



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION REGARDING THE OFFSETTING OF LOSSES AGAINST SHARE PREMIUM IN THE AMOUNT OF EUR 254,179,772.95, VOLUNTARY RESERVES IN THE AMOUNT OF EUR 197,721,332.18 AND THE LEGAL RESERVE IN THE AMOUNT OF EUR 18,070,356.32, AND IN CONNECTION WITH THE SHARE CAPITAL REDUCTION IN THE AMOUNT OF EUR 320,761,713.56 TO BE CARRIED OUT THROUGH THE REDUCTION OF THE PAR VALUE OF COMPANY'S SHARES BY EUR 0.452637587 TO EUR 0.487362413 PER SHARE, IN ORDER TO OFFSET LOSSES, INCLUDED, RESPECTIVELY, IN ITEMS 5.1 AND 5.2 OF THE ORDINARY GENERAL SHAREHOLDERS MEETING'S AGENDA, TO BE HELD ON 29 AND 30 JUNIO 2020, AT FIRST AND SECOND CALL, RESPECTIVELY.

1. Purpose of the Report:

This report was drafted by the Board of Directors of Promotora de Informaciones, S.A. ("Prisa" or the "Company") to justify the proposals consisting of (i) the offsetting of losses against share premium in the amount of 254,179,772.95, voluntary reserves in the amount of EUR 197,721,332.18 and the legal reserve in the amount of EUR; and (ii) the share capital reduction in the amount of EUR 320,761,713.56, to be carried out through the reduction of the par value of Company's shares by EUR 0.452637587 to EUR 0.487362413 per share, in order to offset losses, both based on Company's balance sheet as at 31 December 2019, submitted for approval of the Ordinary General Shareholders Meeting which will be held on 29 and 30 June 2020, at first and second call, respectively.

2. Justification for the proposal:

In order for the referred proposed resolutions regarding reserves compensation and share capital reduction to be validly submitted for approval to the General Shareholders Meeting of the Company, the Board of Directors must issue the present report justifying the proposals, in accordance with articles 286, 318.1 and 335.a) of the Spanish Companies Act, and insofar as, on one hand, the resolution consisting of the share capital reduction results in the necessary amendment of article 5 of the Articles of Association of the Company regarding the share capital of the Company and, on the other hand, one of the reserves to be offset is only available for compensation under the same requirements as for the share capital reduction.

Similarly, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders Meeting clearly states the items which are to be amended and the right of all shareholders to examine the entire text of the proposed amendment and the related report in the Company's registered address, as well as to request the free delivery of such documents.

In light of Company's balance sheet as at 31 December 2019, the Board of Directors resolves to submit to the General Shareholders Meeting proposals regarding a reserves reduction and a share capital reduction to offset negative reserves resulting from the accumulation of losses from prior periods reflected in the referred balance sheet.

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To this end, it is hereby stated for the record that these reductions will be based on Company's individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval of the aforesaid General Shareholders Meeting under the first item of the agenda and are submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report.

In accordance with the provisions included in article 322.2 of the Spanish Companies Act, limited liability companies (*sociedades anónimas*) are not allowed to reduce their share capital as long as the company has any type of voluntary reserves or as long as the legal reserve, after executing the capital reduction, exceeds 10% of the share capital. For these purposes, the Board of Directors proposes the General Shareholder Meeting, under item 5.1 of its agenda, to approve a reduction of the share premium, voluntary and legal reserves, prior to the capital reduction to offset losses, with the same purpose.

Pursuant to the referred balance sheet, and once the proposed distribution of profits is approved (as it is proposed to the General Shareholders Meeting under the first item of the agenda, that is, the application of the result of the 2019 year to "negative results of prior periods"), the "negative results of prior periods" amounts to EUR -705,093,992.75. Following the application of the entirety of:

- (i) the "share premium" account in the amount of EUR 254,179,772.95;
- (ii) the "voluntary reserves" account in the amount of EUR 197,721,332.18; and
- (iii) the "legal reserve" account in the amount of EUR 18,070,356.32;

to offset the "negative results of prior periods", such account shall amount to EUR -235,122,531.30, while the share capital and total equity of the Company amounts to EUR 666,131,181.42 and EUR 407,861,103.94, respectively. Therefore, pursuant to article 327 of the Spanish Companies Act, the Company is under a cause of mandatory share capital reduction.

In this context, in order to restore and strengthen Company's balance sheet and to allow the Company to carry out such mandatory share capital reduction, the Board of Directors considers necessary that the Company carry out (i) the aforementioned offset of losses against share premium, voluntary reserves and legal reserve (as stated in the proposal submitted for the General Shareholders Meeting approval under item 5.1 of its agenda, which is the object of this report); (ii) a share capital reduction to offset in full the remaining losses (as proposed under item 5.2 of the agenda of the General Shareholders Meeting for its corresponding approval, which is also the subject of the present report); (iii) a share capital reduction to increase the legal reserve up to the limit permitted by Law (which is proposed under item 5.3 of the agenda of the General Shareholders Meeting) and (iv) a share capital reduction to set up a reserve which will only be available under the same requirements as those for the share capital reduction (which is proposed under item 5.4 of the agenda of the General Shareholders Meeting).

It is hereby stated for the record that, in accordance with article 322.2 of the Spanish Companies Act, where these proposed resolutions to be approved under items 5.1, 5.2. and 5.3 of the agenda, the Company will not have any voluntary reserves and the legal reserve, once the proposed reductions under items 5.2, 5.3 and 5.4 have been carried out, will not exceed 10% of the share capital of the Company.

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Following (i) the approval of the proposed distribution of profits (as it is proposed to the General Shareholders Meeting under the first item of the agenda, that is, the application of the result of the 2019 year to “negative results of prior periods”) and (ii) the application of the aforesaid share premium, voluntary reserves and the legal reserve to offset losses (as submitted for approval of the General Shareholders Meeting under item 5.1 of the agenda), the Company’s “negative results of prior periods” shall amount to EUR -235,122,531.30. In order to offset:

- (i) the entirety of such the “negative results of prior periods” account which after the offset of losses in accordance with item 5.1 above, amounts to EUR -235,122,531.30; and
- (ii) the entirety of the “merger reserves” account amounting to EUR -85,639,182.26.

and based on the above referred audited balance sheet, the Board of Directors proposes to the General Shareholders Meeting a share capital reduction in the amount of EUR 320,761,713.56 (that is, from the current amount of EUR 666,131,181.42 to EUR 345,369,467.86), through the reduction of the par value of each and every of the 708,650,193 ordinary voting shares currently comprising Company’s share capital, from the current amount of EUR 0.94 euros per share to EUR 0.487362413 (345,369,467.86/708,650,193) per share, in accordance with article 320 of the Spanish Companies Act. Such amount shall be applied to offset in full the losses registered in the “negative results of prior periods” account and in the “merger reserves” account in the amounts abovementioned.

Following the execution of the proposed share capital reduction, the losses of the Company registered in the “negative results of prior periods” account and in the “merger reserves” account shall amount to EUR 0.

The Board of Directors proposes the General Shareholders Meeting that the reserves and share capital reductions to be carried out through the reduction of the par value of the shares and the corresponding amendment of the Articles of Association be effective as from the same day as the General Shareholder Meeting approving such resolutions is held.

For this purpose, it is noted that, pursuant to article 335.a) of the Spanish Companies Act, creditors have no right of opposition to this share capital reduction. As a result, the 4 proposed resolutions referred to in the present report would be immediately effective by simple decision of the General Meeting, if approved (without prejudice to the formalisation actions that may be required).

Likewise, it is proposed to amend article 5 of the Articles of Association of the Company, which will read as indicated in the proposed resolution included in the following section 3 of this report, in order to reflect the resulting amount of Company’s share capital and of the par value of the shares comprising the former.

Finally, it is resolved to empower the Board of Directors, with express powers to subdelegate, to carry out such actions and to execute such documents as may be necessary for the resolutions referred to in this report to become fully effective.

The effectiveness of the resolution of offsetting losses under item 5.1 of the agenda shall be subject to the condition precedent consisting on the approval of the first resolution of the agenda of the General Shareholders Meeting and the resolution consisting of the share

capital reduction proposed under item 5.2 of the agenda shall be subject to the condition precedent consisting of the approval of the resolutions included in the first and 5.1 items of the agenda of the General Shareholders Meeting.

3. Proposed resolutions submitted for approval of the General Shareholders Meeting:

“5.1. Offset of losses against share premium in an amount of EUR 254,179,772.95, voluntary reserves in an amount of EUR 197,721,332.18 and legal reserve in an amount of EUR 18,070,356.32. Delegation of powers.

- I. *Application of “share premium”, “voluntary reserves” and “legal reserve” to offset losses*

In view of Company’s individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval under the first item of the agenda, the Company has, among others, the following reserves amounting to EUR 469,971,461.45:

- (i) “share premium” in the amount of EUR 254,179,772.95;*
- (ii) “voluntary reserves” in the amount of EUR 197,721,332.18; and*
- (iii) “legal reserve” in the amount of EUR 18,070,356.32;*

According to the referred balance sheet, and once the proposed distribution of profits is approved (as it is proposed to the General Shareholders Meeting under the first item of the agenda, that is, the application of the result of the 2019 year to “negative results of prior periods”), the “negative results of prior periods” account amounts to EUR -705,093,992.75.

The General Meeting resolves to apply:

- (i) the entirety of the aforesaid “share premium” account in the amount of EUR 254,179,772.95;*
- (ii) the entirety of the aforesaid “voluntary reserves” account in the amount of EUR 197,721,332.18; and*
- (iii) the entirety of the aforesaid “legal reserve” account in the amount of EUR 18,070,356.32;*

to partially offset the “negative results of prior periods” of the Company.

It is stated for the record that (i) once the proposed distribution of profits is approved (as it is proposed to the General Shareholders Meeting under the first item of the agenda, that is, the application of the result of the 2019 year to “negative results of prior periods”) and (ii) once the former accounts have been applied to offset losses, (a) the “negative results of prior periods” account shall amount to EUR -235,122,531.30; and (b) according to article 322.2 of the Spanish Companies Act, the Company will not have any voluntary reserves and the legal reserve, once the capital reductions proposed under items 5.2, 5.3 and 5.4 of the agenda are carried out, if approved, does not exceed 10% of the share capital.

II. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution.*
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, including the offset of other voluntary reserves, if applicable, which are not envisaged in this resolution.*
- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company's bondholders' syndicates' approval in conformity with the article 411 of the Spanish Companies Act.*
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the Spanish National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, Spanish or foreign, related to this resolution.*
- (v) To execute on behalf of the Company such public or private documents as may be necessary or appropriate and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.*
- (vi) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such public deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, either substantive or formal, the may prevent the resolutions and the consequences thereof from registering with the Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment, this would be necessary due to the offset of some of the reserves foreseen in the preceding resolution not being allowed.*
- (vii) In general, to carry out such actions as may be necessary or appropriate for this resolution to become fully effective.*

III. Condition precedent

The effectiveness of this resolution is subject to the first resolution above being approved.

5.2. Share capital reduction by an amount of EUR 320,761,713.56 to offset losses, by decreasing the par value of shares by EUR 0.452637587, to EUR 0.487362413 per share, based on Company's balance sheet as at 31 December 2019. Amendment of article 5 of the Articles of Association. Delegation of powers.

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I. Company's share capital reduction to offset losses

Following the offset of losses carried out in accordance with item 5.1 above, and after having applied all of the voluntary reserves and legal reserve to offset losses, the General Meeting resolves to reduce the share capital in the amount of EUR 320,761,713.56, that is, from the current amount of EUR 666,131,181.42 to EUR 345,369,467.86, through the reduction of the par value of each of the 708,650,193 ordinary voting shares currently comprising Company's share capital, from the current amount of EUR 0.94 euros per share to EUR 0.487362413 (345,369,467.86/708,650,193) per share.

The purpose of the share capital reduction is to restore the balance between Company's share capital and equity, which has decreased as a consequence of the accumulation of losses from prior periods. The total amount of the share capital reduction shall thereby be applied to offset:

- (i) the entirety of negative reserves registered in the "negative results of prior periods" account which after (a) the approval of the proposed distribution of profits under the first item of the agenda and (b) the offset of losses in accordance with item 5.1 above, amounts to EUR -235,122,531.30; and*
- (ii) the entirety of the "merger reserves" account amounting to EUR -85,639,182.26.*

After the proposed share capital reduction, Company's "negative results of prior periods" account and the "merger reserves" account shall be reduced to EUR 0.

The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based on Company's individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval under the first item of the agenda and are submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report. The aforesaid individual annual accounts, which include the aforesaid balance sheet and audit report, will be attached to the public deed of share capital decrease.

By virtue of article 335.a) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated below regarding the condition precedent to which the resolution is subject.

As a result of the reduction of the par value of the shares no excess of assets or liabilities will be generated that should be allocated to the legal reserve.

II. Amendment of article 5 of the Articles of Association related to the share capital

To amend article 5 of the Articles of Association, that will hereinafter read as follows:

“Article 5.- Shares and share capital

The share capital amounts to 345,369,467.86 euros 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 0.487362413 euros, and have been fully paid up and have the same rights.

The Company can issue different classes of shares, including those without voting rights under the terms and with the rights envisaged in the Spanish Companies Law and the other applicable regulations. Each class of share can have a different par value. Where more than one class of shares is created within the series of shares, all the shares making up a series must have the same par value.”

III. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.*
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositories and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial) and other applicable rules, including the publication of any mandatory notices.*
- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company’s bondholders’ syndicates’ approval in conformity with the article 411 of the Spanish Companies Act.*
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the “CNMV”), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the 708,650,193 shares of the Company with a par*

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value of 0.94 each currently outstanding to be excluded from trading, and the same number of shares with a par value of EUR 0.487362413 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (Sistema de Interconexión Bursátil (Mercado Continuo)).

- (v) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure.*
- (vi) To draft and publish such notices as may be necessary or appropriate in connection with this share capital reduction.*
- (vii) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.*
- (viii) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, either substantive or formal, that may prevent the resolutions and the consequences thereof from registering with the Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment, this would be necessary due to the offset of some of the reserves foreseen in the preceding resolution not being allowed.*
- (ix) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective.*

IV. Condition Precedent

The effectiveness of this resolution is subject to the resolutions first and 5.1 above being approved."

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REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON PROPOSED RESOLUTION CONSISTING OF THE SHARE CAPITAL REDUCTION IN THE AMOUNT OF EUR 7,086,501.93, TO BE CARRIED OUT THROUGH THE REDUCTION OF THE PAR VALUE OF COMPANY'S SHARES BY EUR 0.01 TO EUR 0.477362413 PER SHARE, IN ORDER TO INCREASE THE LEGAL RESERVE, INCLUDED IN ITEM 5.3 OF THE ORDINARY GENERAL SHAREHOLDERS MEETING'S AGENDA CALLED TO BE HELD ON 29 AND 30 JUNE 2020, AT FIRST AND SECOND CALL, RESPECTIVELY.

1. Purpose of the Report:

This report was drafted by the Board of Directors of Promotora de Informaciones, S.A. ("Prisa" or the "Company") to justify the proposal of the share capital reduction in the amount of EUR 7,086,501.93, to be carried out through the reduction of the par value of Company's shares by EUR 0.01 to EUR 0.477362413 per share, in order to increase the legal reserve based on Company's balance sheet as at 31 December 2019, submitted for approval of the Ordinary General Shareholders Meeting which will be held on 29 and 30 June 2020, at first and second call, respectively.

2. Justification for the proposal:

In order for the referred proposed resolution to be validly submitted for approval to the General Shareholders Meeting of the Company, the Board of Directors must issue the present report, pursuant to the cited articles 286 and 318.1 of the Spanish Companies Act, and insofar as the resolution consisting of the share capital reduction results in the necessary amendment of article 5 on the share capital amount of the Articles of Association of the Company. As such, the present report covers the justification for the proposed resolution.

Similarly, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders Meeting clearly state the items which are to be amended and the right of all shareholders to examine the entire text of the proposed amendment and the related report. Shareholders may also request the free delivery or submission of such documents.

In light of Company's balance sheet as at 31 December 2019, the Board of Directors resolves to submit a proposal to the General Shareholders Meeting consisting of the share capital reduction aimed at increasing Company's legal reserve account, which would be reduced to zero in the event that item 5.1 of the General Shareholders Meeting's agenda is approved.

To this end, it is hereby stated for the record that this share capital reduction is based on Company's individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval of the aforesaid General Shareholders Meeting under the first item of the agenda and are

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submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report.

Pursuant to the referred balance sheet, and once the proposed distribution of profits is approved (as it is proposed to the General Shareholders Meeting under the first item of the agenda, that is, the application of the result of the 2019 year to "negative results of prior periods"), the "negative results of prior periods" amounts to EUR -705,093,992.75. Following the application of the entirety of (i) the "share premium" account, (ii) the "voluntary reserves" account and (iii) the "legal reserve" account in the amount of EUR 18,070,356.32, to offset the "negative results of prior periods", as proposed under item 5.1 of the agenda, such account shall amount to EUR -235,122,531.30, while the share capital and total equity of the Company amounts to EUR 666,131,181.42 and EUR 407,861,103.94, respectively. Therefore, pursuant to article 327 of the Spanish Companies Act, the Company is under a cause of mandatory share capital reduction.

In this context, in order to restore and strengthen Company's balance sheet and to allow the Company to carry out such mandatory share capital reduction, the Board of Directors considers necessary that the Company carry out (i) the aforementioned offset of losses against share premium, voluntary reserves and legal reserve (as stated in the proposal submitted for the General Shareholders Meeting approval under item 5.1 of its agenda); (ii) a share capital reduction to offset in full the remaining losses (as proposed under item 5.2 of the agenda of the General Shareholders Meeting for its corresponding approval); (iii) a share capital reduction to increase the legal reserve up to the limit permitted by Law (which is proposed under item 5.3 of the agenda of the General Shareholders Meeting, which is the subject of this report) and (iv) a share capital reduction to set up a reserve which will only be available under the same requirements as those for the share capital reduction (which is proposed under item 5.4 of the agenda of the General Shareholders Meeting).

It is hereby stated for the record that, in accordance with article 322.2 of the Spanish Companies Act, where these proposed resolutions to be approved under items 5.1, 5.2. and 5.3 of the agenda, the Company will not have any voluntary reserves and the legal reserve, once the proposed reductions under items 5.2, 5.3 and 5.4 have been carried out, will not exceed 10% of the share capital of the Company.

In view of the above, in order to restructure equity's items, it is proposed that the Company carry out a share capital reduction to increase the legal reserve by EUR 7,086,501.93 (that is, from the amount of EUR 345,369,467.86 resulting from the share capital reduction approved, as the case may be, under the item 5.2 of General Shareholders Meeting's agenda, to EUR 338,282,965.93), through the reduction of the par value of each and every of the 708,650,193 shares of the Company currently outstanding by EUR 0.01, that is, from EUR 0.487362413 per share resulting from the reduction under item 5.2 above to EUR 0.477362413 (338,282,965.93/708,650,193) per share, in accordance with article 328 of the Spanish Companies Act.

Following the execution of the proposed share capital reduction, the "legal reserve" account of the Company shall amount to EUR 7,086,501.93.

The Board of Directors proposes to the General Shareholders Meeting that the share capital reduction to be carried out through the reduction of the par value of the share and the corresponding amendment of the Articles of Association be effective as from the same day as the General Shareholder Meeting approving such resolutions is held.

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For this purpose, it is noted that, pursuant to article 335.b) of the Spanish Companies Act, creditors have no right of opposition to this share capital reduction. As a result, proposed resolution referred to in the present report would be immediately effective by simple decision of the General Meeting, if approved (without prejudice to the formalisation actions that may be required).

Likewise, it is proposed to amend article 5 of the Articles of Association of the Company, which will read as stated in the proposed resolution transcribed in section 3 below, in order to reflect the resulting amount of Company's share capital and of the par value of the shares comprising the former.

Finally, it is resolved to empower the Board of Directors, with express powers to subdelegate, to carry out such actions, and to execute such documents, as may be necessary for the resolution referred to in this report to become fully effective.

The effectiveness of the resolution consisting of the share capital reduction to which the present report is related shall become subject to the condition precedent consisting of the approval of the resolutions included in items first, 5.1 and 5.2 of General Shareholders Meeting's agenda.

3. Proposed resolution submitted for approval of the General Shareholders Meetings:

"5.3. Reduction of the share capital by an amount of EUR 7,086,501.93 to increase the legal reserve account, by decreasing the par value of the shares by EUR 0.01, to EUR 0,477362413 per share, based on Company's balance sheet as at 31 December 2019. Amendment of article 5 of the Articles of Association. Delegation of powers.

1. Share capital reduction to increase the legal reserve account

Following (i) the offset of losses carried out in accordance with item 5.1 above under which all of the voluntary reserves and the legal reserve have been applied to offset losses, as well as (ii) the share capital reduction to offset losses carried out in accordance with item 5.2 above, the General Meeting resolves to reduce the share capital in the amount of EUR 7,086,501.93, that is, from the t amount of EUR 345,369,467.86 resulting from the share capital reduction carried out in accordance with item 5.2 above to EUR 338,282,965.93, through the reduction of the par value of each of the 708,650,193 ordinary voting shares comprising Company's outstanding share capital in the amount of EUR 0.01, from the amount of EUR 0.487362413 per share resulting from the share capital reduction carried out in accordance with item 5.2 above to EUR 0.477362413 (338,282,965.93/708,650,193) per share.

The purpose of the share capital reduction is to increase Company's legal reserve.

The share capital reduction is carried out through the reduction of the par value of all of the outstanding shares of the Company representing its share capital, amounting to EUR 0.487362413 per share as a result of the share capital reduction carried out in accordance with item 5.2 above to EUR 0.477362413 (338,282,965.93/708,650,193) per share. Therefore, the par value of each share is reduced by EUR 0.01, while the total amount of the share capital reduction reaches EUR 7,086,501.93.

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The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based on Company's individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval under the first item of the agenda and are submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report. The aforesaid individual annual accounts, which include the aforesaid balance sheet and audit report, will be attached to the public deed of share capital decrease.

By virtue of article 335.b) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated below regarding the condition precedent to which the resolution is subject.

The resulting amount of the legal reserve does not exceed the 10% of the Company's share resulting from the capital reductions proposed under items 5.2, 5.3 and 5.4 of the agenda are carried out, if approved.

II. Amendment of article 5 of the Articles of Association related to the share capital

To amend article 5 of the Articles of Association, that will hereinafter read as follows:

"Article 5.- Shares and share capital

The share capital amounts to 338,282,965.93 euros 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 0.477362413 euros, and have been fully paid up and have the same rights.

The Company can issue different classes of shares, including those without voting rights under the terms and with the rights envisaged in the Spanish Companies Law and the other applicable regulations. Each class of share can have a different par value. Where more than one class of shares is created within the series of shares, all the shares making up a series must have the same par value."

III. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.*
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing,*

[Escriba texto]

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settlement and registration of securities represented in book-entry form, on the legal framework of central depositories and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial) and other applicable rules, including the publication of any mandatory notices.

- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company's bondholders' syndicates' approval in conformity with the article 411 of the Spanish Companies Act.*
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the 708,650,193 shares of the Company with a par value of EUR 0.487362413 each currently outstanding to be excluded from trading, and the same number of shares with a par value of EUR 0.477362413 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (Sistema de Interconexión Bursátil (Mercado Continuo)).*
- (v) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure.*
- (vi) To draft and publish such notices as may be necessary or appropriate in connection to this share capital reduction.*
- (vii) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.*
- (viii) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the Commercial Registry, the Official Registries of the CNMV, or any others.*
- (ix) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective.*

[Escriba texto]

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IV. Condition precedent

The effectiveness of this resolution is subject to the resolutions first, 5.1 and 5.2 above being approved.”



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. ON THE PROPOSED RESOLUTION REGARDING THE REDUCTION OF THE SHARE CAPITAL IN THE AMOUNT OF EUR 267,417,946.63 THROUGH THE REDUCTION OF THE PAR VALUE OF THE COMPANY'S SHARES BY EUR 0,377362413, TO EUR 0.10 PER SHARE, TO SET UP A RESERVE WHICH WILL ONLY BE AVAILABLE UNDER THE SAME REQUIREMENTS AS THOSE FOR THE SHARE CAPITAL REDUCTION, INCLUDED IN ITEM 5.4 OF THE ORDINARY GENERAL SHAREHOLDERS MEETING'S AGENDA CALLED TO BE HELD ON 29 AND 30 JUNE 2020, AT FIRST AND SECOND CALL, RESPECTIVELY.

1. Purpose of the Report:

This report was drafted by the Board of Directors of Promotora de Informaciones, S.A. ("Prisa" or the "Company") to justify the proposal of the share capital reduction in the amount of EUR 267,417,946.63, to be carried out through the reduction of the par value of 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, based on Company's balance sheet as at 31 December 2019, submitted for approval of the Ordinary General Shareholders Meeting which will be held on 29 and 30 June 2020, at first and second call, respectively.

2. Justification for the proposal:

In order for the referred proposed resolution regarding the share capital reduction to be validly submitted for approval to the General Shareholders Meeting of the Company, the Board of Directors must issue the present report justifying the proposal, in accordance with articles 286, 318.1 and 335.c) of the Spanish Companies Act, and insofar as the resolution consisting of the share capital reduction results in the necessary amendment of article 5 of the Articles of Association of the Company regarding the share capital of the Company.

Similarly, article 287 of the Spanish Companies Act requires that the announcement of the call for the General Shareholders Meeting clearly states the items which are to be amended and the right of all shareholders to examine the entire text of the proposed amendment and the related report in the Company's registered address, as well as to request the free delivery of such documents.

In light of Company's balance sheet as at 31 December 2019, the Board of Directors resolves to submit to the General Shareholders Meeting this proposal regarding the share capital reduction to set up a reserve which will only be available under the same requirements as those for the share capital reduction.

To this end, it is hereby stated for the record that this share capital reduction is based on Company's individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval of the aforesaid General Shareholders Meeting under the first item of the agenda and are

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submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report.

Pursuant to the referred balance sheet, and once the proposed distribution of profits is approved (as it is proposed to the General Shareholders Meeting under the first item of the agenda, that is, the application of the result of the 2019 year to “negative results of prior periods”), the “negative results of prior periods” amounts to EUR -705,093,992.75. Following the application of the entirety of (i) the “share premium” account, (ii) the “voluntary reserves” account and (iii) the “legal reserve” account in the amount of EUR 18,070,356.32, to offset the “negative results of prior periods”, as proposed under item 5.1 of the agenda, such account shall amount to EUR -235,122,531.30, while the share capital and total equity of the Company amounts to EUR 666,131,181.42 and EUR 407,861,103.94, respectively. Therefore, pursuant to article 327 of the Spanish Companies Act, the Company is under a cause of mandatory share capital reduction.

In this context, in order to restore and strengthen Company's balance sheet and to allow the Company to carry out such mandatory share capital reduction, the Board of Directors considers necessary that the Company carry out (i) the aforementioned offset of losses against share premium, voluntary reserves and legal reserve (as stated in the proposal submitted for the General Shareholders Meeting approval under item 5.1 of its agenda); (ii) a share capital reduction to offset in full the remaining losses (as proposed under item 5.2 of the agenda of the General Shareholders Meeting for its corresponding approval); (iii) a share capital reduction to increase the legal reserve up to the limit permitted by Law (which is proposed under item 5.3 of the agenda of the General Shareholders Meeting) and (iv) a share capital reduction to set up a reserve which will only be available under the same requirements as those for the share capital reduction (which is proposed under item 5.4 of the agenda of the General Shareholders Meeting, which is the subject of this report).

It is hereby stated for the record that, in accordance with article 322.2 of the Spanish Companies Act, where these proposed resolutions to be approved under items 5.1, 5.2. and 5.3 of the agenda, the Company will not have any voluntary reserves and the legal reserve, once the proposed reductions under items 5.2, 5.3 and 5.4 have been carried out, will not exceed 10% of the share capital of the Company.

In view of the above, in order to give to the Company an equity structure more suitable to the Company's reality and the market standards, obtaining more flexibility in the Company's equity, it is proposed that the Company carry out a share capital reduction to set up a reserve which will only be available under the same requirements as those for the share capital reduction by EUR 267,417,946.63 (that is, from the amount of EUR 338,282,965.93 resulting from the share capital reduction approved, as the case may be, under the item 5.3 of General Shareholders Meeting's agenda, to EUR 70,865,019.30), through the reduction of the par value of each and every of the 708,650,193 shares of the Company currently outstanding by EUR 0.377362413, that is, from EUR 0.477362413 per share resulting from the reduction under item 5.3 above to EUR 0.10 per share.

The Board of Directors proposes the General Shareholders Meeting that the share capital reduction to be carried out through the reduction of the par value of the shares and the corresponding amendment of the Articles of Association be effective as from the same day as the General Shareholder Meeting approving such resolutions is held, without prejudice of the conditions affecting this resolution as detailed below.

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For this purpose, it is noted that, pursuant to article 335.c) of the Spanish Companies Act, creditors have no right of opposition to this share capital reduction. As a result, the proposed resolution referred to in the present report would be immediately effective by simple decision of the General Meeting, if approved (without prejudice to the formalization actions that may be required and the conditions affecting this proposed resolution).

Likewise, it is proposed to amend article 5 of the Articles of Association of the Company, which will read as stated in the proposed resolution transcribed in section 3 below, in order to reflect the resulting amount of Company's share capital and of the par value of the shares comprising the former.

Finally, it is resolved to empower the Board of Directors, with express powers to subdelegate, to carry out such actions, and to execute such documents, as may be necessary for the resolution referred to in this report to become fully effective.

The effectiveness of the resolution consisting of the share capital reduction to which the present report is related shall become subject to the condition precedent consisting of the approval of the resolutions included in items first, 5.1, 5.2 and 5.3 of General Shareholders Meeting's agenda.

3. Proposed resolution submitted for approval of the General Shareholders Meetings:

"5.4. Reduction of the share capital by an amount of EUR 267,417,946.63, through the reduction of the par value of the Company's shares by EUR 0.377362413, to EUR 0.10 per share, to set up a reserve which will only be available under the same requirements as those for the share capital reduction, based on the Company's balance sheet as at 31 December 2019. Amendment of article 5 of the Articles of Association. Delegation of powers.

I. Reduction of the share capital of the Company to set up a reserve which will only be available under the same requirements as those for the share capital reduction

Following (i) the offset of losses carried out in accordance with item 5.1 above under which all of the voluntary reserves and the legal reserve have been applied to offset losses, as well as (ii) the share capital reduction to offset losses carried out in accordance with item 5.2 above and (iii) the share capital reduction to increase the legal reserve carried out in accordance with item 5.3 above, the General Meeting resolves to reduce the share capital in the amount of EUR 267,417,946.63, that is, from the amount of EUR 338,282,965.93 resulting from the share capital reduction carried out in accordance with item 5.3 above to EUR 70,865,019.30, through the reduction of the par value of each of the 708,650,193 ordinary voting shares comprising Company's outstanding share capital in the amount of EUR 0.377362413, from the amount of EUR 0.477362413 per share resulting from the share capital reduction carried out in accordance with item 5.3 above to EUR 0.10 per share.

The purpose of the share capital reduction is to set up a reserve that will only be available under the same requirements as those for the share capital reduction by an amount of EUR 267,417,946.63.

The adoption of this resolution shall equally affect all of the Company's shares comprising its share capital at the time of its execution.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based on Company's individual balance sheet as at 31 December 2019, which forms part of the individual annual accounts of the company as at such date that are submitted for approval under the first item of the agenda and are submitted to verification of the Company's statutory auditor, namely, Deloitte, S.L., as reflected in the audit report. The aforesaid individual annual accounts, which include the aforesaid balance sheet and audit report, will be attached to the public deed of share capital decrease.

By virtue of article 335.c) of the Spanish Companies Act the creditors have no right of opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting, without prejudice to the provisions stated below regarding the condition precedent to which the resolution is subject.

Therefore, once the resolution has been approved by the General Shareholders Meeting, and once the fulfilment of the condition precedent is verified, this resolution shall be immediately effective.

II. Amendment of article 5 of the Articles of Association related to the share capital

To amend article 5 of the Articles of Association, that will hereinafter read as follows:

"Article 5.- Shares and share capital

The share capital amounts to 70,865,019.30 euros 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 and have the same rights.

The Company can issue different classes of shares, including those without voting rights under the terms and with the rights envisaged in the Spanish Companies Law and the other applicable regulations. Each class of share can have a different par value. Where more than one class of shares is created within the series of shares, all the shares making up a series must have the same par value."

III. Delegation of powers

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood to have been granted with express powers to in turn delegate said powers to the bodies and persons specified herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by the Chairman, the Chief Executive Officer and the Secretary, so that any of them interchangeably may implement this resolution and, in particular, without limitation, being empowered as follows:

- (i) To expand and develop this resolution by setting the terms and conditions of the share capital reduction in respect of all matters not covered herein.*
- (ii) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositories and central counterparties, and on the*

transparency requirements for securities admitted to trading on a secondary market (Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial) and other applicable rules, including the publication of any mandatory notices.

- (iii) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective, including, as the case may be, the consent of Company's bondholders' syndicates' approval in conformity with the article 411 of the Spanish Companies Act.*
- (iv) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the 708,650,193 shares of the Company with a par value of EUR 0.477362413 each currently outstanding to be excluded from trading, and the same number of shares with a par value of EUR 0.10 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (Sistema de Interconexión Bursátil (Mercado Continuo)).*
- (v) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure.*
- (vi) To draft and publish such notices as may be necessary or appropriate in connection to this share capital reduction.*
- (vii) To execute on behalf of the Company such public or private documents as may be necessary or appropriate to carry out the share capital reduction and, in general, to carry out such actions as may be necessary for this resolution to become fully effective.*
- (viii) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, substantive or formal, as may prevent entry of the resolutions and the consequences thereof in the Commercial Registry, the Official Registries of the CNMV, or any others.*
- (ix) In general, to carry out such actions as may be necessary or appropriate in order for the share capital reduction to become fully effective.*

IV. Condition precedent

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*The effectiveness of this resolution is subject to the resolutions first, 5.1, 5.2 and 5.3 above
being approved."*