, S.A. of shares of 3i in treasury shares. In March 2020, EUR 80 million was drawn down for operating needs mainly associated for the effect of COVID 19. Therefore, as of December 31, 2020, EUR 116.5 million of the Super Senior credit facility was draw down.

The guarantee structure of this Super Senior credit policy is the same as the one mentioned above relating to the syndicated financial debt of the Group, in such a way that the creditors of said credit policy and those of syndicated debt have the same guarantees. However, the Super Senior credit policy 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 Company 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 12). 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 "*Fair value in financial instruments/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.

***Financial liabilities for leases***

The IFRS 16 Leases has resulted in an addition of the 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:

<b>Maturity</b>	<b>Thousands of euros</b>
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
<b>Total</b>	<b>117,665</b>

In 2020, the payment associated with financial liabilities for leases amounts to EUR 27.1 million.

## 11. OPERATING INCOME AND EXPENSES

### Operating income

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

	Thousands of euros	
	2020	2019
Advertising sales and sponsorship	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
<b>Revenue</b>	<b>690,942</b>	<b>937,178</b>
Income from non-current assets	1,467	10,470
Other income	8,232	17,237
<b>Other income</b>	<b>9,699</b>	<b>27,707</b>
<b>Total operating income</b>	<b>700,641</b>	<b>964,885</b>

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
<b>Europe</b>	<b>205,895</b>	<b>270,174</b>	<b>6,065</b>	<b>5,774</b>	<b>49,885</b>	<b>60,067</b>	<b>28,439</b>	<b>45,814</b>	<b>290,284</b>	<b>381,829</b>
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
<b>America</b>	<b>49,179</b>	<b>81,694</b>	<b>355,968</b>	<b>482,165</b>	-	<b>1,123</b>	<b>5,210</b>	<b>18,074</b>	<b>410,357</b>	<b>583,056</b>
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
<b>TOTAL</b>	<b>255,074</b>	<b>351,868</b>	<b>362,033</b>	<b>487,939</b>	<b>49,885</b>	<b>61,190</b>	<b>33,649</b>	<b>63,888</b>	<b>700,641</b>	<b>964,885</b>

### Staff

The breakdown of the average number of employees, by gender for the year 2020 and 2019, 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
<b>Total</b>	<b>3,405</b>	<b>3,672</b>	<b>4,050</b>	<b>4,659</b>

## Other operating expenses

The detail of "Other operating expenses" for the year 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	183,504
Change in allowances, write-downs and provisions	11,730	13,701
<b>Total outside services</b>	<b>262,612</b>	<b>371,673</b>

As of December 31, 2019, the heading "Other operating expenses" included the provision derived from the unfavorable court order in the conflict with Mediapro dated March 29, 2019 for an amount of EUR 51,036 thousand.

## 12. FINANCIAL RESULT

The detail of "Financial result" for the group 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
<b>Finance income</b>	<b>2,367</b>	<b>3,587</b>
Interest on debt	(71,112)	(57,708)
Adjustments for inflation	801	1,730
Other finance costs	(12,711)	(19,831)
<b>Finance costs</b>	<b>(83,022)</b>	<b>(75,809)</b>
Exchange gains	30,557	45,834
Exchange losses	(32,655)	(49,814)
<b>Exchange differences (net)</b>	<b>(2,098)</b>	<b>(3,980)</b>
<b>Value variation of financial instruments</b>	<b>(46,072)</b>	<b>(5,439)</b>
<b>Financial loss</b>	<b>(128,825)</b>	<b>(81,641)</b>

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 "Value variation 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 Restructuration came into effect.

Likewise, the "Value variation of financial instruments" 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 book value of the debt subject to the Refinancing that has been derecognised and the amount of the debt that was recognised again for the present value of future payments calculated on the basis of the Effective Interest Rate "EIR" of the original debt (see note 10).

### 13. PROFIT AND LOSS 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 2).
- 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 2).
- 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
<b>Operating income-</b>	<b>104,458</b>	<b>164,965</b>
Revenue	103,847	163,236
Other income	611	1,729
<b>Operating expenses-</b>	<b>(119,101)</b>	<b>(214,399)</b>
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)
<b>Profit from operations</b>	<b>(14,643)</b>	<b>(49,434)</b>
Financial loss	(1,908)	(2,249)
Expense tax	1,538	(2,381)
<b>Result after tax from discontinued operations</b>	<b>(15,013)</b>	<b>(54,064)</b>

#### *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 2).

- 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
<b>Operating income-</b>	<b>108,368</b>	<b>130,964</b>
Revenue	106,868	128,163
Other income	1,500	2,801
<b>Operating expenses-</b>	<b>(84,970)</b>	<b>(88,866)</b>
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)
<b>Profit from operations</b>	<b>23,398</b>	<b>42,098</b>
Financial loss	656	(933)
Expense tax	(1,613)	(8,281)
<b>Result after tax from discontinued operations</b>	<b>22,441</b>	<b>32,884</b>

#### 14. BUSINESS SEGMENTS

Segment reporting is structured by geographical segment and business segment of the Group.

The breakdown of the consolidated revenues of the Group based on the geographical location of the companies that gave rise to them is as follows:

(Thousands of euros)	2020	2019
<b>Europe</b>	<b>284,335</b>	<b>368,804</b>
Spain	279,543	364,640
Rest of Europe	4,792	4,164
<b>America</b>	<b>406,607</b>	<b>568,374</b>
Colombia	65,703	89,633
Brazil	151,285	193,375
Mexico	62,541	89,987
Chile	34,402	49,051
Rest of America	92,676	146,328
<b>Total</b>	<b>690,942</b>	<b>937,178</b>

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.

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
<b>Operating income</b>	<b>365.829</b>	<b>497.003</b>	<b>186.287</b>	<b>273.810</b>	<b>164.701</b>	<b>210.827</b>	<b>8.962</b>	<b>14.933</b>	<b>(25.138)</b>	<b>(31.688)</b>	<b>700.641</b>	<b>964.885</b>
- External sales	<b>365.617</b>	<b>497.003</b>	<b>185.718</b>	<b>272.005</b>	<b>147.603</b>	<b>194.068</b>	<b>1.385</b>	<b>1.225</b>	<b>318</b>	<b>584</b>	<b>700.641</b>	<b>964.885</b>
- 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
- Sale of audiovisual rights and programs	0	0	0	0	0	0	0	0	0	0	0	0
- 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	<b>212</b>	<b>0</b>	<b>569</b>	<b>1.805</b>	<b>17.098</b>	<b>16.759</b>	<b>7.577</b>	<b>13.708</b>	<b>(25.456)</b>	<b>(32.272)</b>	<b>0</b>	<b>0</b>
- Advertising	0	0	179	1.600	2.102	1.644	0	0	(2.281)	(3.244)	0	0
- Books and training	0	0	0	0	0	0	0	0	0	0	0	0
- Newspapers and magazines	0	0	0	0	6	0	0	0	(6)	0	0	0
- Sale of audiovisual rights and programs	0	0	0	0	0	0	0	0	0	0	0	0
- Other	212	0	390	205	14.990	15.115	7.577	13.708	(23.169)	(29.028)	0	0
<b>Operating expenses</b>	<b>(331.688)</b>	<b>(426.237)</b>	<b>(218.809)</b>	<b>(230.592)</b>	<b>(186.281)</b>	<b>(210.380)</b>	<b>(18.310)</b>	<b>(75.936)</b>	<b>25.338</b>	<b>31.691</b>	<b>(729.750)</b>	<b>(911.454)</b>
- 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
- Other expenses	(943)	(3.618)	(19.599)	(2.672)	(1.738)	(1.769)	(692)	(825)	409	813	(22.563)	(8.071)
<b>Result from operations</b>	<b>34.141</b>	<b>70.766</b>	<b>(32.522)</b>	<b>43.218</b>	<b>(21.580)</b>	<b>447</b>	<b>(9.348)</b>	<b>(61.003)</b>	<b>200</b>	<b>3</b>	<b>(29.109)</b>	<b>53.431</b>
<b>Finance income</b>	<b>1.752</b>	<b>2.329</b>	<b>1.974</b>	<b>2.052</b>	<b>2.206</b>	<b>2.998</b>	<b>177.848</b>	<b>62.924</b>	<b>(181.413)</b>	<b>(66.716)</b>	<b>2.367</b>	<b>3.587</b>
- 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
<b>Finance costs</b>	<b>(8.788)</b>	<b>(16.626)</b>	<b>(10.827)</b>	<b>(9.060)</b>	<b>(3.768)</b>	<b>(6.155)</b>	<b>(76.790)</b>	<b>(68.796)</b>	<b>17.151</b>	<b>24.828</b>	<b>(83.022)</b>	<b>(75.809)</b>
- 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)	(383)	(3.100)	45.509	(754)	1	6.605	34.162	(12.662)
<b>Change in value of financial instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9)</b>	<b>(11)</b>	<b>(46.064)</b>	<b>(5.428)</b>	<b>1</b>	<b>0</b>	<b>(46.072)</b>	<b>(5.439)</b>
<b>Exchange differences (net)</b>	<b>(910)</b>	<b>(3.389)</b>	<b>(125)</b>	<b>(563)</b>	<b>(491)</b>	<b>(144)</b>	<b>(572)</b>	<b>116</b>	<b>0</b>	<b>0</b>	<b>(2.098)</b>	<b>(3.980)</b>
<b>Financial result</b>	<b>(7.946)</b>	<b>(17.686)</b>	<b>(8.978)</b>	<b>(7.571)</b>	<b>(2.062)</b>	<b>(3.312)</b>	<b>54.422</b>	<b>(11.184)</b>	<b>(164.261)</b>	<b>(41.888)</b>	<b>(128.825)</b>	<b>(81.641)</b>
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
<b>Result before tax from continuing operations</b>	<b>26.195</b>	<b>53.080</b>	<b>(46.850)</b>	<b>38.762</b>	<b>(23.570)</b>	<b>(3.582)</b>	<b>45.074</b>	<b>(72.187)</b>	<b>(167.241)</b>	<b>(41.607)</b>	<b>(166.392)</b>	<b>(25.534)</b>
Expense tax	(27.458)	(25.652)	(5.873)	(16.178)	(9.058)	(6.490)	(38.681)	(4.432)	(1)	0	(81.071)	(52.752)
<b>Result from continuing operations</b>	<b>(1.263)</b>	<b>27.428</b>	<b>(52.723)</b>	<b>22.584</b>	<b>(32.628)</b>	<b>(10.072)</b>	<b>6.393</b>	<b>(76.619)</b>	<b>(167.242)</b>	<b>(41.607)</b>	<b>(247.463)</b>	<b>(78.286)</b>
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)
<b>Consolidated result for the year</b>	<b>399.716</b>	<b>60.312</b>	<b>(52.723)</b>	<b>22.584</b>	<b>(32.628)</b>	<b>(10.072)</b>	<b>(69.323)</b>	<b>(208.436)</b>	<b>(169.592)</b>	<b>(37.206)</b>	<b>75.450</b>	<b>(172.818)</b>
Non-controlling interests	2	(58)	973	(1.689)	2.001	(863)	0	0	11.311	(6.870)	14.287	(9.480)
<b>Result attributable to the Parent</b>	<b>399.718</b>	<b>60.254</b>	<b>(51.750)</b>	<b>20.895</b>	<b>(30.627)</b>	<b>(10.935)</b>	<b>(69.323)</b>	<b>(208.436)</b>	<b>(158.281)</b>	<b>(44.076)</b>	<b>89.737</b>	<b>(182.298)</b>

## 15. REMUNERATION OF DIRECTORS AND EXECUTIVES

The remuneration of directors and executives is set out in section 13 of Chapter IV on Selected financial information.

**Sections 2320 and 2325:** The aggregate remuneration of Prisa's Directors and Managers corresponds to the accounting expense registered by Prisa as well as by other companies of the Group and consequently it corresponds to the accounting provisions registered in the income statement.

### Compensation of the Board of Directors

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 a 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 renounce 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. From that moment on and pursuant to the Board of Directors Regulation, the non-executive deputy chairman Mr. Joseph Oughourlian has been serving as chairman of the Board.

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 a expense of EUR 77 thousand was recorded for this item in relation to the CEO of Prisa. 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.

### **Managers' compensation**

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.

#### **Regarding fiscal year 2020:**

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) As it has already been stated in previous section on the remuneration of the Board of Directors, 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 renounce 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 renounce 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.
- 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.
- As it has already been noted (see previous section on the remuneration of the Board of Directors), 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 EUR 975 thousand 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.

## 16. RELATED-PARTY TRANSACTIONS

Related-party transactions are set out in section 14 of Chapter IV on Selected financial information.

All transactions with related parties were carried out on an arm's length basis.

### Transactions with significant shareholders

**Section 2350:** 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 interest expenses of the syndicated loan of the Group corresponding to HSBC Holding, PLC, and Banco Santander, S.A. amounting to EUR 19,367 thousand (see note 10).

**Section 2358:** the aggregate amount of **EUR 252,745 thousand** mainly included the loans granted to Prisa Group companies by:

- Banco Santander, S.A. amounting to EUR 15,487 thousand.
- HSBC Holding, PLC amounting to EUR 235,101 thousand.

**Section 2360:** 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.

**Section 2375:** 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 10).

#### **Transactions with directors and executives**

**Section 2350:** the aggregate amount of **EUR 6,976 thousand** corresponds to the expense recorded for remuneration of directors and executives, in accordance with the breakdown and explanations set out in Chapter IV, section 13.

#### **Transactions between Group employees, companies or entities**

**Section 2350:** 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.

**Section 2354:** 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.

**Section 2360:** 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.

## **17. 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 "Radiópolis"). 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 preparation of these explanatory notes, 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 Grazaema, S.L., Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L. y Grup Promotor d'Ensenyament i Difusió 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 Grazaema, S.L. and Grup Promotor d'Ensenyament i Difusió en Catala, 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.

**18. 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

# **Prisa Group**

Consolidated Directors' Report for the 2020 financial year

## 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 over 80,000 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
<b>RESULT FROM OPERATIONS</b>	<b>34.1</b>	<b>(32.5)</b>	<b>(21.6)</b>	<b>(9.1)</b>	<b>(29.1)</b>
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	0.9	2.9	1.7	0.2	5.7
<b>EBITDA</b>	<b>77.0</b>	<b>4.9</b>	<b>(10.2)</b>	<b>(7.8)</b>	<b>63.9</b>

	2019				
	Education	Radio	Press	Other	Prisa Group
<b>RESULT FROM OPERATIONS</b>	<b>70.8</b>	<b>43.2</b>	<b>0.4</b>	<b>(10.0)</b>	<b>104.5</b>
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
<b>EBITDA (*)</b>	<b>122.2</b>	<b>63.4</b>	<b>12.1</b>	<b>(8.6)</b>	<b>189.2</b>

(\*)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 rulling 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)
<b>NET BANK DEBT</b>	<b>679.3</b>	<b>1,061.1</b>

The Group has taken steps to maximise its liquidity, with EUR 212 million in cash available at the end of 2020.

- 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
<b>Education (*)</b>						
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)
<b>Radio</b>						
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)
<b>Prisa Group</b>						
Operating income	<b>700.6</b>	<b>(72.2)</b>	<b>772.8</b>	<b>964.9</b>	<b>(192.0)</b>	<b>(19.9)</b>
EBITDA	<b>63.9</b>	<b>(13.0)</b>	<b>76.9</b>	<b>189.2</b>	<b>(112.3)</b>	<b>(59.4)</b>

(\*) 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 80,000 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 €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, Vertex, SGPS, S.A. ("Vertex"), a wholly-owned subsidiary of PRISA, has entered into separate agreements with a number of investors to purchase and sell shares in Media Capital, which together represent the entire remaining shareholding (64.47%) held by Vertex in

Media Capital. This represents the culmination of the divestment process by Prisa, in accordance with the Group's roadmap and its focus on strategic assets.

## 2. 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

### Risks relating to the financial and equity situation

#### *Financing risk-*

The Group's financial obligations are set out in note 10 "*Financial liabilities*" in the attached explanatory notes.

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 explanatory notes for the year 2020, the Company reached in December 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 credit facility 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 explanatory notes, the appearance of COVID-19 (Coronavirus) has led 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 credit facility 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. 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 42.6 million.

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 arising from the negative tax bases from previous financial years, from limiting the deductible nature of financial expenses and amortizations, as well as from tax deductions.

*Intangible assets and goodwill-*

As of December 31, 2020, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 97.5 million and goodwill of EUR 112.5 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.

**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. 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.

**ANNEX I**

GENERAL

2ND

STATISTICAL INFORMATION REPORT FOR YEAR

2020

CLOSING DATE OF PERIOD

12/31/2020

**I. IDENTIFICATION DATA**

Registered Company name: PROMOTORA DE INFORMACIONES, S.A.

Registered address:

GRAN VÍA, 32

Tax ID no. (CIF)

A28297059

Data of the person / (s) of contact for the purpose of this information (\*):

Name:	Position:	Telephone contact:	E-mail:
Pilar Gil Miguel	D. de Relación con Inversores	913 301 119	<a href="mailto:PilarG@prisa.com">PilarG@prisa.com</a>

**II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION**

Explanation of the main modifications with respect to the previously released periodic information:

*(complete only in the situations indicated in section B) of the instructions)*

In October 2020, as a consequence of the contract signed with Sanoma for the sale of Santillana España, the results of Santillana España were reclassified as a discontinued operation, under "Net income for the year from discontinued operations net of tax".

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 have been modified to present Santillana España as a discontinued operation.

**III. DECLARATION/(S) BY THE PERSONS RESPONSIBLE FOR THE INFORMATION**

*Until where achieve our knowledge, the summary annual accounts that are presented, has been prepared in accordance with the applicable accounting principles, offer a faithful of the equity, the financial situation and the results of the issuer, or of the companies included in the consolidation taken as a whole, and the intermediate management report image includes a faithful analysis of the information required.*

**Observations on the above statement/(s):**

D. Khalid Thani Abdullah Al Thani has not signed this financial report as he was absent.

**Person/(s) assuming responsibility for this information:**

**Pursuant to the authority delegated by the Board of Directors, the Board secretary certifies that the half-yearly financial report has been signed by the directors**

Individual/Corporate name	Office
D. JOSEPH MARIE OUGHOURLIAN	CHAIRMAN
D. ROSAURO VARO RODRIGUEZ	DEPUTY CHAIRMAN
D. MANUEL MIRAT SANTIAGO	CHIEF EXECUTIVE OFFICER
D <sup>a</sup> . BÉATRICE DE CLERMONT-TONNERRE	COORDINATING DIRECTOR
D. ROBERTO LÁZARO ALCÁNTARA ROJAS	DIRECTOR
AMBER CAPITAL UK LLP (represented by D. FERNANDO MARTÍNEZ ALBACETE)	DIRECTOR
D.JAVIER SANTISO GUIMARAS	DIRECTOR
D. DOMINIQUE MARIE PHILIPPE D'HINNIN	DIRECTOR
D <sup>a</sup> . MARÍA TERESA BALLESTER FORNÉS	DIRECTOR
D. MANUEL POLANCO MORENO	DIRECTOR
D <sup>a</sup> . MARIA JOSÉ MARÍN REY-STOLLE	DIRECTOR

**Date this half-yearly financial report is signed by the competent governing body:**

23/02/2021

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousands of euros

ASSETS		PRESENT PER. 12/31/2020	PREVIOUS PER. 12/31/2019
<b>A) NON-CURRENT ASSETS</b>	<b>0040</b>	<b>895,089</b>	<b>935,074</b>
1. Intangible assets:	<b>0030</b>	241	207
a) Goodwill	<b>0031</b>		
b) Other intangible assets	<b>0032</b>	241	207
2. Property, plant and equipment	<b>0033</b>	1,253	1,034
3. Investment properties	<b>0034</b>		
4. Long-term investment in group companies and associates	<b>0035</b>	892,119	883,451
5. Long-term financial investments	<b>0036</b>	9	9
6. Deferred tax assets	<b>0037</b>	1,467	50,373
7. Other non-current assets	<b>0038</b>		
<b>B) CURRENT ASSETS</b>	<b>0085</b>	<b>35,960</b>	<b>174,324</b>
1. Non-current assets held for sale	<b>0050</b>	507	110,445
2. Inventories	<b>0055</b>		
3. Trade and other receivables:	<b>0060</b>	5,704	4,194
a) Trade receivables for sales and services	<b>0061</b>	3,310	552
b) Other receivables	<b>0062</b>	1,679	2,860
c) Current tax assets	<b>0063</b>	715	782
4. Short-term investments in group companies and associates	<b>0064</b>	19,166	49,010
5. Short-term financial investments	<b>0070</b>		
6. Current accrual accounts	<b>0071</b>	174	266
7. Cash and cash equivalents	<b>0072</b>	10,409	10,409
<b>TOTAL ASSETS (A+B)</b>	<b>0100</b>	<b>931,049</b>	<b>1,109,398</b>

Comentarios

EQUITY AND LIABILITIES		PRESENT PER. 12/31/2020	PREVIOUS PER. 12/31/2019
<b>A) EQUITY (A.1+ A.2+ A.3)</b>	<b>0195</b>	<b>296,774</b>	<b>345,369</b>
<b>A.1) CAPITAL AND RESERVES</b>	<b>0180</b>	<b>296,774</b>	<b>345,369</b>
1. Share Capital:	<b>0171</b>	70,865	666,131
a) Authorized capital	<b>0161</b>	70,865	666,131
b) Less: Uncalled capital	<b>0162</b>		
2. Share premium	<b>0172</b>		254,180
3. Reserves	<b>0173</b>	276,583	132,743
4. Less: Treasury stock	<b>0174</b>	(1,530)	(2,591)
5. Profit/loss brought forward	<b>0178</b>		(495,537)
6. Other shareholder contributions	<b>0179</b>		
7. Net income for the year	<b>0175</b>	(49,144)	(209,557)
8. Less: Interim dividend	<b>0176</b>		
9. Other equity instruments	<b>0177</b>		
<b>A.2) VALUATION ADJUSTMENTS</b>	<b>0188</b>	<b>0</b>	<b>0</b>
1. Available for sale financial assets	<b>0181</b>		
2. Hedging transactions	<b>0182</b>		
3. Other	<b>0183</b>		
<b>A.3) GRANTS, DONATIONS AND GIFTS RECEIVED</b>	<b>0194</b>		
<b>B) NON-CURRENT LIABILITIES</b>	<b>0120</b>	<b>516,381</b>	<b>641,681</b>
1. Long-term provisions	<b>0115</b>	4,796	4,016
2. Long-term debts	<b>0116</b>	86,006	470,235
a) Bank borrowings and bonds and other negotiable securities	<b>0131</b>	86,006	470,235
b) Other non-current financial liabilities	<b>0132</b>		
3. Long-term payable to group and associates companies	<b>0117</b>	425,579	167,430
4. Deferred tax liabilities	<b>0118</b>		
5. Other non-current liabilities	<b>0135</b>		
6. Long-term accrual accounts	<b>0119</b>		
<b>B) CURRENT LIABILITIES</b>	<b>0130</b>	<b>117,894</b>	<b>122,348</b>
1. Non-current liabilities held for sale	<b>0121</b>		
2. Short-term provisions	<b>0122</b>		
2. Short-term payables	<b>0123</b>	90,103	16,303
a) Bank borrowings and bonds and other negotiable securities	<b>0133</b>	80,103	6,303
b) Other financial liabilities	<b>0134</b>	10,000	10,000
4. Current payables to group and associates companies	<b>0129</b>	15,476	100,017
5. Trade and other payables	<b>0124</b>	12,315	6,028
a) Suppliers	<b>0125</b>	42	42
b) Other accounts payable	<b>0126</b>	12,273	5,986
c) Current tax liabilities	<b>0127</b>		
6. Other current liabilities	<b>0136</b>		
7. Current accrual accounts	<b>0128</b>		
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>	<b>0200</b>	<b>931,049</b>	<b>1,109,398</b>

Comments

**IV. SELECTED FINANCIAL INFORMATION**  
**2. INDIVIDUAL INCOME STATEMENT**  
**(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousands of euros

		PRESENT CURR.	PREVIOUS	CURRENT	PREVIOUS
		PERIOD	PERIOD	CUMULATIVE	CUMULATIVE
		(2nd HALF)	(2nd HALF)	12/31/2020	12/31/2019
		Amount	Amount	Amount	Amount
(+) Revenues	0205	112,759	18,905	116,047	22,371
(+/-) Variation in inventories of finished products and products in process	0206				
(+) Own work capitalized	0207				
(-) Suppliers	0208				
(+) Other operating revenues	0209	1,102	1	1,136	1
(-) Staff costs	0217	(6,301)	(3,492)	(8,959)	(7,431)
(-) Other operating expenses	0210	(3,993)	(3,754)	(8,011)	(9,997)
(-) Depreciation and amortization charge	0211	(141)	(30)	(251)	(69)
(+) Allocation of grants for non-financial assets and others	0212				
(+) Overprovision	0213				
(+/-) Impairment and results on fixed asset disposals	0214	0	367	(130)	367
(+/-) Other income	0215	0	0		
<b>= RESULT FROM OPERATIONS</b>	<b>0245</b>	<b>103,426</b>	<b>11,997</b>	<b>99,832</b>	<b>5,242</b>
(+) Finance income	0250	48	(1,445)	51	81
(-) Finance expenses	0251	(16,141)	(16,377)	(30,947)	(29,475)
(+/-) Change in value of financial instruments	0252	(5,070)	(1,064)	(6,190)	(2,087)
(+/-) Exchange differences (net)	0254	(9)	(5)	(10)	(12)
(+/-) Impairment and results on disposals of financial instrument	0255	465	(916)	(260)	(43,284)
<b>= NET FINANCIAL RESULT</b>	<b>0256</b>	<b>(20,707)</b>	<b>(19,807)</b>	<b>(37,356)</b>	<b>(74,777)</b>
<b>= PROFIT (LOSS) BEFORE TAX</b>	<b>0265</b>	<b>82,719</b>	<b>(7,810)</b>	<b>62,476</b>	<b>(69,535)</b>
(+/-) Income tax	0270	2,756	(12,827)	(37,098)	(8,205)
<b>= PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>0280</b>	<b>85,475</b>	<b>(20,637)</b>	<b>25,378</b>	<b>(77,740)</b>
(+/-) Net income for the year from discontinued operations net of tax	0285	(1,301)	(132,550)	(74,522)	(131,817)
<b>= PROFIT (LOSS) FOR THE YEAR</b>	<b>0300</b>	<b>84,174</b>	<b>(153,187)</b>	<b>(49,144)</b>	<b>(209,557)</b>
<b>EARNINGS PER SHARE</b>		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	0290	0.12	(0.22)	(0.07)	(0.32)
Diluted	0295	0.12	(0.22)	(0.07)	(0.32)

Comments

**IV. SELECTED FINANCIAL INFORMATION**  
**3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY**  
**A. INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousands of euros

		PRESENT PERIOD 12/31/2020	PREVIOUS PERIOD 12/31/2019
<b>A) PROFIT (LOSS) FOR THE YEAR (from the income statement)</b>	<b>0305</b>	<b>(49,144)</b>	<b>(209,557)</b>
<b>B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY:</b>	<b>0310</b>	<b>0</b>	<b>(13)</b>
<b>1. From measurement of financial instruments:</b>	<b>0320</b>	<b>0</b>	<b>(18)</b>
a) Financial assets held for sale	0321		(18)
a) Other revenues/(expenses)	0323		
<b>2. From cash flow hedges</b>	<b>0330</b>		
<b>3. Grants, donations and gifts received</b>	<b>0340</b>		
<b>4. From actuarial gains and losses and other adjustments</b>	<b>0344</b>		
<b>5. Other income and expense recognised directly in equity</b>	<b>0343</b>		
<b>6. Tax effect</b>	<b>0345</b>		<b>5</b>
<b>C) TRANSFERS TO INCOME STATEMENT:</b>	<b>0350</b>	<b>0</b>	<b>237</b>
<b>1. From measurement of financial instruments:</b>	<b>0355</b>	<b>0</b>	<b>321</b>
a) Financial assets held for sale	0356		321
a) Other revenues/(expenses)	0358		
<b>2. From cash flow hedges</b>	<b>0360</b>		
<b>3. Grants, donations and gifts received</b>	<b>0366</b>		
<b>4. Other income and expense recognised directly in equity</b>	<b>0365</b>		
<b>5. Tax effect</b>	<b>0370</b>		<b>(84)</b>
<b>TOTAL RECOGNISED INCOME/(EXPENSE) (A+ B+ C)</b>	<b>0400</b>	<b>(49,144)</b>	<b>(209,333)</b>

Comments

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**IV. SELECTED FINANCIAL INFORMATION**  
**3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (1/2)**  
**B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY**  
**(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousands of euros

PRESENT PERIOD		Equity					Adjustments for changes in value	Grants, donations and gifts received	Total Equity
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
<b>Opening balance at 01/01/2020</b>	<b>3010</b>	666,131	(108,614)	(2,591)	(209,557)	0	0	0	345,369
Adjustment for changes in accounting policy	3011								0
Adjustment for errors	3012								0
<b>Adjusted opening balance</b>	<b>3015</b>	666,131	(108,614)	(2,591)	(209,557)	0	0	0	345,369
<b>I. Total recognised income/ (expense) the period</b>	<b>3020</b>		0		(49,144)				(49,144)
<b>II. Transactions with shareholders or owners</b>	<b>3025</b>	(595,266)	594,283	1,061	0	0	0	0	78
1. Capital increases/ (reductions)	3026	(595,266)	595,266						0
2. Conversion of financial liabilities into equity	3027								0
3. Distribution of dividends	3028								0
4. Trading with own shares (net)	3029		(983)	1,061					78
5. Increases/ (reductions) for business combinations	3030								0
6. Other transactions with shareholders or owners	3032								0
<b>III. Other changes in equity</b>	<b>3035</b>	0	(209,086)	0	209,557	0	0	0	471
1. Share based payments	3036								0
2. Transfers between equity accounts	3037		(209,557)		209,557				0
3. Other variations	3038		471						471
<b>Closing balance at 12/31/2020</b>	<b>3040</b>	70,865	276,583	(1,530)	(49,144)	0	0	0	296,774

Comments

**IV. SELECTED FINANCIAL INFORMATION**  
**3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (2/2)**  
**B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY**  
**(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousands of euros

PREVIOUS PERIOD		Equity					Adjustments for changes in value	Grants, donations and gifts received	Total Equity
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
<b>Opening balance at 01/01/2019 (comparative period)</b>	<b>3050</b>	524,902	(275,861)	(2,856)	110,201		(224)	0	356,162
Adjustment for changes in accounting policy	3051								0
Adjustment for errors	3052								0
<b>Adjusted opening balance (comparative period)</b>	<b>3055</b>	524,902	(275,861)	(2,856)	110,201	0	(224)	0	356,162
<b>I. Total recognised income/ (expense) the period</b>	<b>3060</b>		0		(209,557)		224		(209,333)
<b>II. Transactions with shareholders or owners</b>	<b>3065</b>	141,229	52,153	265	0	0	0	0	193,647
1. Capital increases/ (reductions)	3066	141,229	52,668						193,897
2. Conversion of financial liabilities into equity	3067								0
3. Distribution of dividends	3068								0
4. Trading with own shares (net)	3069		(515)	265					(250)
5. Increases/ (reductions) for business combinations	3070								0
6. Other transactions with shareholders or owners	3072								0
<b>III. Other changes in equity</b>	<b>3075</b>	0	115,094	0	(110,201)	0	0	0	4,893
1. Share based payments	3076								0
2. Transfers between equity accounts	3077		110,201		(110,201)				0
3. Other variations	3078		4,893						4,893
<b>Closing balance at 12/31/2019 (comparative period)</b>	<b>3080</b>	666,131	(108,614)	(2,591)	(209,557)	0	0	0	345,369

Comments

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SELECTED FINANCIAL INFORMATION

PROMOTORA DE INFORMACIONES, S.A.

2ND HALF 2020

**IV. SELECTED FINANCIAL INFORMATION**  
**4. INDIVIDUAL STATEMENT OF CASH FLOWS**  
**2.(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)**

Units: Thousands of euros

		PRESENT PERIOD 12/31/2020	PRESENT PERIOD 12/31/2019
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3+ 4)</b>	<b>0435</b>	<b>87,874</b>	<b>(20,928)</b>
<b>1. Profit (loss) before tax</b>	<b>0405</b>	<b>62,476</b>	<b>(69,535)</b>
<b>2. Adjustments to profit (loss):</b>	<b>0410</b>	<b>(71,439)</b>	<b>60,460</b>
(+) Depreciation and amortization charge	0411	251	69
(+/-) Other adjustments to income (nets)	0412	(71,690)	60,391
<b>3. Changes in working capital</b>	<b>0415</b>	<b>(546)</b>	<b>694</b>
<b>4. Other cash flows from operating activities:</b>	<b>0420</b>	<b>97,383</b>	<b>(12,547)</b>
(-) Interest paid	0421	(28,362)	(25,832)
(+) Dividends received	0422	108,883	7,353
(+) Interest received	0423	6	83
(+/-) Income tax recovered/(paid)	0430	26,658	11,047
(+/-) Other sums received/(paid) from operating activities	0425	(9,802)	(5,198)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2)</b>	<b>0460</b>	<b>38,248</b>	<b>(298,314)</b>
<b>1. Payments for investments:</b>	<b>0440</b>	<b>(2,534)</b>	<b>(313,333)</b>
(-) Group companies, associates and business units	0441	(1,594)	(313,037)
(-) Property, plant and equipment, intangible assets and investment properties	0442	(940)	(296)
(-) Other financial assets	0443		
(-) Non-current assets and liabilities that have been classified as held for sale	0459		
(-) Other assets	0444		
<b>2. Proceeds from disposals:</b>	<b>0450</b>	<b>40,782</b>	<b>15,019</b>
(+) Group companies, associates and business units	0451	40,029	7,964
(+) Property, plant and equipment, intangible assets and investment properties	0452	753	
(+) Other financial assets	0453		7,055
(-) Non-current assets and liabilities that have been classified as held for sale	0461		
(+) Other assets	0454		
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+ 3)</b>	<b>0490</b>	<b>(126,122)</b>	<b>328,460</b>
<b>1. Sums received /(paid) in respect of equity instruments:</b>	<b>0470</b>	<b>20</b>	<b>192,053</b>
(+) Issues	0471		192,304
(-) Amortization	0472		
(-) Acquisition	0473	(1,606)	(251)
(+) Disposal	0474	1,626	
(+) Grants, donations and gifts received	0475		
<b>2. Sums received /(paid) for financial liability instruments:</b>	<b>0480</b>	<b>(126,142)</b>	<b>136,407</b>
(+) Issues	0481	346,825	156,455
(-) Repayment and redemption	0482	(472,967)	(20,048)
<b>3. Payments of dividends and remuneration on other equity instruments</b>	<b>0485</b>		
<b>D) EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES</b>	<b>0492</b>		
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C+ D)</b>	<b>0495</b>	<b>0</b>	<b>9,218</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>0499</b>	<b>10,409</b>	<b>1,191</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+ F)</b>	<b>0500</b>	<b>10,409</b>	<b>10,409</b>

COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		PRESENT PERIOD 12/31/2020	PRESENT PERIOD 12/31/2019
(+) Cash and banks	0550	10,409	10,409
(+) Other financial assets	0552		
(-) <i>Less: Bank overdrafts repayable on demand</i>	0553		
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>0600</b>	<b>10,409</b>	<b>10,409</b>

Comments

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IV. SELECTED FINANCIAL INFORMATION  
 5. STATEMENT OF CONSOLIDATED FINANCIAL SITUATION (IFRS ADOPTED)

Units: Thousands of euros

ASSETS		PRESENT PER. 12/31/2020	PREVIOUS PER. 12/31/2019
<b>A) NON-CURRENT ASSETS</b>	<b>1040</b>	<b>443,259</b>	<b>652,462</b>
1. Intangible assets:	1030	210,044	276,081
a) Goodwill	1031	112,501	151,073
b) Other intangible assets	1032	97,543	125,008
2. Property, plant and equipment	1033	155,464	190,728
3. Investment properties	1034	16	26
4. Investments accounted for using the equity method	1035	24,679	48,711
5. Non-current financial assets	1036	10,493	20,665
b) At fair value with changes in results	1047	0	0
Of which 'Designated in the initial moment'	1041		
b) At fair value with changes in other comprehensive income	1042	0	0
Of which 'Designated in the initial moment'	1043		
c) At amortized cost	1044	10,493	20,665
6. Non-current derivatives	1039	0	0
a) Coverage	1045	0	0
b) Other	1046	0	0
7. Deferred tax assets	1037	42,563	116,250
8. Other non-current assets	1038	0	1
<b>B) CURRENT ASSETS</b>	<b>1085</b>	<b>528,460</b>	<b>919,702</b>
1. Non-current assets held for sale	1050	4,443	280,606
2. Inventories	1055	45,708	84,423
3. Trade and other receivables:	1060	248,712	383,353
a) Trade receivables for sales and services	1061	196,334	311,974
b) Other receivables	1062	52,378	71,379
c) Current tax assets	1063		
4. Current financial assets	1070	7,718	4,740
b) At fair value with changes in results	1080	0	0
Of which 'Designated in the initial moment'	1081		
b) At fair value with changes in other comprehensive income	1082		
Of which 'Designated in the initial moment'	1083		
c) At amortized cost	1084	7,718	4,740
5. Current derivatives	1076	0	0
a) Coverage	1077	0	0
b) Other	1078	0	0
6. Other current assets	1075	0	0
7. Cash and cash equivalents	1072	221,879	166,580
<b>TOTAL ASSETS (A + B)</b>	<b>1100</b>	<b>971,719</b>	<b>1,572,164</b>

Comments

EQUITY AND LIABILITIES		PRESENT PER. 12/31/2020	PREVIOUS PER. 12/31/2019
<b>A) EQUITY (A.1+ A.2+ A.3)</b>	<b>1195</b>	<b>(402,980)</b>	<b>(411,604)</b>
<b>A.1) CAPITAL AND RESERVES</b>	<b>1180</b>	<b>(356,976)</b>	<b>(431,967)</b>
1. Share Capital	1171	70,865	666,131
a) Authorized capital	1161	70,865	666,131
b) Less: Uncalled capital	1162		
2. Share premium	1172	0	254,180
3. Reserves	1173	118,146	(7,242)
4. Less: Treasury stock	1174	(1,530)	(2,591)
5. Profit/loss brought forward	1178	(634,194)	(1,160,147)
6. Other shareholder contributions	1179		
7. Profit (loss) for year attributable to parent company	1175	89,737	(182,298)
8. Less: Interim dividend	1176	0	
9. Other equity instruments	1177	0	0
<b>A.2) OTHER ACCUMULATED INTEGRAL RESULT</b>	<b>1188</b>	<b>(92,275)</b>	<b>(49,393)</b>
1. Items that are not reclassified to result the period	1186	0	0
a) Equity instruments with changes in other comprehensive income	1185		
b) Other	1190		
2. Items that may be subsequently classified to result for the period	1187	(92,275)	(49,393)
a) Hedging	1182		
b) Translation differences	1184	(92,275)	(49,393)
c) Participation in other comprehensive income for investments in joint ventures and	1192		
d) Debt instruments at fair value with changes in other comprehensive income	1191		
e) Other	1183	0	0
<b>EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY (A.1+ A.2)</b>	<b>1189</b>	<b>(449,251)</b>	<b>(481,360)</b>
<b>A.3) NON-CONTROLLING PARTICIPATIONS</b>	<b>1193</b>	<b>46,271</b>	<b>69,756</b>
<b>B) NON-CURRENT LIABILITIES</b>	<b>1120</b>	<b>948,543</b>	<b>1,331,843</b>
1. Grants	1117	599	530
2. Non-current provisions	1115	19,195	22,139
3. Non-current financial liabilities:	1116	909,916	1,282,076
a) Bank borrowings and bonds and other negotiable securities	1131	810,568	1,164,869
b) Other non-current financial liabilities	1132	99,348	117,207
4. Deferred tax liabilities	1118	16,840	24,993
5. Non-current derivatives	1140	0	0
a) Coverage	1141		
b) Other	1142		
6. Other non-current liabilities	1135	1,993	2,105
<b>C) CURRENT LIABILITIES</b>	<b>1130</b>	<b>426,156</b>	<b>651,925</b>
1. Non-current liabilities held for sale	1121	3,434	164,282
2. Current provisions	1122	9,986	11,799
3. Current financial liabilities:	1123	121,304	73,933
a) Bank borrowings and bonds and other negotiable securities	1133	102,746	50,188
b) Other financial liabilities	1134	18,558	23,745
4. Trade and other payables:	1124	261,465	366,144
a) Suppliers	1125	191,454	270,523
b) Other accounts payable	1126	70,011	95,621
c) Current tax liabilities	1127		
5. Current derivatives	1145	0	0
a) Coverage	1146		
b) Other	1147		
6. Other current liabilities	1136	29,967	35,767
<b>TOTAL EQUITY AND LIABILITIES (A + B + C)</b>	<b>1200</b>	<b>971,719</b>	<b>1,572,164</b>

Comments

<b>IV. SELECTED FINANCIAL INFORMATION</b>
<b>6. CONSOLIDATED INCOME STATEMENT (IFRS ADOPTED)</b>

Units: Thousands of euros

		PRESENT CURR. PERIOD (2nd HALF)	PREVIOUS PERIOD (2nd HALF)	CURRENT CUMULATIVE 12/31/2020	PREVIOUS CUMULATIVE 12/31/2019
(+) Revenues	1205	342,339	502,597	690,942	937,178
(+/-) Variation in inventories of finished products and products in process	1206				
(+) Own work capitalized	1207	376	914	964	914
(-) Suppliers	1208	(47,330)	(88,381)	(105,931)	(145,430)
(+) Other operating revenues	1209	4,753	12,344	7,268	16,324
(-) Staff costs	1217	(130,312)	(153,922)	(268,007)	(309,563)
(-) Other operating expenses	1210	(125,689)	(164,960)	(262,612)	(371,673)
(-) Depreciation and amortization charge	1211	(33,547)	(38,268)	(70,637)	(76,717)
(+) Allocation of grants for non-financial assets and others	1212				
(+/-) Impairment on fixed asset	1214	(1,543)	(6,742)	(22,337)	(8,031)
(+/-) Results on fixed asset disposals	1216	(79)	8,555	1,241	10,429
(+/-) Other income	1215				
<b>= RESULT FROM OPERATIONS</b>	<b>1245</b>	<b>8,968</b>	<b>72,137</b>	<b>(29,109)</b>	<b>53,431</b>
(+) Finance income	1250	998	2,171	2,367	3,587
a) Interest income calculated according to the effective interest rate method	1262	0	0		
b) Other	1263	998	2,171	2,367	3,587
(-) Finance costs	1251	(46,824)	(40,852)	(83,022)	(75,809)
(+/-) Change in value of financial instruments	1252	(43,155)	(2,772)	(46,072)	(5,439)
(+/-) Result from the reclassification of financial assets at amortized cost to financial assets at fair value	1258	0	0		
(+/-) Result derived from the reclassification of financial assets at fair value with changes in other comprehensive income to financial assets at fair value	1259	0	0		
(+/-) Exchange differences (net)	1254	(2,720)	(852)	(2,098)	(3,980)
(+/-) Loss / Reversal due to deterioration of financial instruments	1255	0	0		
(+/-) Result from disposal of financial instruments	1257	0	0	0	0
a) Financial instruments at amortized cost	1260	0	0		
b) Rest of financial instruments	1261	0	0		
<b>= NET FINANCIAL RESULT</b>	<b>1256</b>	<b>(91,701)</b>	<b>(42,305)</b>	<b>(128,825)</b>	<b>(81,641)</b>
(+/-) Profit (loss) from companies recorded by the equity method	1253	(1,517)	2,080	(8,458)	2,676
<b>= PROFIT (LOSS) BEFORE TAX</b>	<b>1265</b>	<b>(84,250)</b>	<b>31,912</b>	<b>(166,392)</b>	<b>(25,534)</b>
(+/-) Income tax	1270	(13,560)	(39,572)	(81,071)	(52,752)
<b>= PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>1280</b>	<b>(97,810)</b>	<b>(7,660)</b>	<b>(247,463)</b>	<b>(78,286)</b>
(+/-) Net income for the year from discontinued operations net of tax	1285	396,889	(112,852)	322,913	(94,532)
<b>= CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD</b>	<b>1288</b>	<b>299,079</b>	<b>(120,512)</b>	<b>75,450</b>	<b>(172,818)</b>
a) Profit (loss) for year attributable to controlling company	1300	301,787	(130,750)	89,737	(182,298)
b) Profit (loss) for attributable to the non-controlling participations	1289	(2,708)	10,238	(14,287)	9,480
<b>EARNINGS PER SHARE</b>		<b>Amount (X.XX euros)</b>	<b>Amount (X.XX euros)</b>	<b>Amount (X.XX euros)</b>	<b>Amount (X.XX euros)</b>
Basic	1290	0.43	(0.19)	0.13	(0.27)
Diluted	1295	0.43	(0.19)	0.13	(0.27)

Comments

IV. SELECTED FINANCIAL INFORMATION  
 7. OTHER CONSOLIDATED INTEGRAL RESULT (IFRS ADOPTED)

Units: Thousands of euros

		PRESENT CURR. PERIOD (2nd HALF)	PREVIOUS PERIOD (2nd HALF)	PRESENT PERIOD 12/31/2020	PREVIOUS PERIOD 12/31/2019
<b>A) CONSOLIDATED NET INCOME FOR THE PERIOD (from income statement)</b>	<b>1305</b>	<b>299,079</b>	<b>(120,512)</b>	<b>75,450</b>	<b>(172,818)</b>
<b>B) OTHER INTEGRAL RESULT- ITEMS THAT ARE NOT RECLASSIFIED TO RESULT OF THE PERIOD:</b>	<b>1310</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. From revaluation/(reversal of revaluation) of tangible assets and intangible assets	1311				
2. From actuarial gains and losses	1344				
3. Participation in other comprehensive income recognized for investments in joint ventures and associates	1342	0	0		
4. Equity instruments with changes in other comprehensive income	1346				
5. Other income and expenses that are not reclassified to result of the period	1343	0	0		
6. Tax effect	1345				
<b>C) OTHER INTEGRAL RESULT- ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE RESULT OF THE PERIOD:</b>	<b>1350</b>	<b>(558)</b>	<b>(16,429)</b>	<b>(62,551)</b>	<b>(9,932)</b>
1. Hedging:	1360	0	0	0	0
a) Profit/(Loss) for valuation	1361				
b) Amounts transferred to the profit and loss account	1362				
c) Amounts transferred to initial value of hedged	1363				
d) Other reclassifications	1364				
2. Translation differences:	1365	(2,806)	(18,060)	(56,261)	(12,888)
a) Profit/(Loss) for valuation	1366	(2,920)	(17,890)	(56,823)	(12,718)
b) Amounts transferred to the profit and loss account	1367	114	(170)	562	(170)
c) Other reclassifications	1368				
3. Participation in other comprehensive income recognized for the investments in joint ventures and associates:	1370	2,248	1,407	(6,290)	2,657
a) Profit/(Loss) for valuation	1371	2,248	1,407	(6,290)	2,657
b) Amounts transferred to the profit and loss account	1372				
c) Other reclassifications	1373				
4. Debt instruments at fair value with changes in other comprehensive income:	1381	0	0	0	0
a) Profit/(Loss) for valuation	1382				
b) Amounts transferred to the profit and loss account	1383				
c) Other reclassifications	1384				
5. Other income and expenses that may subsequently reclassified to profit or loss:	1375	0	297	0	397
a) Profit/(Loss) for valuation	1376	0	(118)		(18)
b) Amounts transferred to the profit and loss account	1377	0	415		415
c) Other reclassifications	1378	0	0		
6. Tax effect	1380	0	(73)		(98)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A+ B+ C)</b>	<b>1400</b>	<b>298,521</b>	<b>(136,941)</b>	<b>12,899</b>	<b>(182,750)</b>
a) Attributable to the controlling company	1398	299,026	(146,669)	28,701	(191,604)
b) Attributable to non-controlling participations	1399	(505)	8,728	(15,802)	8,854

Comments

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IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (IFRS ADOPTED) (1/2)

Units: Thousands of euros

PRESENT PERIOD		Net equity attributable to the controlling entity					Adjustments for changes in value	Non-controlling participations	Total Equity
		Equity							
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for period attributable to the controlling entity	Other equity instruments			
<b>Opening balance at 01/01/2020</b>	<b>3110</b>	<b>666,131</b>	<b>(913,209)</b>	<b>(2,591)</b>	<b>(182,298)</b>	<b>0</b>	<b>(49,393)</b>	<b>69,756</b>	<b>(411,604)</b>
Adjustment for changes in accounting policy	3111								0
Adjustment for errors	3112								0
<b>Adjusted opening balance</b>	<b>3115</b>	<b>666,131</b>	<b>(913,209)</b>	<b>(2,591)</b>	<b>(182,298)</b>	<b>0</b>	<b>(49,393)</b>	<b>69,756</b>	<b>(411,604)</b>
<b>I. Integral Result Total for the period</b>	<b>3120</b>								
			(18,154)		89,737		(42,882)	(15,802)	12,899
<b>II. Transactions with shareholders or owners</b>	<b>3125</b>								
		(595,266)	594,283	1,061	0	0	0	(6,379)	(6,301)
1. Capital increases/ (reductions)	3126	(595,266)	595,266						0
2. Conversion of financial liabilities into equity	3127								0
3. Distribution of dividends	3128							(3,643)	(3,643)
4. Trading with own shares (net)	3129		(983)	1,061					78
5. Increases/ (reductions) for business combinations	3130							(2,736)	(2,736)
6. Other transactions with shareholders or owners	3132								0
<b>III. Other changes in equity</b>	<b>3135</b>	<b>0</b>	<b>(178,968)</b>	<b>0</b>	<b>182,298</b>	<b>0</b>	<b>0</b>	<b>(1,304)</b>	<b>2,026</b>
1. Share based payments	3136								0
2. Transfers between equity accounts	3137		(182,298)		182,298				0
3. Other variations	3138		3,330					(1,304)	2,026
<b>Closing balance at 12/31/2020</b>	<b>3140</b>	<b>70,865</b>	<b>(516,048)</b>	<b>(1,530)</b>	<b>89,737</b>	<b>0</b>	<b>(92,275)</b>	<b>46,271</b>	<b>(402,980)</b>

Comments

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IV. SELECTED FINANCIAL INFORMATION  
 8. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (IFRS ADOPTED) (2/2)

Units: Thousands of euros

PREVIOUS PERIOD		Net equity attributable to the controlling entity					Non-controlling participations	Total Equity	
		Equity							
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for period attributable to the controlling entity	Other equity instruments			Adjustments for changes in value
<b>Opening balance at 01/01/2019 (comparative period)</b>	<b>3150</b>	524,902	(521,941)	(2,856)	(269,347)	0	(41,216)	74,649	(235,809)
Adjustment for changes in accounting policy	3151								0
Adjustment for errors	3152								0
<b>Adjusted opening balance (comparative period)</b>	<b>3155</b>	524,902	(521,941)	(2,856)	(269,347)	0	(41,216)	74,649	(235,809)
<b>I. Integral Result Total for the period</b>	<b>3160</b>		(1,129)		(182,298)		(8,177)	8,854	(182,750)
<b>II. Transactions with shareholders or owners</b>	<b>3165</b>	141,229	52,153	265	0	0	0	(11,432)	182,215
1. Capital increases/ (reductions)	3166	141,229	52,668						193,897
2. Conversion of financial liabilities into equity	3167								0
3. Distribution of dividends	3168							(11,480)	(11,480)
4. Trading with own shares (net)	3169		(515)	265					(250)
5. Increases/ (reductions) for business combinations	3170							48	48
6. Other transactions with shareholders or owners	3172								0
<b>III. Other changes in equity</b>	<b>3175</b>	0	(442,292)	0	269,347	0	0	(2,315)	(175,260)
1. Share based payments	3176								0
2. Transfers between equity accounts	3177		(269,347)		269,347				0
3. Other variations	3178		(172,945)					(2,315)	(175,260)
<b>Closing balance at 12/31/2019 (comparative period)</b>	<b>3180</b>	666,131	(913,209)	(2,591)	(182,298)	0	(49,393)	69,756	(411,604)

Comments

**IV. SELECTED FINANCIAL INFORMATION**  
**9.A. CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD) (IFRS ADOPTED)**

Units: Thousands of euros

		PRESENT PERIOD 12/31/2020	PREVIOUS PERIOD 12/31/2019
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3+ 4)</b>		<b>1435</b>	<b>111,602</b>
1. Profit (loss) before tax		1405	(166,392)
2. Adjustments to profit (loss):		1410	228,384
(+) Depreciation and amortization charge		1411	70,637
(+/-) Other adjustments to income (nets)		1412	157,747
3. Changes in working capital		1415	10,039
4. Other cash flows from operating activities:		1420	39,571
(-) Interest paid		1421	
(-) Payments of dividends and remuneration on other equity instruments		1430	
(+) Dividends received		1422	
(+) Interest received		1423	
(+/-) Income tax recovered/(paid)		1424	(17,849)
(+/-) Other sums received/(paid) from operating activities		1425	57,420
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES (1+ 2+ 3)</b>		<b>1460</b>	<b>391,505</b>
1. Payments for investments:		1440	(46,332)
(-) Group companies, associates and business units		1441	(350,096)
(-) Property, plant and equipment, intangible assets and investment properties		1442	(45,411)
(-) Other financial assets		1443	(921)
(-) Non-current assets and liabilities that have been classified as held for sale		1459	
(-) Other assets		1444	
2. Proceeds from disposals:		1450	461,269
(+) Group companies, associates and business units		1451	458,710
(+) Property, plant and equipment, intangible assets and investment properties		1452	1,182
(+) Other financial assets		1453	1,377
(+) Non-current assets and liabilities that have been classified as held for sale		1461	
(+) Other assets		1454	
3. Other cash flows from investing activities:		1455	(23,432)
(+) Dividends received		1456	10,923
(+) Interest received		1457	
(+/-) Other sums received/(paid) from investing activities		1458	(34,355)
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+ 3+ 4)</b>		<b>1490</b>	<b>(435,355)</b>
1. Sums received /(paid) in respect of equity instruments:		1470	20
(+) Issues		1471	192,304
(-) Amortization		1472	
(-) Acquisition		1473	(1,606)
(+) Disposal		1474	1,626
2. Sums received /(paid) for financial liability instruments:		1480	(334,643)
(+) Issues		1481	93,354
(-) Repayment and redemption		1482	(427,997)
3. Payments of dividends and remuneration on other equity instruments		1485	(2,453)
4. Other cash flow from financing activities		1486	(98,279)
(-) Interest paid		1487	(61,170)
(+/-) Other sums received/(paid) from financing activities		1488	(37,109)
<b>D) EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES</b>		<b>1492</b>	<b>(12,453)</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C+ D)</b>		<b>1495</b>	<b>55,299</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>1499</b>	<b>166,580</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+ F)</b>		<b>1500</b>	<b>221,879</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>PRESENT PERIOD 12/31/2020</b>	<b>PREVIOUS PERIOD 12/31/2019</b>
(+) Cash and banks		1550	168,712
(+) Other financial assets		1552	53,167
(-) Less: Bank overdrafts repayable on demand		1553	
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1600</b>	<b>221,879</b>

Comments

## IV. SELECTED FINANCIAL INFORMATION

## 10. DIVIDENDS PAID

		PRESENT PERIOD			PREVIOUS PERIOD		
		€ / share (X.XX)	Amount (€ 000s)	No. of shares to be delivered	€ / share (X.XX)	Amount (€ 000s)	No. of shares to be delivered
Ordinary shares	2158						
Rest of shares (non-voting, redeemable, etc.)	2159						
<b>Total dividends paid</b>	<b>2160</b>						
a) Interim dividends	2155						
b) Dividends with a charge to reserves or share premium	2156						
c) Non-cash dividends	2157						
d) Flexible payment	2154						

Comments

IV. SELECTED FINANCIAL INFORMATION

11. SEGMENT REPORTING

Units: Thousands of euros

GEOGRAPHICAL AREA		Distribution of net turnover by geographical area			
		INDIVIDUAL		CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
National market	2210	116,047	22,371	279,543	364,640
International market:	2215			411,399	572,538
a) European Union	2216			4,792	4,164
a.1) Euro zone	2217			4,792	4,164
a.1) Non-Euro area	2218				
b) Other	2219			406,607	568,374
<b>TOTAL</b>	<b>2220</b>	<b>116,047</b>	<b>22,371</b>	<b>690,942</b>	<b>937,178</b>

Comments

SEGMENTS		CONSOLIDATED			
		Revenue from ordinary activities		Profit (loss)	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
EDUCATION	2221	365,829	497,003	399,718	60,254
RADIO	2222	186,287	273,810	(51,750)	20,895
PRESS	2223	164,701	210,827	(30,627)	(10,935)
OTHERS	2224	8,962	14,933	(69,324)	(208,436)
Adjustments and eliminations	2225	(25,138)	(31,688)	(158,280)	(44,076)
	2226				
	2227				
	2228				
	2229				
	2230				
<b>TOTAL of the segments to be reported</b>	<b>2235</b>	<b>700,641</b>	<b>964,885</b>	<b>89,737</b>	<b>(182,298)</b>

Comments

IV. SELECTED FINANCIAL INFORMATION  
 12. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
<b>AVERAGE WORKFORCE</b>	<b>2295</b>	<b>73</b>	<b>40</b>	<b>7,077</b>	<b>8,709</b>
Men	<b>2296</b>	30	13	3,672	4,659
Women	<b>2297</b>	43	27	3,405	4,050

Comments

IV. SELECTED FINANCIAL INFORMATION  
 13. REMUNERATION ACCRUED BY DIRECTORS AND DIRECTORS

DIRECTORS:

Remuneration component:

Amount (€ 000s)	
PRESENT PERIOD	PREVIOUS PERIOD

Remuneration for belonging to the Board and / or Board Committees	<b>2310</b>	1,273	1,508
Salaries	<b>2311</b>	463	500
Variable cash remuneration	<b>2312</b>	-223	300
Share-based compensation systems	<b>2313</b>	77	964
Compensation	<b>2314</b>		
Long-term savings systems	<b>2315</b>		
Other concepts	<b>2316</b>	1,006	6
<b>TOTAL</b>	<b>2320</b>	<b>2,596</b>	<b>3,278</b>

EXECUTIVES:

Amount (€ 000s)	
PRESENT PERIOD	PREVIOUS PERIOD

Total remuneration received by executives	<b>2325</b>	4,380	6,688
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IV. SELECTED FINANCIAL INFORMATION  
 14. RELATED PARTIES TRANSACTIONS AND BALANCES (1/2)

Units: Thousands of euros

		PRESENT PERIOD				
EXPENSES AND REVENUES:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Finance expenses	2340	19,961		367		20,328
2) Leases	2343	1,606		1,637		3,243
3) Services received	2344	6,828		579		7,407
4) Purchase of stocks	2345					0
5) Other expenses	2348	51	6,976	390		7,417
<b>TOTAL EXPENSES (1+ 2+ 3+ 4+ 5)</b>	<b>2350</b>	<b>28,446</b>	<b>6,976</b>	<b>2,973</b>		<b>38,395</b>
6) Finance income	2351			71		71
7) Dividends received	2354			12,432		12,432
8) Services provided	2356	3,078		6,821		9,899
9) Sale of stocks	2357					0
10) Other revenues	2359	234		22		256
<b>TOTAL REVENUES (6+ 7+ 8+ 9+ 10)</b>	<b>2360</b>	<b>3,312</b>	<b>0</b>	<b>19,346</b>	<b>0</b>	<b>22,658</b>

		PRESENT PERIOD				
OTHER TRANSACTIONS:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Financing agreements: credit facilities and contributions of capital (lender)	2372			420		420
Financing agreements: loans and contributions of capital (borrower)	2375	260,147				260,147
Guarantees and deposits established	2381					0
Guarantees and deposits received	2382					0
Commitments acquired	2383					0
Dividends and other profits distributed	2386					0
Other operations	2385					0

		PRESENT PERIOD				
BALANCES AT CLOSURE OF THE PERIOD:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Customers and Trade Debtors	2341	669		3,797		4,466
1) Loans and credits granted	2342			2,343		2,343
1) Other collection rights	2346					0
<b>TOTAL DEBT BALANCES (1+ 2+ 3)</b>	<b>2347</b>	<b>669</b>	<b>0</b>	<b>6,140</b>	<b>0</b>	<b>6,809</b>
1) Suppliers and commercial creditors	2352	2,157		1,034		3,191
1) Loans and credits received	2353	250,588		25		250,613
1) Other payment obligations	2355					0
<b>TOTAL CREDITORS BALANCES (4+ 5+ 6)</b>	<b>2358</b>	<b>252,745</b>	<b>0</b>	<b>1,059</b>	<b>0</b>	<b>253,804</b>

Comments

IV. SELECTED FINANCIAL INFORMATION  
 14. RELATED PARTIES TRANSACTIONS AND BALANCES (2/2)

Units: Thousands of euros

		PREVIOUS PERIOD				
EXPENSES AND REVENUES:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Finance expenses	6340	15,798		1,800		17,598
2) Leases	6343	2,202		376		2,578
3) Services received	6344	7,749		136		7,885
4) Purchase of stocks	6345					0
5) Other expenses	6348	69	9,966	966		11,001
<b>TOTAL EXPENSES (1+ 2+ 3+ 4+ 5)</b>	<b>6350</b>	<b>25,818</b>	<b>9,966</b>	<b>3,278</b>		<b>39,062</b>
6) Finance income	6351			805		805
7) Dividends received	6354			20		20
8) Services provided	6356	3,452		4,474		7,926
9) Sale of stocks	6357					0
10) Other revenues	6359	1,069				1,069
<b>TOTAL REVENUES (6+ 7+ 8+ 9+ 10)</b>	<b>6360</b>	<b>4,521</b>	<b>0</b>	<b>5,299</b>	<b>0</b>	<b>9,820</b>

		PREVIOUS PERIOD				
OTHER TRANSACTIONS:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Financing agreements: credit facilities and contributions of capital (lender)	6372			20		20
Financing agreements: loans and contributions of capital (borrower)	6375					0
Guarantees and deposits established	6381					0
Guarantees and deposits received	6382	131				131
Commitments acquired	6383					0
Dividends and other profits distributed	6386					0
Other operations	6385	7,375				7,375

		PREVIOUS PERIOD				
BALANCES AT CLOSURE OF THE PERIOD:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Customers and Trade Debtors	6341	1,433		4,149		5,582
1) Loans and credits granted	6342			10,057		10,057
1) Other collection rights	6346					0
<b>TOTAL DEBT BALANCES (1+ 2+ 3)</b>	<b>6347</b>	<b>1,433</b>	<b>0</b>	<b>14,206</b>	<b>0</b>	<b>15,639</b>
1) Suppliers and commercial creditors	6352	5,267		1,531		6,798
1) Loans and credits received	6353	414,517		2		414,519
1) Other payment obligations	6355					0
<b>TOTAL CREDITORS BALANCES (4+ 5+ 6)</b>	<b>6358</b>	<b>419,784</b>	<b>0</b>	<b>1,533</b>	<b>0</b>	<b>421,317</b>

Comments

**VI. SPECIAL AUDITOR'S REPORT**



The information contained in this report has not been audited.