Audit Report on Financial Statements
issued by an Independent Auditor

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

Building a better working world

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

Report on the financial statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

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

Recoverability of deferred tax assets

Description

As explained in notes 4.g) and 9) to the accompanying financial statements, during 2020 the Company canceled tax credits, generating a higher tax expense amounting to 36,735 miles thousand euros. The assessment of the recoverable amount of deferred tax assets requires that management make complex judgments about the future taxable profits of the companies comprising the tax group, based on a reasonable period and the expected level of profits, using financial projections and business plans.

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

Our response

In this regard, our audit procedures included:

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

Measurement of investments in and loans to group companies and associates

Description

As explained in notes 7.1 and 15 to the accompanying financial statements, at December 31, 2020, the Company recorded investments in group companies and associates amounting to 892,119 thousand euros, which includes impairment amounting to 242,313 thousand euros, in addition to short-term loans to group companies and associates amounting to 19,166 thousand euros.

At least annually, the Company assesses the existence of impairment indicators and, when required, performs an impairment test on these assets. The purpose of this analysis is to conclude whether it is necessary to recognize an impairment loss against the aforementioned assets when the carrying amount is higher than the recoverable amount. To determine the recoverable amount, management tests for impairment by applying valuation techniques.

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

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Our response

In this regard, our audit procedures included:

- Understanding the Company's policies and procedures for measuring investments in and loans to group and associated companies, including the evaluation of the design and implementation of relevant controls.
- Evaluating the criteria used by the Company to identify indications of the impairment of investments and loans to group companies and associates.
- Reviewing, in collaboration with our valuation specialists, the reasonableness of the Company's methodology and hypotheses for estimating the recoverable amount of these assets.
- Checking that the disclosures made in the notes to the financial statement are in conformity with the applicable financial reporting framework.

Sales of business lines and refinancing

Description

As explained in notes 1.b) and 7.2 to the accompanying financial statements, in 2020, the Company, through its subsidiary Vertix SGPS, S.A., sold the shares it held in Grupo Media Capital, SGPS, S.A. The related shares amounted to 110,445 thousand euros and were recognized at December 31, 2019 under "Non-current assets held for sale." Part of the proceeds received from the sale were used to partially repay the syndicated loan.

In addition, as explained in Note 1.b) to the accompanying financial statements, on December 31, 2020, the Company, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), executed the agreement reached in October 2020 for the sale of Santillana's pre K-12 and K-12 business in Spain, valued at 465 million euros. Santillana's private and public activities in Latin America, which will continue to be managed by the Prisa Group, were excluded from this transaction. As a result, the refinancing agreement reached with certain financial creditors under the terms described in note 1.b) and 7.3), the effects of which were subject to the aforementioned sale transaction, was likewise executed.

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

Our response

In this regard, our audit procedures included the following:

- Reviewing the documents pertaining to the agreements for the sale of the business lines and the refinancing carried out to gain an understanding of the transactions, checking that the Company had identified the obligations and commitments acquired and ensuring that they were measured and recognized correctly.
- Checking the accuracy of management's analysis to determine whether the refinancing transaction qualified as a modification of the existing financing or a new debt, in accordance with prevailing accounting regulations.
- Checking and comparing the qualitative and quantitative components of the new debt to the previous debt, as well as the conditions and guarantees granted, and analyzing the reasonableness of the related impact on the income statement.

- Involving our financial instruments experts in the audit to assist us in verifying that this transaction received the correct accounting treatment.
- Checking that the disclosures made in the notes to the financial statement are in conformity with the applicable financial reporting framework.

Other questions

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

Other information: management report

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

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

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

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

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

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of PROMOTORA DE INFORMACIONES, S.A. for the 2020 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

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

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

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

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

Term of engagement

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

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

(Signature on the original in Spanish)

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

March 23, 2021

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Financial Statements and Directors' Report for 2020, together with Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements and Directors' Report for 2020

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements for 2020

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
BALANCE SHEET AT DECEMBER 31, 2020
(in thousands of euros)

ASSETS	Year 2020	Year 2019
A) NON-CURRENT ASSETS	**895,089**	**935,074**
I. INTANGIBLE ASSETS (Note 5)	241	207
1. Computer software	241	207
II. PROPERTY, PLANT AND EQUIPMENT (Note 6)	1,253	1,034
1. Other fixtures and furniture	1,041	137
2. Other items of property, plant and equipment	212	612
3. Tangible fixed assets in progress	-	285
III. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)	892,119	883,451
1. Equity instruments	892,119	883,451
IV. NON-CURRENT FINANCIAL ASSETS (Note 7.1)	9	9
1. Other financial assets	9	9
V. DEFERRED TAX ASSETS (Note 9)	1,467	50,373
B) CURRENT ASSETS	**35,960**	**174,324**
I. NON CURRENT ASSETS HELD FOR SALE (Note 7.2)	507	110,445
II. TRADE AND OTHER RECEIVABLES	5,704	4,194
1. Trade receivables for services (Note 7.1)	58	17
2. Receivable from Group companies and associates (Notes 7.1 and 15)	3,252	535
3. Employee receivables (Note 7.1)	2	-
4. Tax receivables (Note 9)	2,009	857
5. Other receivables (Note 7.1)	383	2,785
III. CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Notes 7.1 and 15)	19,166	49,010
1. Loans to companies	10,166	40,510
2. Other financial assets	9,000	8,500
IV. CURRENT PREPAYMENTS AND ACCRUED INCOME	174	266
V. CASH AND CASH EQUIVALENTS (Note 7.5)	10,409	10,409
1. Cash	10,409	10,409
TOTAL ASSETS	**931,049**	**1,109,398**

EQUITY AND LIABILITIES	Year 2020	Year 2019
A) EQUITY (Note 8)	**296,774**	**345,369**
A-1) Shareholders' equity	**296,774**	**345,369**
I. SHARE CAPITAL	70,865	666,131
II. SHARE PREMIUM	-	254,180
III. RESERVES	276,583	132,743
1. Legal and bylaw reserves	7,087	18,070
2. Other reserves	269,496	114,673
IV. LOSS FROM PREVIOUS YEARS	-	(495,537)
V. TREASURY SHARES	(1,530)	(2,591)
VI. PROFIT (LOSS) FOR THE YEAR	(49,144)	(209,557)
B) NON-CURRENT LIABILITIES	**516,381**	**641,681**
I. LONG-TERM PROVISIONS (Note 12)	4,796	4,016
II. NON-CURRENT PAYABLES (Note 7.3)	86,006	470,235
1. Bank borrowings	86,006	470,235
III. NON-CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Notes 7.3 and 15)	425,579	167,430
C) CURRENT LIABILITIES	**117,894**	**122,348**
I. CURRENT PAYABLES (Note 7.3)	90,103	16,303
1. Bank borrowings	80,103	6,303
2. Other financial liabilities	10,000	10,000
II. CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Notes 7.3 and 15)	15,476	100,017
III. TRADE AND OTHER PAYABLES	12,315	6,028
1. Payable to suppliers (Note 7.3)	42	42
2. Payable to suppliers, Group companies and associates (Notes 7.3 and 15)	305	488
3. Sundry accounts payable (Note 7.3)	9,180	4,293
4. Remuneration payable (Note 7.3)	2,421	910
5. Tax payables (Note 9)	367	295
TOTAL EQUITY AND LIABILITIES	**931,049**	**1,109,398**

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the balance sheet at December 31, 2020

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
INCOME STATEMENT FOR YEAR 2020
(in thousands of euros)

	Year 2020	Year 2019
A) CONTINUING OPERATIONS		
1. Revenue		
a) Services *(Note 15)*	6,664	6,518
b) Income from equity investments *(Note 15)*	109,383	15,853
2. Other operating income	1,136	1
3. Staff costs		
a) Wages, salaries and similar expenses	(7,853)	(6,774)
b) Employee benefit costs *(Note 10)*	(1,106)	(657)
4. Other operating expenses		
a) External services *(Note 10)*	(7,933)	(10,236)
b) Taxes other than income tax	(45)	(42)
c) Impairment and other losses	(33)	281
5. Depreciation and amortization charge *(Notes 5 and 6)*	(251)	(69)
6. Losses and Gains from disposals of assets		
a) Impairment and other losses	(183)	-
b) Losses and Gains from disposals and other	53	367
PROFIT/LOSS FROM OPERATIONS	**99,832**	**5,242**
7. Finance income		
a) From loans to Group companies and associates (*Note 15*)	6	69
b) Other finance income	45	12
8. Fair value of financial instruments	(6,190)	(2,087)
9. Finance costs and similar expenses:		
a) On debts to Group companies *(Note 15)*	(3,149)	(4,716)
b) On debts to third parties and similar expenses	(27,798)	(24,759)
10. Exchange differences	(10)	(12)
11. Impairment of financial instruments		
a) Impairment and other losses (*Notes 7.1 and 12*)	(260)	(43,284)
NET FINANCIAL RESULT *(Note 11)*	**(37,356)**	**(74,777)**
PROFIT / LOSS BEFORE TAX	**62,476**	**(69,535)**
12. Income tax *(Note 9)*	(37,098)	(8,205)
PROFIT/ LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**25,378**	**(77,740)**
B) DISCONTINUED OPERATIONS *(Note 7.2)*	(74,522)	(131,817)
PROFIT/ LOSS FOR THE YEAR	**(49,144)**	**(209,557)**

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the income statement for year 2020

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR YEAR 2020

A) STATEMENT OF COMPREHENSIVE INCOMES AND EXPENSES FOR YEAR 2020
(in thousands of euros)

	Year 2020	Year 2019
A) Profit/(Loss) per income statement	**(49,144)**	**(209,557)**
Income and expense recognized directly in equity		
Arising from revaluation of financial instruments (*Note 7.1*)	-	(18)
Other income and expenses charged directly to equity	-	-
Tax effect	-	5
B) Total income and expense recognized directly in equity	**-**	**(13)**
Transfers to profit or loss	**-**	**237**
Arising from revaluation of financial instruments	-	321
Tax effect	-	(84)
C) Total transfers to profit or loss	**-**	**237**
TOTAL RECOGNIZED INCOME AND EXPENSE	**(49,144)**	**(209,333)**

The accompanying Notes 1 to 20 and Appendix I and II are an integral part of the statement of comprehensive incomes and expenses for year 2020

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 19). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR YEAR 2020

B) TOTAL STATEMENT OF CHANGES IN EQUITY FOR YEAR 2020
(in thousands of euros)

(in thousands of euros)	Share capital	Share premium	Other Reserves	Legal reserve	Reserves for treasury shares	Reserves for merger	Voluntary reserves	Loss from previous years	Reserves for variation in financial assets	Reserves	Treasury shares	Profit (Loss) for the year	Equity
Balance at December,31 2018 (Note 8)	**524,902**	**201,512**	**-**	**7,050**	**2,856**	**(85,639)**	**193,078**	**(594,718)**	**(224)**	**(477,597)**	**(2,856)**	**110,201**	**356,162**
I. Total recognized income and expense													
1. Profit (Loss) for the year										-		(209,557)	(209,557)
2. Valuation of finacial instruments									224	224			224
II. Transactions with shareholders or owners													
1. Capital Increases / Decreases													
- Share Capital	141,229									-			141,229
- Share Premium		52,668								-			52,668
2. Treasury share transactions													
- Delivery of treasury shares													-
- Purchase of treasury shares					250		(250)			-	(250)		(250)
- Sales of treasury shares													
- Provision for treasury shares					(515)					(515)	515		-
III. Other changes in equity													
1. Distribution of 2018 profit				11,020				99,181		110,201		(110,201)	-
2. Other							4,893			4,893			4,893
Balance at December,31 2019 (*Note 8*)	**666,131**	**254,180**	**-**	**18,070**	**2,591**	**(85,639)**	**197,721**	**(495,537)**	**-**	**(362,794)**	**(2,591)**	**(209,557)**	**345,369**
I. Total recognized income and expense													
1. Profit (Loss) for the year										-		(49,144)	(49,144)
2. Valuation of finacial instruments										-			-
II. Transactions with shareholders or owners													
1. Capital Increases / Decreases													
- Share Capital	(595,266)		267,418	7,087		85,639		235,122		595,266			-
- Share Premium		(254,180)						254,180		254,180			-
2. Treasury share transactions													
- Delivery of treasury shares													-
- Purchase of treasury shares					(58)		58			-	58		58
- Sales of treasury shares					(20)		20				20		20
- Provision for treasury shares					(983)					(983)	983		-
III. Other changes in equity													
1. Distribution of 2019 profit								(209,557)		(209,557)		209,557	
2. Other				(18,070)			(197,251)	215,792		471			471
Balance at December,31 2020 (*Note 8*)	**70,865**	**-**	**267,418**	**7,087**	**1,530**	**-**	**548**	**-**	**-**	**276,583**	**(1,530)**	**(49,144)**	**296,774**

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the total statement of changes in equity for year 2020

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CASH FLOW FOR YEAR 2020
(in thousands of euros)

	Year 2020	Year 2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit / Loss before tax	**62,476**	**(69,535)**
2. Adjustments for	**(71,439)**	**60,460**
a) Depreciation and amortization charge (+)	251	69
b) Impairment of non-current financial assets (+/-)	260	42,963
Impairment losses recognised for financial assets	260	42,963
c) Finance income (-)	(51)	(120)
d) Finance costs (+)	37,147	31,613
e) Dividends received	(109,383)	(15,853)
f) Results due to disposals and disposals of financial instruments	-	321
g) Impairment losses and gains	216	(281)
h) Other income and expenses	121	1,748
3. Changes in working capital	**(546)**	**694**
a) Trade and other receivables (+/-)	(1,308)	801
b) Current prepayments and acrrued income	92	(189)
c) Trade and other payables (+/-)	670	82
4. Other cash flows from operating activities	**97,383**	**(12,547)**
a) Interest paid (-)	(28,362)	(25,832)
b) Dividends received (+)	108,883	7,353
c) Interest received (+)	6	83
d) Income tax recovered (paid) (+/-)	26,658	11,047
e) Other amounts received (paid) relating to operating activities (+/-)	(9,802)	(5,198)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	**87,874**	**(20,928)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments due to investment (-)	(2,534)	(313,333)
7. Proceeds from disposal (+)	40,782	15,019
8. Cash flows from investing activities (7-6)	**38,248**	**(298,314)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds and payments relating to equity instruments	**20**	**192,053**
10. Proceeds and payments relating to financial liability instrument	**(126,142)**	**136,407**
a) Issue	346,825	156,455
Bank Borrowing	80,000	50,048
Group Companies and associates Borrowing	266,825	106,407
b) Repayment and amortization	(472,967)	(20,048)
Bank Borrowing	(388,806)	-
Group Companies and associates Borrowing	(84,161)	(20,048)
11. Cash flows from financing activities (+/-9+/-10)	**(126,122)**	**328,460**
D) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C)	**-**	**9,218**
Cash and cash equivalents at beginning of year	10,409	1,191
Cash and cash equivalents at end of year	10,409	10,409

The accompanying Notes 1 to 20 and Appendix I and II are an integral part of the statement of cash flows for year 2020

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2020

1.- COMPANY ACTIVITIES AND PERFORMANCE

a) Company activities

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

In view of the business activity carried on by the Company, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

In addition to the business activities carried on directly by it, the Company heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose Promotora de Informaciones, S.A. and subsidiary companies ("the Prisa Group" or "the Group"). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group prepared in accordance with International Financial Reporting Standards (IFRSs) as approved by European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements in terms of total asset, equity and net revenues amount to EUR 971,719 thousand, EUR 402,980 negative thousand and EUR 690,942 thousand respectively in 2020.

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

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

These financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Company operates.

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

b) Evolution of the equity and financial structure of the Company

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

In November 2017 and in January 2018 a capital increase was approved by a total amount of EUR 563,220 thousand, which was subscribed in February 2018. On June 29, 2018, the agreed refinancing with the financial creditors of the Override Agreement (agreement to refinance the Group's debt signed in December 2013) came into effect, and included, among other aspects, the extension of the debt maturity date to November and December 2022. On this same date, the Company cancelled a debt amounting EUR 480,000 thousand with the proceeds from the cash capital increase described above.

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

On May 14, 2020, Vertix, SGPS, S.A. (subsidiary fully owned by Prisa) sold to Pluris Investments, S.A. (Pluris) the shares amounting to 30.22% of share capital of Grupo Media Capital, SGPS, S.A. (Media Capital) for a price of EUR 10,500 thousand (*see note 7.2*).

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 represent the entire shareholding (64.47%) held by Prisa trough Vertix in the Portuguese company. On November 3, 2020, the sale of shares for a price of 36.85 million euros was completed (*see note 7.2*).

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

In October 2020, Prisa signed a lock-up agreement (the "Lock-up Agreement") which contained a term sheet that sets out, among other aspects, the essential terms on which the Group's syndicated financial debt restructured (the "Refinancing"). The Refinancing was conditioned on successfully completing the selling of certain Santillana K-12 and pre K-12 business assets in Spain and it was binding on all creditors owed the financial debt to be restructured. On December 31, 2020 the Refinancing came into effect, once the agreements reached with all of its creditors were concluded, among which were included, the culmination of the sale of Santillana Spain, describe above (*see note 7.3*).

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

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

The emergence of COVID-19 (coronavirus) in China in January 2020 and its 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 consequences for the Company's businesses are uncertain, and will depend to a large extent on the development, extent of the pandemic in the coming months, the effectiveness of the current medical treatments and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

Therefore, at the date of authorized for isuue of these financial statements, we have carried out an assessment and quantification of the impacts that COVID-19 had on the Company 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 Company have assessed the situation based on the best information available. For the reasons referred to above, such information may be incomplete. As a result of this assessment, we highlight the following:

- Liquidity risk: The situation in the markets has caused an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Company has in place a Super Senior debt ("S*uper Senior Term & Revolving Facilities Agreement*") to meet operational needs for a maximum amount of EUR 188,500 thousand, of which EUR 80,000 thousand, were drawn as of December 31, 2020. The Company 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 Company 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 subsidiaries companies' 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 Company in the next financial statements, such as "Revenue", "Result from operations" or "Result before tax". In this regard, the Company 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 Company has implemented a contingency plan with the aim of minimizing the aforementioned effects, and continues to work on it during 2021. As of December 31, 2020, this contingency plan has resulted in cost savings, and therefore an improvement in the Group's profit from operations of EUR 49 million, and fixed cost savings for 2021 are estimated to be around EUR 30 million in relation to 2019 excluding severances and exchange rate. 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 Company, 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 Company'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 of the Company (investments in Group companies and associates, 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 tax credits, as described in note 9, as well as in relation to the assessment of the investment in Vertix, SGPS, S.A. (*see note 7.2*).

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

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

At December 31, 2020, the equity of the Company (including participating loans outstanding at year-end) stood at EUR 359,265 thousand, over two thirds of total share capital, which is why it was in a situation of equity balance at that date.

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

2.- BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a) Fair presentation

The accompanying financial statements for 2020, which were obtained from the Company's accounting records, are presented in accordance with the regulatory framework for financial reporting applicable and, in particular, the accounting principles and criteria contained herein, presenting fairly the Company's equity, financial position, and of the results of its operations, the changes in its equity and the cash flows generated by the Company in the year then ended. The regulatory framework for financial reporting applicable considered is:

1. The Commercial Code and other corporate legislation.
2. Royal Decree 1514/2007, approving the Spanish National Chart of Accounts, which has been modified through Royal Decree 602/2016 of December 2 and its sectoral adaptions.
3. The obligatory legislation approved by the Institute of Accounting and Auditors of Accounts in development of the Spanish General Chart of Accounts and its complementary legislation.
4. Other applicable Spanish legislation.

These financial statements, which were formally prepared by the Company's directors on March 23, 2021, will be submitted for approval by the shareholders at the Annual General Shareholders' Meeting and it is considered that they will be approved without any changes. The 2019 financial statements were approved by the shareholders at the Annual General Shareholders' Meeting held on June 29, 2020.

b) Comparison of information

In accordance with company legislation, each item of the balance sheet, income statement, statement of changes in net equity and cash flow statement for 2020 is shown with the figure for 2019 for comparison purposes. The notes to the financial statements also include quantitative information of the previous year, unless an accounting standard specifically establishes otherwise.

c) Non-obligatory accounting principles

No non-obligatory accounting principles were applied. Also, all obligatory accounting principles were applied.

d) Key issues in the measurement and estimation of uncertainty

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

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

- The measurement of assets to determine the possible existence of impairment losses *(see Notes 4c, 4d and 7.1).*
- The useful life of property, plant, and equipment, and intangible assets *(see Notes 4a and 4b).*
- The hypotheses used to calculate the fair value of financial instruments *(see Note 7).*
- The assessment of the likelihood and amount of undetermined or contingent liabilities (*see Notes 4i and 12)*.
- The recoverability of deferred tax assets *(see Note 9)*.
- Provisions for unissued and outstanding invoices.

Although these estimates were made on the basis of the best information available at the date of preparation of these financial statements on the events analysed, it is possible that events that may take place in the future force them to modify them, upwards or downwards. Changes in accounting estimates would be applied prospectively, recognizing the effects of the change in estimates in the future related income statements, as well as in assets and liabilities.

In 2020, there were no significant changes in the accounting estimates made at the end of 2019 except for the recoverability of deferred tax assets (*see note 9*) and the determination of the recovery of equity investment in Vertix S.P.G.S, S.A. (*see note 7.2*).

3.- ALLOCATION OF RESULT

The proposal for the distribution of the Company's profit for 2020 approved by the Company's Directors and that will be submitted for approval at the General Shareholders' Meeting is the following, in thousands of euros:

	Amount
Basis of appropriation-	
Loss for the year	(49,144)
Distribution-	
Loss from previous years	(49,144)

4.- ACCOUNTING POLICIES

As indicated in Note 2, the Company applied accounting policies in accordance with the accounting principles and rules contained in the Code of Commerce, developed in the valid General Chart of Accounts (PGC 2007), and other corporate legislation in force as at the closing date of these financial statements. In this sense, the policies that specifically apply to the

Company's activity and those considered meaningful according to the nature of its activities are detailed below.

a) Intangible assets

Intangible assets are recognized initially at acquisition price or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. Only assets whose cost can be estimated objectively and from which the Company considers it probable that future economic benefits will be generated are recognized. These assets are amortized over their years of useful life. When the useful lives of these assets can not be estimated reliably they are amortized over a period of ten years according to Royal Decree 602/2016 of December 2.

The "*Industrial property*" account includes the amounts paid for acquiring the right to use or register certain brands. These rights are amortized at a rate of 20% per year using the straight-line method.

"*Computer software*" includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized using the straight-line method over a period ranging from four to six years, depending on the type of program or development, from the date on which it is brought into service.

b) Property, plant and equipment

Property, plant and equipment are recognized at acquisition price or production cost, net of the related accumulated depreciation and of any impairment losses.

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

Period upkeep and maintenance expenses are charged directly to the income statement for the year in which they are incurred.

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

	Years of estimated useful life
Other fixtures and furniture	10
Other items of property, plant and equipment	4-10

c) Impairment losses

At each reporting date the Company reviews there is any indication that those assets might have suffered an impairment loss and, if any such indication exists, checks through the determined "impairment test" the possible existence of value losses that reduce the recoverable value of said assets to an amount lower than their book value.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on the most recent budgets approved by Management.

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

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the income statement.

d) Financial instruments

Financial assets-

The financial assets held by the Company are classified in the following categories:

- ***Equity investments in Group companies, jointly controlled entities and associates:*** Group companies are those related to the Company by a control relationship, and associated companies those on which the Company exercises a significant influence. Additionally, within the category of multi-group companies are included those over which, under an agreement, joint control is exercised with one or more partners.

- ***Loans and receivables***: These are financial assets originating from the sale of goods or from the provision of services during the company's traffic operations or those that, not having have any commercial substance, are not equity instruments or derivatives and have fixed or determinable payments and are not traded in an active market.

- ***Held-to-maturity investments***: securities representing debt, with fixed maturity date and collections of a determinable amount, which are traded in an active market and on which the Company expresses its intention and capacity to keep them in its possession until the expiration date.

- ***Available-for-sale financial assets:*** The Company classifies in this category the debt securities and equity instruments of other companies that have not been classified in any of the above categories.

Initial measurement

Financial assets are recorded, in general terms, initially at the fair value of the consideration given plus the transaction costs that are directly attributable.

In the case of investments in the equity of Group companies that grant control over the subsidiary, the fees paid to legal advisors or other professionals related to the acquisition of the investment are charged directly to the profit and loss account.

Subsequent measurement

Equity investments in Group companies, jointly controlled entities and associates

Equity investments in Group companies, jointly controlled entities and associates are measured at cost, net, where appropriate, of any accumulated impairment losses. The amount of the adjustment for impairment is the difference between the carrying amount and recoverable amount, taken to be the higher of fair value less costs to sell and the present value of the estimated future cash flows from the investment. Unless there is a better evidence of the recoverable amount is taken in consideration the equity of the investee, adjusted by the amount of the unrealized gains existing at the measurement date (including any goodwill).

Loans and receivables

These assets are recognized at amortized cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables.

The Company recognizes the related impairment allowance for the difference between the recoverable amount of the receivables and their carrying amount.

Held-to-maturity investments

They are carried at amortized cost.

Available-for-sale financial assets

Available-for-sale financial assets are recognized at fair value without deducting any transaction costs that might be incurred on disposal. Changes in the fair value are recognized directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement. In this sense, there is a presumption that impairment exists if there has been a fall of more than 40 % of the value of the asset or if there has been a decrease of the same extended over a period of a year and a half without recover its value.

Cash and cash equivalents-

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

Financial liabilities-

Loans and payables

Loans, bonds and other similar liabilities are carried at the amount received, net of transaction costs. Interest expenses, including premiums payable on settlement or redemption and transaction costs, are recognized in the income statement on an accrual basis using the effective interest method. The amount accrued and not paid is added to the carrying amount of the instrument if settlement is not made in the accrual period.

Accounts payable are recognized initially at market value and are subsequently measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when the obligations that generated them have been extinguished.

Treasury shares-

Treasury shares are measured at acquisition cost with a debit balance under *"Equity."* Gains and losses on the acquisition, sale, issue, retirement or impairment of treasury shares are recognized directly in equity in the accompanying balance sheet.

e) Profit (loss) from discontinued operations

A discontinued operation is a component of the Company that has been disposed of by other means, or is classified as 'held for sale' and, among other conditions, represents a separate major line of business which can be considered separate from the rest.

The Company presents this type of operations in the income statement under a single heading entitled "*Profit (or loss) from discontinued operations, net of tax*", including the profit (or loss) from discontinued operations net of tax recognized at fair value less costs to sell or disposal or of the assets that constitute the discontinued operation.

Additionally, when operations are classified as discontinued, the Company will re-present, for comparative purposes, the disclosures described above for prior periods presented in the annual statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

f) Foreign currency transactions

Foreign currency transactions are translated to the Company's functional currency (euros) at the exchange rates ruling at the transaction date. During the year, differences arising between the result of applying the exchange rates initially used and that of using the exchange rates prevailing at the date of collection or payment are recognized as finance income or finance costs in the income statement.

At the end of the reporting period, foreign currency on hand and the receivables and payables denominated in foreign currencies are translated to euros at the exchange rates then prevailing. Any gains or losses on such translation are recognized in the income statement.

g) Income tax

Income tax expense (tax income) represents the sum of the current tax expense (current tax income) and the deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and prepayments and tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities.

Deferred tax assets and liabilities arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from differences between the carrying amounts of assets and liabilities and their tax bases. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets may also arise from the carryforward of unused tax loss and generated and unused tax credits and non-deductibles financial expenses.

Deferred tax assets are recognized to the extent that it is considered probable that the Company will have sufficient taxable profits in the future against which those assets can be utilized and the deferred tax assets do not arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (loss).

The deferred tax assets recognized are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that they will be recovered through future taxable profits.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Current and deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized in equity.

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

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

The Company files consolidated tax returns as Parent of tax group number 2/91 as permitted by the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of March 5.

As Parent of the group, the Company recognizes the adjustments relating to the consolidated tax group.

h) Income and expenses

Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Income from services rendered is recognized considering the degree of realization of the benefit on the date of balance, provided that the result of the transaction can be estimated reliably.

Interest incomes from financial assets are recognized using the effective interest method and dividend incomes are recognized when the shareholder's right to receive payment has been established.

In application of the criterion stated by the Spanish Accounting and Auditing Institute in relation to the determination of the turnover in holding companies (answer to consultation published in its Official Gazette of September 2009), they are included as an integral part of the amount of the turnover dividends as well as the income from rendering services, from its subsidiaries.

i) Provisions and contingencies

The present obligations at the balance sheet date arising from past events which could give rise to a loss for the Company, which is uncertain as to its amount and timing are recognized as provisions in the balance sheet at the present value of the most probable amount that it is considered that the Company will have to pay to settle the obligation (*see Note 12*).

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Unless considered as remote, contingent liabilities are not recognized in annual accounts, but are informed in the Annual Report Notes.

The "*Provision for third-party liability*" relates to the estimated amount required to meet the Company's liability, as the majority shareholder, for the portion of the losses incurred at investees whose equity has become negative and which must be restored by their shareholders.

j) Current/non-current classification

Assets and liabilities maturing within twelve months from the balance sheet date are classified as current items and those maturing within more than twelve months are classified as non-current items.

k) Related party transactions

Related party transactions are a part of the Company's normal business activities (in terms of their purpose and terms and conditions). Sales to related parties are carried out on an arm's length basis and are posted according to the mentioned accountant policies.

In addition, transfer prices are properly supported and, therefore, the Company's directors consider that there are no significant risks in this item that may give rise to sizeable liabilities in the future. The most significant transactions performed with related companies are of a financial nature.

l) Share-based payments

The Company recognizes, on the one hand, goods and services received as an asset or as an expenditure, considering its nature at the time it is obtained and, on the other hand, the corresponding increase in equity in case the transaction is settled with an amount based on equity instruments value.

Those transactions settled with equity instruments that have counterpart goods or services other than those provided by employees shall be valued, where they may be reliably estimated, at the fair value of the goods or services on the date they are received. If the fair value of the goods or services received cannot be reliably estimated, the goods or services received and the increase in net worth will be valued at the fair value of the transferred equity instruments, referring to the date the company obtains the goods or the other party provides the services.

m) Provisions for severance payment

In accordance with the legislation in force, the Company is obliged to pay severance payments to those employees with whom, under certain conditions, it terminates their employment relationships. Therefore, severance payments that may be reasonably quantified are recorded as expenditure within the year in which the decision to dismiss is adopted. In 2020 and 2019 the Company has not recorded any expense in this respect.

n) Intercompany transactions

According to current legislation concerning non-monetary contributions to a group company, the contributor will evaluate the investment according to the book value of the equity items delivered in the consolidated annual accounts on the date the transaction is carried out, according to the Rules for the Formulation of the consolidated annual accounts, which develop the Commercial Code. The acquiring company will recognize them for the same amount.

o) Non-current Assets held for sale

The Company recognizes a non-current asset or disposal group as held for sale when it intends to sell it and it expects to realize the asset within twelve months.

These assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets held for sale are not amortized, but at each balance sheet date the company re-measures the non-current asset so that the carrying amount does not exceed fair value less costs to sell.

Any gain or loss on the remeasurement of a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation shall be included in profit or loss from continuing operations as appropriate, during the year in which those requirements are not met.

p) Leases

Leases are classified as finance leases whenever it is inferred from the conditions thereof that the risks and benefits inherent to the ownership of the asset object of the contract are substantially transferred to the lessee. The other leases are classified as operating leases.

Operating leases

Expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.

Any collection or payment that could be made when contracting an operating lease, will be treated as a prepayment or payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

5.- INTANGIBLE ASSETS

The transactions performed in 2020 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

2020

	Balance at 12/31/2019	Additions	Disposals	Balance at 12/31/2020
Cost				
Industrial property	60	-	-	60
Computer software	20,985	226	-	21,211
Total cost	**21,045**	**226**	**-**	**21,271**
Accumulated amortization				
Industrial property	(60)	-	-	(60)
Computer software	(20,778)	(192)	-	(20,970)
Total accumulated amortization	**(20,838)**	**(192)**	**-**	**(21,030)**
Total intangible assets, net	**207**	**34**	**-**	**241**

At December 31, 2020, the Company's fully amortized intangible assets in use amounted to EUR 20,787 thousand (EUR 20,764 thousand at December 31, 2019).

There are no restrictions on title to or future purchase obligations for intangible assets.

2019

The transactions performed in 2019 in the various intangible asset accounts and the related accumulated amortization was summarized as follows (in thousands of euros):

	Balance at 12/31/2018	Additions	Disposals	Balance at 12/31/2019
Cost				
Industrial property	60	-	-	60
Computer software	20,984	1	-	20,985
Total cost	**21,044**	**1**	**-**	**21,045**
Accumulated amortization				
Industrial property	(60)	-	-	(60)
Computer software	(20,754)	(24)	-	(20,778)
Total accumulated amortization	**(20,814)**	**(24)**	**-**	**(20,838)**
Total intangible assets, net	**230**	**(23)**	**-**	**207**

6.- PROPERTY, PLANT AND EQUIPMENT

The transactions performed in 2020 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

2020

	Balance at 12/31/2019	Additions	Transfers	Disposals	Balance at 12/31/2020
Cost					
Other fixtures and furniture	519	665	285	-	1,469
Other items of property, plant and equipment	1,009	47	-	(251)	805
Property, plant and Equipment in the Course of Construction	285	-	(285)	-	-
Total cost	**1,813**	**712**	**-**	**(251)**	**2,274**
Accumulated depreciation					
Other fixtures and furniture	(382)	(46)	-	-	(428)
Other items of property, plant and equipment	(397)	(13)	-	-	(410)
Total accumulated depreciation	**(779)**	**(59)**	**-**	**-**	**(838)**
Impairment					
Other items of property, plant and equipment	-	(183)	-	-	(183)
Total impairment	**-**	**(183)**	**-**	**-**	**(183)**
Total property, plant and equipment, net	**1,034**	**470**	**-**	**(251)**	**1,253**

The increase in others fixtures and furniture is due to the investments made by the Company in the remodeling of its headquartes in Miguel Yuste.

At December 31, 2020, the Company's fully depreciated property, plant and equipment in use amounted to EUR 618 thousand (EUR 618 thousand at December 31, 2019).

There are no restrictions on title to or future purchase obligations for property, plant and equipment.

The Company takes out insurance policies to adequately cover the value of its assets.

2019

The transactions performed in 2019 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/2018	Additions	Disposals	Balance at 12/31/2019
Cost				
Other fixtures and furniture	519	-	-	519
Other items of property, plant and equipment	1,062	10	(63)	1,009
Property, plant and Equipment in the Course of Construction	-	285	-	285
Total cost	**1,581**	**295**	**(63)**	**1,813**
Accumulated depreciation				
Other fixtures and furniture	(353)	(29)	-	(382)
Other items of property, plant and equipment	(381)	(16)	-	(397)
Total accumulated depreciation	**(734)**	**(45)**	**-**	**(779)**
Total property, plant and equipment, net	**847**	**250**	**(63)**	**1,034**

7. FINANCIAL INSTRUMENTS

7.1- FINANCIAL ASSETS

The detail of "*Financial assets*" in the balance sheets at December 31, 2020 and 2019, based on the nature of the transactions, is as follows:

Classes / Categories	Thousands of euros							
	Non-current				Current		Total	
	Equity instruments		Loans, derivatives and other		Loans, derivatives and other			
	12/31/20	12/31/19	12/31/20	12/31/19	12/31/20	12/31/19	12/31/20	12/31/19
Group companies and associates	892,119	883,451	-	-	22,418	49,545	914,537	932,996
Held-to-maturity investments	-	-	9	9	-	-	9	9
Loans and receivables	-	-	-	-	443	2,802	443	2,802
Financial assets available for sale	-	-	-	-	-	-	-	-
Total	**892,119**	**883,451**	**9**	**9**	**22,861**	**52,347**	**914,989**	**935,807**

Equity investments in Group companies and associates

The transactions performed in 2020, in this category of financial assets, are summarized as follows (in thousands of euros):

2020

	Balance at 12/31/2019	Additions	Reversals	Transfers	Disposals	Balance at 12/31/2020
Cost						
Investments in Group companies	**1,125,108**	**8,148**	**-**	**-**	**-**	**1,133,256**
Diario El País México, S.A. de C.V.	898	-	-	-	-	898
Prisa Noticias, S.L.	102,347	6,383	-	-	-	108,730
Prisa Participadas, S.L.U.	550,599	-	-	-	-	550,599
Promotora de Actividades América 2010, S.L.	10	-	-	-	-	10
Promotora de Actividades Audiovisuales de Colombia, Ltda.	4	-	-	-	-	4
Prisa Activos Educativos, S.L.	314,769	145	-	-	-	314,914
Prisa Media, S.L.	155,881	26	-	-	-	155,907
Prisa Gestión Financiera, S.L.	600	1,594	-	-	-	2,194
Investments in associates	**1,176**	**-**	**-**	**-**	**-**	**1,176**
Total cost	**1,126,284**	**8,148**	**-**	**-**	**-**	**1,134,432**
Impairment losses						
In Group companies	**(241,689)**	**(10)**	**2,125**	**(1,594)**	**-**	**(241,168)**
Diario El País México, S.A. de C.V.	(883)	(10)	-	-	-	(893)
Prisa Participadas, S.L.U.	(240,192)	-	2,125	-	-	(238,067)
Promotora de Actividades América 2010, S.L.	(10)	-	-	-	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	(4)	-	-	-	-	(4)
Prisa Gestión Financiera, S.L.	(600)	-	-	(1,594)	-	(2,194)
In associates	**(1,144)**	**(1)**	**-**	**-**	**-**	**(1,145)**
Total impairment losses	**(242,833)**	**(11)**	**2,125**	**(1,594)**	**-**	**(242,313)**
Net Value	**883,451**	**8,137**	**2,125**	**(1,594)**	**-**	**892,119**

The direct and indirect investments of Promotora de Informaciones, S.A. are listed in *Appendix I* and *Appendix II*, respectively.

The most significant operations that took place in 2020 which gave rise to the aforementioned changes are as follows:

Additions and transfers 2020

In April 2020 a non-monetary contribution has been to Prisa Noticias, S.L. (Sociedad Unipersonal) for the amount of EUR 6,327 thousand consisting of the transfer of existing tax credits in favor of the Company with companies under Prisa Noticias, S.L. (Unipersonal Company) and this same company.

In addition, in July 2020 a partner contribution was made for the amount of EUR 1,594 thousand to Prisa Gestión Financiera, S.L. (Sole proprietorship) with the aim of re-establishing this company's equity balance, transferring the provision for third-party liability to the stake's impairment for de same amount (*see note 12*).

In December 2020, the stake was increased in Prisa Media, S.L. (Sole proprietorship) (EUR 26 thousand), Prisa Activos Educativos, S.L. (Sole proprietorship) (EUR 145 thousand) and Prisa Noticias, S.L. (Sole proprietorship) (EUR 56 thousand), associated with the Medium-Term Incentive Plan approved in April 2018 aimed at members of senior management and certain executives of Group subsidiaries (*see Note 13*). For the Company, this operation is classified as a contribution to its subsidiaries recorded as a gain in the value of the investment.

2019

The transactions performed in 2019, in this category of financial assets, were summarized as follows (in thousands of euros):

	Balance at 12/31/2018	Additions	Reversals	Transfers	Disposals	Balance at 12/31/2019
Cost						
Investments in Group companies	**1,448,056**	**316,116**	**-**	**(639,061)**	**(3)**	**1,125,108**
Diario El País México, S.A. de C.V.	898	-	-	-	-	898
Prisa Noticias, S.L.	100,467	708	-	1,172	-	102,347
Promotora General de Revistas, S.A.	3	-	-	-	(3)	-
Prisa Participadas, S.L.U.	551,771	-	-	(1,172)	-	550,599
Promotora de Actividades América 2010, S.L.	10	-	-	-	-	10
Promotora de Actividades Audiovisuales de Colombia, Ltda.	4	-	-	-	-	4
Vertix, SGPS, S.A. *(Note 7.2)*	639,061	-	-	(639,061)	-	-
Prisa Activos Educativos, S.L.	589	314,180	-	-	-	314,769
Prisa Activos Radiofónicos, S.L.	155,190	691	-	-	-	155,881
Prisa Gestión Financiera, S.L.	63	537	-	-	-	600
Investments in associates	**1,176**	**-**	**-**	**-**	**-**	**1,176**
Total cost	**1,449,232**	**316,116**	**-**	**(639,061)**	**(3)**	**1,126,284**
Impairment losses						
In Group companies	**(596,258)**	**(118,403)**	**20**	**472,949**	**3**	**(241,689)**
Diario El País México, S.A. de C.V.	(903)	-	20	-	-	(883)
Promotora General de Revistas, S.A.	(2)	(1)	-	-	3	-
Prisa Participadas, S.L.U.	(199,210)	(40,982)	-	-	-	(240,192)
Promotora de Actividades América 2010, S.L.	(10)	-	-	-	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	(4)	-	-	-	-	(4)
Vertix, SGPS, S.A. *(Note 7.2)*	(396,066)	(77,359)	-	473,425	-	-
Prisa Activos Educativos, S.L.	-	-	-	-	-	-
Prisa Activos Radiofónicos, S.L.	-	-	-	-	-	-
Prisa Gestión Financiera, S.L.	(63)	(61)	-	(476)	-	(600)
In associates	**(1,139)**	**(5)**	**-**	**-**	**-**	**(1,144)**
Total impairment losses	**(597,397)**	**(118,408)**	**20**	**472,949**	**3**	**(242,833)**
Net Value	**851,835**	**197,708**	**20**	**(166,112)**	**-**	**883,451**

The most significant operations that took place in 2019 which gave rise to the aforementioned changes are as follows:

Additions and transfers 2019

At February 26, 2019, the Board of Directors of Prisa approved the acquisition by Prisa Activos Educativos, S.L.U. of the remaining 25% of the share capital of Santillana currently controlled and held by DLJSAP Publishing Limited (“DLJ”), a company owned by funds managed or advised by Victoria Capital Partners.

In that same date, Prisa Activos Educativos, S.L. - a subsidiary wholly owned by Prisa - and DLJ entered into a sale and purchase agreement in relation to the quotas representing 25% of the share capital of Santillana. The price of the acquisition was established at a fixed amount of EUR 312.5 million. To finance this acquisition, Prisa provided a loan to Prisa Activos Educativos, S.L. for that amount, which was subsequently capitalized at June 1, 2019.

The funds to finance this operation have come, firstly, from the capital increase carried out in the year (see note 8) and, secondly, with cash available from the Company through the balances of the Group's cash pooling (see note 7.3).

In 2019, the partial spinoff from Prisa Participadas, S.L. (Sole proprietorship) took place, of its stake in Prisa Tecnología S.L. (Sole proprietorship) and Prisa Brand Solutions, S.L. (Sole proprietorship) to the company Prisa Noticias, S.L. (Sole proprietorship). This transaction was considered to be a non-monetary contribution by the Company to these companies and was valued at the carrying amount of the specific assets and liabilities provided in the consolidated annual accounts at the date the transaction is carried out, according to the Rules for the Formulation of the consolidated annual accounts which develop the Commercial Code, which amounted to EUR 1,172 thousand.

In September 2019, as a result of the binding offer accepted for the sale of Vertix S.P.G.S., S.A, owner of Grupo Media Capital, SGPS, S.A. ("Media Capital"), the Company has reclassified its share to the category of “Non-current assets held for sale", with an impairment loss of EUR 77,359 thousand considering the best available evidence in relation to fair value minus transaction costs (*see notes 1.b and 7.2*).

In addition, a partner contribution was made for the amount of EUR 537 thousand to Prisa Gestión Financiera, S.L. (Sole proprietorship) with the aim of re-establishing this company's equity balance, transferring the provision for third-party liability to the stake's impairment for de same amount.

In December 2019, the stake was increased in Prisa Activos Radiofónicos, S.L. (Sole proprietorship) (currently named Prisa Media, S.L. (Sole proprietorship)) (EUR 691 thousand), Prisa Activos Educativos, S.L. (Sole proprietorship) (EUR 1,680 thousand) and Prisa Noticias, S.L. (Sole proprietorship) (EUR 708 thousand), associated with the Medium-Term Incentive Plan approved in April 2018 aimed at members of senior management and certain executives of Group subsidiaries (*see Note 13*). For the Company, this operation is classified as a contribution to its subsidiaries recorded as a gain in the value of the investment.

Disposals 2019

In June 2019, the stake in Promotora General de Revistas S.A. was sold to other Group Company for its book value, without affecting income statement.

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Company tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount to below its net book value.

The recoverable amount of each stake is the higher of fair value net selling price and value in use. Unless there is better evidence of the recoverable amount, the net equity of the investee is taken into consideration, corrected for the unrealized gains existing on the valuation date (including goodwill, if any).

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

According to the estimates and projections available to the Directors, the corresponding provisions/reversals have been recognized in such a way that the net book value have been adjusted to the forecasts of the cash flows attributable to each company involved as of December 31, 2020 and 2019.

These projections cover the following five years and include a residual value that is appropriate for each business. In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk. The rate for the most relevant impairment test is from 7% to 10% (from 6.5% to 10% in 2019).

An analysis of the sensitivity of the main hypotheses of the impairment test has been conducted, analyzing the difference between the carrying amount and its recoverable amount in the scenarios envisaged by the Company's Management in its estimates.

Prisa Noticias, S.L. (Sole proprietorship)-

The main variables used by management to determine the value in use of Prisa Noticias's business were as follows:

Evolution of offline advertising: The Management has considered falls in offline advertising in accordance with the existing market projections, except in 2021 that recovery is expected after the significant impact of the pandemic in 2020.

Evolution of online advertising: The Management has taken into account the forecasts for the digital advertising market that predict growth for the next years in Spain and Latin America.

Expenses: Management has considered that containment will continue in business expense items following the review of the structure of operations and the transformation to a more digital business model.

The discount rate used is from 8% to 10% and the growth rate used is from 0% to 1.5% (from 8% to 10% and from (0.5)% to 1.5% respectively in 2019).

In accordance with these assumptions and the analysis of sensivity carried out the recoverable value of Prisa Noticias, S.L. (Sole proprietorship) is higher than its book price.

Prisa Media, S.L. (Sole proprietorship) (previously named Prisa Activos Radiofonicos, S.L. (Sole proprietorship))

In order to determine the value in use of the business of Prisa Media, S.L. (Sole proprietorship), the Management has based itself on the estimated value of its main asset: Prisa Radio, S.A. ("Prisa Radio").

For cash flow projections, the Management considered there will be an increase in advertising revenue, based on the market forecast and on the macroeconomic environment, but also and considers growth opportunities in each of the countries where Prisa Radio operates.

The discount rate used for Prisa Radio is from 7,5% to 9% (from 7% to 9.5% in 2019). The growth rate used is from 0% to 1.5% (from 2.5% to 4.5% in 2019).

In accordance with these assumptions and the analysis of sensivity carried out the recoverable value of Prisa Media, S.L. (Sole proprietorship) is higher than its book price.

Prisa Activos Educativos, S.L. (Sole proprietorship)

In order to determine the value in use of the business of Prisa Activos Educativos, S.L. (Sole proprietorship), the Management has based itself on the estimated value of its main asset: Grupo Santillana Educación Global, S.L. ("Santillana").

In Santillana, for cash flow projections, the Management has considered the revenues developement according to the regular and institutional sale cycle of books in each of the countries in which it operates, for all periods. The Management estimates that expenses will be in line with revenue growth.

The discount rate used for Santillana is from 7% to 8.5% (from 6.5% to 8% in 2019). The growth rate used is from 2.0% to 3.5% (from 2.0% to 4.0% in 2019).

In accordance with these assumptions and the analysis of sensivity carried out the recoverable value of Prisa Activos Educativos, S.L. (Sole proprietorship) is higher than its book price.

Prisa Participadas, S.L.

In addition, the valuation of the investment in Prisa Participadas, S.L. (Sole Proprietorship) is carried out taking into consideration its equity, considered as the best evidence of the recoverable amount. According the impairment test made in 2020, the recoverable amount recoverable value has turned out to be higher than the book value, recording a reversal of impairment loss of EUR 2,125 thousand.

During 2019 an impairment loss has been recorder for the amount of EUR 40,982 thousand, resulting from the unfavourable court ruling against Audiovisual Sport, S.L. (subsidiary of Prisa Participadas) due to the conflict with Mediapro.

Short-term credit with Group companies and associates

This epigraph includes the portion of the loans to companies of the Group and Associates with maturity within one year and interest accrued pending payment, being the sum of EUR 2,340 thousand at December 31, 2020 (EUR 2,334 thousand at December 31, 2019).

In addition, this caption includes the tax account receivable with the Spanish Tax Group companies as a result of the liquidation of the consolidated Corporate tax for the sum of EUR 7,826 thousand at December 31, 2020 (EUR 38,176 thousand at December 31, 2019).

It also includes the balances with Group companies derived from the services provided by the Company to them for the amount of EUR 3,252 thousand at December 31, 2020 (EUR 535 thousand at December 31, 2019).

At last, the epigraph "*Other financial assets*" include an interim dividend out of the 2020 profit approved by Prisa Activos Educativos, S.L. (Sole proprietorship) outstanding for the amount of EUR 9,000 thousand, recovered at December 31, 2020 (EUR 8,500 thousand at December 31, 2019).

7.2. NON-CURRENT ASSETS HELD FOR SALE

At December 31, 2020 and 2019, as a consequence of the operation described in note 1b, under this heading is registered the participation of the Company in Vertix S.G.P.S., S.A., company owner of 94,69% del Grupo Media Capital SGPS, S.A. at December 31, 2019, insofar as the requirements of the Spanish General Accounting Plan were met at the date so that those assets were classified as non -current assets held for sale.

	Thousand euros	
	2020	**2019**
Vertix S.G.P.S., S.A.	507	110,445
Total	**507**	**110,445**

At September 20, 2019, the Board of Directors of Prisa agreed to accept the binding offer submitted by Cofina SPGS, S.A. for the whole stake that Prisa had in Vertix S.G.P.S., S.A. at an enterprise value of EUR 255,000 thousand. Afterwards, the parties executed a share purchase agreement by means of which Prisa would transfer to Cofina SPGS, S.A, its entire stake in Vertix S.G.P.S., S.A., which represented 100% of its share capital and 94.69% of Media Capital.

This agreement meant an accounting loss at the Company for EUR 77,359 thousand in September 2019. As a result, the Company reclassified its share in Vertix SPGS, S.A. from the category of "Equity Instruments" to "*Non-current assets held for sale*".

On December 23, 2019, the Board of Directors of PRISA agreed to enter into an amendment with Cofina SGPS, S.A. in relation to the share purchase agreement dated 20 September. The amendment agreed between the parties established a final price of the transaction (with no possibility of adjustments) of EUR 123,290 thousand, based on Enterprise Value of EUR 205,000 thousand. This amendment reflected the agreement between the parties to give absolute certainty to the execution of the transaction. Based on these data, the Company considered a net cost fair value (agreement's sale price) of EUR 110,445 thousand. For this reason, the Company recorded an additional impairment of EUR 55,190 thousand, representing a total accounting loss in the Company's financial statements of EUR 132,549 thousand at December 31, 2019, which was recorded within "Profit (or loss) for the year from discontinued operations net of tax" from the attached profit and loss account for 2019.

The execution of the sale and purchase was pending to the satisfaction of the condition precedent consisting of inscription with the Portuguese Commercial Registry (Conservatória de Registo Comercial) of the share capital increase approved by Cofina to partially finance the price of the sale and purchase. According to the statements made by Cofina in the Share and Purchase Agreement, Cofina had the necessary commitments to finance the amount required to complete the transaction, on one side from credit institutions and on the other side from Cofina's significant shareholders in the amount required to cover the share capital increase. On March 11, 2020 Cofina voluntarily waived to continue with the share capital increase approved by Cofina's shareholders on 29 January 2020, which implied a breach of the share purchase agreement and its termination.

As a result of the ending of this transaction with Cofina during 2020 the Company has reversed non-materialised sales costs associated with the non-executed for the amount of EUR 2,260 thousand accounted as *"Result after tax from discontinued operations"* in the accompanying income statement.

On April 24, 2020, Prisa's Board Directors and Pluris Investments, S.A. subscribed a Memorandum of Understanding in relation to a potential transaction involving the acquisition by Pluris of shares amounting up to 30.22% of the issued share capital of Vertix S.G.P.S's subsidiary Grupo Media Capital SGPS, S.A ("Media Capital").

On May 14, 2020, Vertix, SGPS, S.A. (subsidiary fully owned by Prisa) sold to Pluris Investments, S.A. (Pluris) the shares amounting to 30.22% of share capital of Grupo Media Capital, SGPS, S.A. (Media Capital) for a price of EUR 10,500 thousand. This transaction meant an accounting loss for EUR 28,768 thousand, accounted as *"Result after tax from discontinued operations"* in the accompanying income statement.

On September 4, 2020, Prisa signed with a plurality of investors independent agreements for the sale of shares of Media Capital, which together represent the entire shareholding (64.47%) held by Prisa trough Vertix in the Portuguese company. On November 3, 2020, the sale of shares for a price of EUR 36,850 thousand was completed. The above have meant an accounting loss for EUR 48,014 thousand, accounted as *"Result after tax from discontinued operations"* in the accompanying income statement.

7.3. FINANCIAL LIABILITIES

Loans and payables

Classes	Thousands of euros									
	Non-current				Current					
	Bank borrowings		Debts, derivatives and other		Bank borrowings		Loans, derivatives and other		Total	
Categories	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**	**12/31/20**	**12/31/19**
Loans and payables: Others	86,006	470,235	-	-	80,103	6,303	21,643	15,245	187,752	491,783
Loans and payables: Group companies and associates	-	-	425,579	167,430	-	-	15,781	100,505	441,360	267,935
Total	**86,006**	**470,235**	**425,579**	**167,430**	**80,103**	**6,303**	**37,424**	**115,750**	**629,112**	**759,718**

Bank borrowings

The Company's bank borrowings as well as the limits and expected maturities are as follows (in thousands of euros):

2020

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Syndicated Loan Tranche 2	mar-2025	64,033	-	64,033
Super Senior Debt	dec-2024	225,000	80,000	36,500
Interest and others	2021	-	103	-
Fair Value/Debt arrangement expenses	mar-2025	-	-	(14,527)
Total		**289,033**	**80,103**	**86,006**

2019

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Syndicated Loan Tranche 2	nov-2022	383,791	5,806	377,985
Syndicated Loan Tranche 3	dec-2022	62,350	-	62,350
Super Senior Debt	2022	116,500	-	36,500
Interest and others	2020	-	497	-
Fair Value of financial instruments	dec-2022	-	-	(6,600)
Total		**562,641**	**6,303**	**470,235**

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

	Thousand euros	
	2020	**2019**
Bank borrowings at beginning of year	**476,538**	**424,437**
Amortization / debt disposition	(308,806)	50,049
Change in accrued interest payable	(394)	(35)
Change in capitalized interest	6,698	-
Fair value in financial instruments	6,190	2,087
Debt arrangement expenses	(14,117)	-
Bank borrowings at the end of year	**166,109**	**476,538**

Bank borrowings are presented sheet at amortized cost in the balance sheet, adjusted for the loan origination and arrangement costs.

To determine the theoretical calculation of the fair value of the financial debt, and in accordance with accounting standards we used the Euribor curve and the discount factor supplied by the bank and the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market (level 2 variables, estimates based on other observable market methods).

Therefore, the fair value of the Syndicated Loan Tranche 2, the Super Senior Debt and the accrued interest payableamounts to EUR 179,169 thousand at December 31, 2020, according to this calculation, as a result of apply a 0.81% average discount over the real principal payment obligation to the creditor entities.

Refinancing-

In October 2020, Prisa has entered into a lock-up agreement which contained a term sheet that set out, among other aspects, the essential terms on which the Group’s syndicated financial debt will be restructured, named Override Agreement (agreement for the refinancing of the Group's debt signed in December 2013, which has been amended on various occasions since then). On December 31, 2020 after the culmination of the sale of Santillana Spain, the Refinancing came into effect, once the execution of agreements reached with all of its creditors were concluded (*see note 1.b*).

Prior to the Refinancing a syndicated debt partial repayment of EUR 388,806 thousand was made, with the funds obtained from the sale of Santillana Spain and Media Capital (*see note 1.b*).

Therefore, as part of the refinancing of its financial debt, the Company agreed to the renewal of its syndicated loan amounting to EUR 64,033 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 64,033 thousand and the maturity of which is extended to March 2025.
- The cost of the syndicated debt is referenced to the Euribor plus a negotiated margin.
- Adaptation of the financial conditions of the debt to the Group’s new position in terms of generating cash. The agreed Refinancing allows Prisa to incur further senior-ranking debt to strengthen its liquidity position in the future, and to complete certain actions of business reorganisation.
- Update of the package of debt guarantees.
- Finally, the basic terms include a relaxation of certain financial covenants and Prisa Group’s commitment to achieving a leverage cap in September 2023 (4.25x Net Debt/EBITDA). The average cost of debt is 7.1% including the Super Senior debt.

The refinancing agreement of 2018 involved a restructuring of the debt, which included a new borrower, Prisa Activos Educativos, S.L.U., which assumed nominal debt of Prisa for an amount of EUR 685,000 thousand, 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. As part of the refinancing of its financial debt at December 31, 2020, Prisa Activos Educativos, S.L.U. agreed to the novation of its syndicated loan in the amount of EUR 688,863 thousand.

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

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

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

Other aspects of debt-

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

Personal guarantees

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

Guarantees

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

Part of Prisa's investment in Prisa Radio, S.A. (80% share capital) and the 100% of the investments (100% share capital) in Prisa Activos Educativos, S.L.U., Prisa Media, S.L.U., Prisa Noticias, S.LU. and Prisa Gestión Financiera, S.L.U. was also pledged, thereby insuring syndicated debt.

Super senior Debt -

In Addition to the syndicated loan metioned above, on June 29, 2018, the Company established a Super Senior debt agreement ("*Super Senior Term & Revolving Facilities Agreement*") for a maximum amount of EUR 86,500 thousand.

Of this sum, EUR 36,500 thousand corresponded to the Super Senior Term Loan Facility, which was drawn down during FY 2019 to finance the purchase by Prisa Radio, S.A., a Group company, of the 3i shares in treasury stock. To carry out this operation, the Company granted a credit for the entire balance paid to the Company of the Grupo Prisa Gestión Financiera, S.L. (Sole proprietorship), which manages its cash pool. Meanwhile Prisa Gestión Financiera, S.L. (Sole proprietorship) granted a credit to Prisa Radio, S.A. for the same amount. At December 31, 2019 Prisa Gestión Financiera, S.L. (Sole proprietorship) cancelled said credit with the Company.

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

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

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

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

Other aspects of the Refinancing

The Company has conducted an analysis of the conditions agreed upon in relation to the Refinancing of its bank debt, concluding that they did not constitute a substantial modification of the previous conditions, both from a quantitative and qualitative point of view. Therefore, and in accordance with Accounting and Valuation Standard No. 9 of the "Financial Instruments", the Company has maintained the carrying value of the debt subject to the Refinancing, recording the amount of the commissions paid as an adjustment to its carrying value. The amortized cost of the financial liability will be determined by applying the effective interest rate, which will be that which equals the carrying value of the financial liability on the modification date with the cash flows payable under the new conditions The difference between the nominal value of the debt and its carrying value, together with the arrangement costs incurred in carrying out the Refinancing, is presented under the *"Present value/ Loan arrangement costs"* heading by adjusting the *"Non-current bank borrowings"* heading in the accompanying consolidated balance sheet, and which are recognised in the consolidated income statement for the duration of the loan using the effective interest method.

Payable to Group companies and associates

The detail of "*Payable to Group companies and associates*", is as follows (in thousands of euros):

2020

	Non-current	**Current**
Investment tax credits	1,311	-
Other payables	424,268	7,082
Cash pooling	-	8,699
Total	**425,579**	**15,781**

2019

	Non-current	**Current**
Investment tax credits	9,986	-
Other payables	157,444	7,464
Cash pooling	-	93,041
Total	**167,430**	**100,505**

Other non-current payables-

Corresponds to the participating loan granted by its subsidiary Prisa Participadas, S.L. (Sole proprietorship) for EUR 62,492 thousand at December 31, 2020 and 2019 with maturity date January 1, 2023. In addition, at December 31, 2020 and 2019 includes the loan granted by this same company for the amount of EUR 94,952 thousand (with maturity date January 1, 2023.

As a result of the sale of Santillana España, the Grupo Prisa Activos Educativos, S.L. company (Sole proprietorship) has granted a loan dated December 31st, 2020 for an amount of EUR 266,824 thousand with maturity in April 2025. The Company has used this amount to repay the bank debt that arose in December 2020 (*see note 7.3*).

Other current payables-

At December 31, 2020 this heading includes, on the one hand, the tax account payable to the Spanish Tax Group companies for the liquidation of the consolidated Corporate tax for EUR 6,548 thousand (EUR 6,808 thousand at December 31, 2019).

This heading also included at December 31, 2020 EUR 8,699 thousand of balances and interest payable to Prisa Gestión Financiera, S.L. (Sole proprietorship), centralizing company of the Group's cash pooling balances, arising from cash pooling (EUR 93,041 thousand at December 31, 2019) and interest pending payment related to the loans mentioned in the previous section for an amount of EUR 229 thousand (EUR 168 thousand a December 31, 2019). This amount has decreased in 2020 mainly as a consequence of the drawn down of the Super Senior debt for the amount of EUR 80,000 thousand *(see paragraph "Refinancing").*

It also includes the balances with Group companies derived from the services received by the Company from them for the amount of EUR 305 thousand at December 31, 2020 (EUR 488 thousand at December 31, 2019).

Investment tax deductions-

This heading includes Promotora de Informaciones, S.A.'s obligation to its subsidiaries arising from investment tax credits earned by Group companies in prior years that were not used in the consolidated group's income tax settlement.

After analysis of the recovery of tax credits, in accordance with the criteria established by the accounting standards referred to in note 9, most of these obligations have been canceled in 2020.

Past-due payments to creditors-

The information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, in relation to the average period of payment to suppliers in commercial operations, is as follows.

	2020	**2019**
	Days	***Days***
Average payment period to suppliers	43	83
Ratio paid operations	43	85
Ratio of outstanding payment transactions	72	49
	Amount (thousands of euros)	
Total payments	27,559	22,099
Total outstanding payments	278	1,364

According to the ICAC Resolution, the calculation of the average period of payment to suppliers has considered the commercial operations corresponding to the delivery of goods or services rendered from the date of entry into force of Law 31/2014, of 3 December.

For the sole purposes of providing the information set forth in this Resolution, providers shall mean business creditors for debts with providers of goods or services included in headings "*Payable to suppliers*", "*Payable to suppliers, Group companies and associated*" and "*Sundry accounts payable*" of the current liabilities of the balance sheet.

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

The maximum legal period of payment applicable in 2019 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers.

7.4- NATURE AND RISK OF THE FINANCIAL INSTRUMENTS

Liquidity and Credit Risk-

The adverse macroeconomic situation, with very significant drops in advertising and circulation with the health situation created by COVID-19, has had a negative impact on the ability of the Company's cash generation through its subsidiaries in this year. The advertising-dependent businesses have a high percentage of fixed costs and drop in advertising revenue significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Company.

The Company thoroughly analyzes receivables and payments of its activities and maturity of financial and commercial debt. In relation with the commercial credit risk, the Company evaluates the aging of the debt and constantly manages receivables.

Additionally, the Company analyzes on a recurrent basis other financing sources to cover short- and medium-term liquidity needs. However, at December 31, 2020, the Company still maintains a net bank debt level of EUR 170,227 thousand. This debt indicator includes non-current and current bank borrowings, al nominal value, diminished by current financial assets, cash and cash equivalents.

The table below details the liquidity analysis of the Company in 2020 in relation to its bank borrowings. The table was prepared using the cash outflows not discounted with respect to their scheduled maturity dates. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2020.

Maturity	Thousand of euros	Floating euro rates
Within 3 months	81,710	0,00%
From 3 months to 12 months	4,951	0,00%
From 1 to 3 years	19,528	0,00%
From 3 to 5 years	114,515	0,00%
After 5 years	-	0,00%
Total	**220,704**	

Interest rates risk exposure-

The 100% of its bank borrowings terms are at variable interest rates, and therefore the Company is exposed to fluctuations in interest rates. Currently the Company has no interest rate hedges arrangements.

Fluctuations in foreign exchange rates-

The Company is exposed to fluctuations in the exchange rates mainly in the financial investments in Latin American subsidiaries, and for the revenues and results from those investments.

7.5.- CASH AND CASH EQUIVALENTS

The balance of the heading *"Cash and cash equivalents"* in the accompanying balance sheet at December 31, 2020 amounts to EUR 10,409 thousand and it includes EUR 10,000 thousand received under the "escrow agreement" related to the Vertix purchase agreement with Cofina in 2019. This amount has been under dispute with Cofina since the breach of the aforementioned sale agreement by Cofina in April 2020, so the company will not have access to this sum until the dispute is resolved, and therefore has registered under the heading "other financial liabilities" a liability for the same amount (EUR 10,409 thousand in 2019).

8- EQUITY

The detail of the transactions recognized under "*Equity*" in 2020 and 2019 is summarized in the attached statement of changes in 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.

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

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

The aforementioned indirect shareholding is held as follows:

Indirect Shareholder's Name	**Direct Shareholder's Name**	**Number of Direct Voting Rights**	**Total % of Voting Rights**
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	101,987,187	14.39%
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	22,319,173	3.15%
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, S.A.R.L	87,168,483	12.30%
HSBC HOLDINGS PLC	HSBC BANK PLC	64,263,202	9.07%
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	90,456	0.01%
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	125,949	0.02%
RUCANDIO, S.A.	AHERLOW INVERSIONES, S.L.	53,721,923	7.58%
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	35,570,206	5.02%

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

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

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

(3) As of January 2021, HSBC Holding PLC is no longer a significant shareholder of PRISA.

HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holding Plc.

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

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

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

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

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

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

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

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

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

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

Lastly, it is noted that in January 2021, the French group Vivendi, with investments in the telecommunications and entertainment industries, has acquired 9,9% of PRISA.

Share premium

The Recast Text of the Capital Companies Act expressly allows use of issue premium to increase capital against reserves. It establishes no specific restriction whatever regarding the availability of the balance of this reserve.

At December 31, 2019, the issue premium reserve amounted to EUR 254,180 thousand and it was totally unrestricted.

The General Meeting held on June 29, 2020, resolved to apply the entirety of the aforesaid issue premium reserve to partially offset the "*Results from previous years*" of the Company, so that as of December 31, 2020, does not exist issue premium reserve.

Reserves

Legal reserve-

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

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

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

During 2020 the legal reserve has decrease for the amount of EUR 18,070 thousand to partially offset the "*Results from previous years*".

In addition, as a result of the mentioned share capital, the legal reserve has been increased for the amount of EUR 7,087 thousand, according to the new share capital.

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

Reserve for treasury shares-

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

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

Voluntary reserves-

In the financial year 2020 the changes in this account were mainly as follows:

- Decrease of EUR 197,721 thousand due to partially offset the "*Results from previous years*".

- Increase of EUR 78 thousand due to operations carried out in the year with treasury shares (*see section "Treasury shares").*

- In addition, in 2020 the Company recognised other reserves related to the Medium-Term Incentive Plan (*see note 13*) expense provision for the year amounting to EUR 402 thousand.

- Other transactions for the amount of EUR 68 thousand.

The balance at December 31, 2020 of this item amounts to a positive amount of EUR 548 thousand (EUR 197,721 thousand at December 31, 2019).

Other reserves-

The Company had a "Merger Reserve" for a negative amount of EUR 85,639 thousand at December 31, 2019 and 2018 arising as a result of the merger by absorption in 2013 between the Company and Prisa TV, S.A.U.. During 2020 this reserve has been offset against the share capital reduction.

The "*Result from previous years*" have decrease during 2020 as a result of the mentioned offset against the share capital and reserves reduction mentioned. Therefore, at December 31, 2020 there isn´t amount for this reserve (EUR 495,537 thousand negative at December 31, 2019).

Also, as a consecuence of the share capital reduction, a new reserve has been set up which will only be available under the same requirements as those for the share capital reduction, for the amount of EUR 267,418 thousand.

Treasury shares

The changes in *"Treasury shares"* in 2019 and 2018 were as follows:

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

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

Treasury shares are valued at market price at December 31, 2020, EUR 0.893 per share. Their total cost is EUR 1,530 thousand.

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

In July 2019 the Company entered into a liquidity contract with a duration of one year for the purpose of favoring the liquidity and regularity of the Company's shares quotation within the limits established by the Company's Shareholders General Meeting and the applicable regulation, in particular, Circular 1/2017. In July 2020, through an Addendum to the original contract, the parties agree to extend the term of the agreement for one more year, until July 2021. Within the framework of this contract the Company has executed purchases for the amount of 1,870,565 shares and sales for the amount of 1,933,175 shares in 2020, and therefore net sales during 2020 have been 62,610 shares and EUR 20 thousand.

Capital management policy

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

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

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

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

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

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

On October 19, 2020, Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), signed an agreement with the Sanoma Corporation, a European learning and Finnish media company, for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12 segments. On December 31, 2020, the transaction was close *(see note 1.b).*

In October 2020, Prisa signed a lock-up agreement (the "Lock-up Agreement") which contained a term sheet that sets out, among other aspects, the essential terms on which the Group's syndicated financial debt restructured. On December 31, 2020 the refinancing agreement came into effect, once the agreements reached with all of its creditors were concluded, among which were included, the culmination of the sale of Santillana Spain describe above. Prior to the Refinancing a debt partial repayment of EUR 388,806 thousand was made, with the funds obtained from the sale of Santillana Spain and Media Capital (*see note 7.3*).

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

9. TAX MATTERS

As indicated under "Accounting Policies," the Company files consolidated income tax returns in Spain, in accordance with the Spanish Corporation Tax Law, and is the Parent of consolidated tax group 2/91. The companies included in the consolidated tax group are detailed in Appendixes I and II.

As the parent of the aforementioned consolidated tax group, Promotora de Informaciones, S.A. recognises the Group's overall position vis-à-vis the tax authorities resulting from application of the consolidated tax regime, in accordance with the following table:

	Thousands of Euros	
	2020	**2019**
Sum of individual tax bases	**(73,789)**	**(21,565)**
Offset of tax losses arising prior to inclusion in the Group	-	-
Offset of Group tax losses	-	-
Consolidated taxable profit	**(73,789)**	**(21,565)**
Consolidated gross tax payable	**-**	
Double taxation tax credits generated	-	-
Investment tax credits	-	-
Donations tax credits	-	-
Net tax payable		
Withholdings from tax group	**(8)**	**(11)**
Advance payments	-	
Income tax refundable	**(8)**	**(11)**

Reconciliation of the accounting profit (loss) to the taxable profit (tax loss)

The reconciliation of the income and expenses for the year to the taxable profit (tax profit/loss) used to calculate the income tax expense for 2020 and 2019 is as follows (in thousands of Euros):

	2020			2019		
	Income statement	**Items recognised in Equity with tax impact**	**Total**	**Income statement**	**Items recognised in Equity with tax impact**	**Total**
Balance of income and expenses for the year from continue activities	**(49,144)**	**-**	**(49,144)**	**(209,557)**	**-**	**(209,557)**
Income tax *	(283)	-	**(283)**	(11,599)	-	**(11,599)**
Adjustment of prior years' income tax *	646	-	**646**	(487)	-	**(487)**
Derecognition of tax credits *	36,735	-	**36,735**	20,291	-	**20,291**
Individual permanent differences *	(24,239)	-	**(24,239)**	154,958	-	**154,958**
Individual temporary differences *	(186)	**-**	**(186)**	(186)	**-**	**(186)**
Taxable profit	**(36,471)**	**-**	**(36,471)**	**(46,580)**	**-**	**(46,580)**

*This amount is a component of the recognised income tax

The permanent differences correspond mainly to: (i) the different accounting and tax treatment of investment valuation provisions and risks and expenses, and others concepts, and generate an increase of EUR 76,321 thousand, (ii) a negative adjustment of the exemption of dividends, for EUR 109,383 thousand, to which article 21 of the Spanish Corporation Tax Law applies, (iii) a negative adjustment of the tax merger difference corresponding to 2020 for EUR 19,294 thousand, arising from the merger operation of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (merger by takeover described in Note 17 of the Financial Statement corresponding to 2013), applying the requirements of Article 89.3 of the Tax Law in force at that time to give it tax effect, (iv) a positive adjustment for the contributions made to non-profit organizations for EUR 63 thousand, which generated an expense not deductible from the taxable profit, (v) a negative adjustment for the recovery of expenses that were not deductible in previous years for the amount of EUR 4,138 thousand (vi) a positive adjustment for the limitation of the deductibility of financial expenses outlined in article 16 of the aforementioned Income Tax Law, which amounts to EUR 32,082 thousand and (vii) a positive adjustment for the minimum integration into five years of the reversion of impairment losses on the representative values of the holding in the capital of entities that would have been fiscally deductible, established by Royal Decree-Law 3/2016, of December 2, amounting to EUR 150 thousand.

The temporary differences come from the recovery by tenths of the amount subject to the limitation of the deductibility of the amortisation expense provided for in article 7 of Law 16/2012, of December 27, by which various directed tax measures are adopted to the consolidation of public finances and the boost to economic activity amounting to EUR 186 thousand.

The regularization of the Corporate Income Tax from previous years mainly reflects adjustments of tax concepts from previous years for the negative amount of EUR 1,165 thousand, the effect of the presentation of the final IS settlement corresponding to the year 2019 for the positive amount of EUR 519 thousand and the derecognition of the tax credits referred to below, for an amount of EUR 36,735 thousand.

Reconciliation of the accounting profit (loss) to the income tax expense

The reconciliation of the accounting profit (loss) to the income tax expense is as follows (in thousands of Euros):

	2020			2019		
	Income Statement	Items recognised in Equity with tax impact	Total	Income Statement	Items recognised in Equity with tax impact	Total
Accounting profit (loss) before tax (*)	**(12,046)**	**-**	**(12,046)**	**(201,352)**	**-**	**(201,352)**
Rate of 25%	(3,011)	-	**(3,011)**	(50,338)	-	**(50,338)**
Individual permanent differences on consolidation	(6,060)	-	**(6,060)**	38,739	-	**38,739**
Impact of temporary differences	(47)	-	(47)	(47)	-	(47)
Current Income tax	**(9,118)**	**-**	**(9,118)**	**(11,646)**	**-**	**(11,646)**
Deferred income tax	**47**	**-**	**47**	**47**	**-**	**47**
Adjustment of prior years income tax	**646**	**-**	**646**	**(487)**	**-**	**(487)**
Adjustment no generation of DTA by NOLs	**8,788**		**8,788**	**-**		**-**
Loss of tax credits	**36,735**	**-**	**36,735**	**20,291**	**-**	**20,291**
Withholdings	**-**	-	**-**	**-**	-	**-**
Total income tax	**37,098**	**-**	**37,098**	**8,205**	**-**	**8,205**

* Including "*Result from discontinued operations, net of tax*"

Tax receivables and tax payables

The detail of the balances with Tax Receivables at December 31, 2020 is as follows (in thousands of Euros):

	Current	Non-current	Current	Non-current
Income tax refundable/payable	715	-	-	-
Deferred tax assets arising from unused tax credits	-	-	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	-	-	-
Deferred tax assets arising from temporary differences	-	1,467	-	-
VAT, personal income tax withholdings, social security taxes and other	1,294	-	367	-
Total	**2,009**	**1,467**	**367**	**-**

The detail of the balances with Tax Authorities at December 31, 2019 was as follows (in thousands of Euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable/payable	782	-	-	-
Deferred tax assets arising from unused tax credits	-	15,136	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	4,852	-	-
Deferred tax assets arising from temporary differences	-	30,385	-	-
VAT, personal income tax withholdings, social security taxes and other	75	-	295	-
Total	**857**	**50,373**	**295**	**-**

Deferred tax assets and liabilities

Deferred tax assets-

The pending long-term credit vis-à-vis the Tax Authorities for an amount of EUR 1,467 thousand at December 31, 2020, recorded under "*Deferred tax assets*" corresponds mainly with the projected effect of the regularisation of the Inspection carried out by the tax authorities from 2012 to 2015.

The detail of the Tax Group's taxable losses is as follows:

Year of generation	**NON-ACTIVATED**
	Amount (thousand of euros)
2011	137,277
2012	201,648
2013	41,858
2014	36,789
2015	629,961
2017	153,504
2018	45,171
2019	30,906
2020	73,789
TOTAL	**1,350,903**

The Tax Group´s taxable losses are not subject to an expiry period for compensation.

The detail of the maturity of the Tax Group's tax deductions, is as follows:

Year of statute of limitation	NON-ACTIVATED
	Amount (thousand of euros)
2021	-
2022	2,213
2023	5,315
2024	7,157
2025	31,719
2026	12,056
2027	4,378
2028	9,398
2029	12,335
2030	5,772
2031	2,386
2032	822
2033	672
2034	653
2035	960
Sin Límite	51,824
TOTAL	**147,660**

Once the analysis of the recovery of tax credits has been carried out, in accordance with the criteria established by accounting standards, tax credits corresponding to the following were written off in the balance sheet at December 31, 2020: (i) deductions for investments for a total amount of EUR 15,136 thousand; (ii) tax credits derived from the non-deductibility of the net financial expense for the amount of EUR 28,664 thousand; and (iii) credits for negative tax bases for the amount of EUR 4,852 thousand, generating a higher tax expense for the amount of EUR 36,735 thousand, and adjusting the positions with the other companies of the Tax Group.

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 1.b and 7.3*).

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

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

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

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

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

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

Years open to examination by the tax authorities

In 2013 the tax consolidation audits 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 the Company. However, the Company was not in agreement with the criteria maintained by the audit in the regularisation proposed by it, and the relevant claims and appeals have been filed, and on the date of formulation of these statements, they are pending resolution before the Supreme Court. No additional equity impact will be derived from these actions.

With regard to the Value Added Tax for the period from June 2007 to December 2008, the audits were finalized in 2013 with the opening of two Notices, one for EUR 539 thousand, and the other for EUR 4,430 thousand, both of which have been the subject of economic-administrative appeals before the TEAC. A resolution partially upheld by the TEAC was received against the one filed in the corresponding contentious- administrative appeal. As at the date of authorized for issue of these financial statements, a dismissal has been received from the National Court of Spain, against which an appeal for judicial review will be lodged. The tax debt arising from these Notices was paid. 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 in 2016, with the signing of a Notice of agreement for the amount of EUR 512 thousand, which was paid and recorded in 2016; and another Notice of disagreement for the amount of EUR 7,785 thousand, which, although it has been appealed, was also paid and recorded with a charge to the profit and loss account. The company filed an economic-administrative appeal which was partially upheld by the TEAC. As at the date these financial statements are authorised for issue, the Resolution has been executed for the part that the TEAC has upheld for the company notifying a refund of EUR 8,068 thousand, corresponding to EUR 1,165 thousand in late payment interest and EUR 6,903 thousand for the part of the settlement agreement that has been annulled by the TEAC. The proceedings for the part dismissed by the TEAC are pending before the National Court of Spain. No additional equity impact will be derived from the actuations that are pending of the National Court.

Also, the audit procedure for income tax withholdings for the period between May 2010 and December 2012 ended in that year with Promotora de Informaciones, S.A. signing a notice of disagreement for EUR 196 thousand. In 2020, the ruling upholding the decision from the appeal related to this Notice was received, as well as the sanctioning proceedings arising from the aforementioned inspections.

Similarly, the inspections referred to the consolidated tax Group fiscal 2/91, of which Promotora de Informaciones, S.A. is the parent company, for income tax for the years 2009 to 2011, of which Promotora de Informaciones, S.A. is the parent company were completed in 2016, resulting, in the signing of an Act of Non-Compliance with no result to be entered, and its effect recorded in the accounts. The Company filed the corresponding economic-administrative appeal with the TEAC, and then, a contentious-administrative appeal with the National Court, which is currently pending resolution. No additional equity impact will be derived from any of these actions.

During 2019 the audits related to Corporate Tax for 2012 to 2015 were finalised, from which no amounts payable were derived, and whose main effect entailed a redistribution of tax credits from one category to another. Promotora de Informaciones, S.A., as the parent entity of the tax consolidation Group 2/91, not being in agreement with the regularisation practiced by the Tax Inspection, presented the corresponding economic/administrative claim before TEAC. As at the date these explanatory notes were prepared, the Company 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.

During 2020, the audit procedure regarding the Value Added Tax for the period from 2016 to 2018 of VAT Group 105/08, of which Promotora de Informaciones, S.A. is the parent company, has been initiated. Similarly, notice has been given that audits will commence relating to withholdings by residents and non-residents.

The Company, subject to the provisions of these paragraphs, has all state taxes open to examination for the last four years. Additionally, the Company has the last four years open to examination for all non-state taxes. It is not expected that there will be accrued liabilities of consideration to the Company in addition to those already registered, as a result of these procedures or of a future and possible inspection.

Transactions under the special regime

The disclosures required by Article 86 of the Spanish Corporation Tax Law relating to corporate restructuring transactions under the special regime of Chapter VII of Title VII of the aforementioned legislation, made in previous years, are included in the notes to the financial statements of the years in which these transactions took place.

10.- INCOME AND EXPENSE

Employees

The detail of "*Employee benefits costs*" in the income statements for 2020 and 2019 is as follows (thousands of euros):

	2020	2019
Employer social security costs	996	581
Other employee benefit costs	110	76
Total	**1.106**	**657**

As a consequence of the effects of COVID-19, on May 29th, 2020, a temporary layoff plan was formalized starting on June 1st, 2020, which affected 79% of the Company's workforce in Spain and was in force until December 31st, 2020.

The average number of employees in 2020 and 2019 was 73 and 40, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2020		2019	
	Men	**Women**	**Men**	**Women**
Executives	8	6	5	5
Middle management	7	9	3	5
Qualified line personnel	13	21	5	12
Other	2	7	-	5
Total	**30**	**43**	**13**	**27**

The calculation of the average workforce for the year 2020 has taken into account a temporary layoff plan, which has resulted in a reduction of 11% of the working hours of 79% of the Company's workforce in Spain for the period from June 1st to December 31st, 2020.

The number of employees at December 31, 2020 was 85 and at December 31, 2019 was 43 all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	12/31/20		12/31/19	
	Men	**Women**	**Men**	**Women**
Executives	9	7	6	5
Middle management	7	8	3	6
Qualified line personnel	17	25	6	12
Other	3	9	-	5
Total	**36**	**49**	**15**	**28**

In 2020 there is an employee with disabilities equal or greater than 33%. In 2019 there were no people employed with disabilities equal or greater than 33%.

External services

The detail of *"External services"* in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Leases and fees	1,078	1,001
Repairs and maintenance	483	148
Independent professional services	4,360	7,272
Other external services	2,012	1,815
Total	**7,933**	**10,236**

The "*Other external services*" includes in 2020 an expense of EUR 282 thousand corresponding to the liability insurance of Managers and Directors (EUR 240 thousand at December 31, 2019).

Operating leases

Different assets used by the Company are under operating lease arrangements, the most significant until April 2020 corresponding to the building of Avenida de los Artesanos, 6 (Tres Cantos). As of May 2020, the Company's activity has been relocated primarily to Miguel Yuste, 40 (Madrid). Diario El País, S.L., a subsidiary of the Company, has signed the operating lease contract for this property, partially passing on the expense to the Company. As such, the Company has no future commitments for this concept.

The expense recognized by the Company in the income statement for the year 2020 and corresponding to this operating lease amounts to EUR 637 thousand. (EUR 555 thousand for the year 2019).

Fees paid to auditors

The fees for financial audit services relating to the 2020 financial statements of Prisa provided by Ernst & Young, S.L., amounted to EUR 251 thousand (EUR 297 thousand at December 31, 2019 provided by previous auditor, Deloitte, S.L.).

Fees for other professional services provided to the Company by the principal auditor and by other entities related to the auditor are as follows:

	Amount (thousands of euros)	
	2020	**2019**
Other verification services	161	649
Other professional services	**161**	**649**

11.- NET FINANCIAL RESULT

The detail of *"Financial loss"* in the income statements is as follows:

	Thousands of Euros	
	2020	**2019**
Income from temporary financial investments	-	7
Income from loans	6	69
Other financial income	45	5
Financial income	**51**	**81**
Interest on debts with Group companies	(3,149)	(4,716)
Interest on debts with third parties	(27,795)	(21,203)
Other financial expenses	(3)	(3,556)
Financial expenses	**(30,947)**	**(29,475)**
Change in fair value of financial instruments	**(6,190)**	**(2,087)**
Positive exchange differences	3	39
Negative exchange differences	(13)	(51)
Net exchange differences	**(10)**	**(12)**
Impairment and losses of financial instruments	**(260)**	**(43,284)**
Financial outcome	**(37,356)**	**(74,777)**

The loss recorded under "*Change in fair value of financial instruments*" corresponds to the financial expense accrued in 2020 and 2019 associated with the difference between the initial amount of the debt and the amount at expiration, using the effective interest method (*see note 7.3*).

12.- PROVISIONS AND CONTINGENCIES

The changes in "*Provisions and contingencies*" in 2020 are as follows (in thousands of euros):

	Balance at 12/31/2019	**Additions**	**Transfers**	**Balance at 12/31/2020**
Provision for litigation in progress	300	-	-	300
Provisions for third-party liability	3,716	2,374	(1,594)	4,496
Total cost	**4,016**	**2,374**	**(1,594)**	**4,796**

The main changes under the heading "*Provisions for third-party liability*" correspond basically to the increases in the provisions established to cover the negative equity that at Decemer 31, 2020, presents the companies Prisa Gestión Financiera, S.L. (Sole proprietorship) (EUR 2,362 thousand) and Promotora de Actividades América 2010, S.L (Company in liquidation) (EUR 12 thousand) which have been recognized with a charge to the heading "*Impairment of financial assets*" in the accompanying income statement. The transfers under the heading "*Provisions for third-party liability*" correspond basically to amounts that have been transferred at a lower value for the stake due to the contribution made to re-establish the balance of Prisa Gestión Financiera, S.L. (Sole proprietorship) *(see note 7.1)*, under the heading transfers.

The changes in "*Provisions and contingencies*" in 2019 were as follows (in thousands of euros):

	Balance at 12/31/2018	**Additions**	**Transfers**	**Balance at 12/31/2019**
Provision for litigation in progress	-	300	-	300
Provisions for third-party liability	2,258	1,934	(476)	3,716
Total cost	**2,258**	**2,234**	**(476)**	**4,016**

The main changes under the heading "*Provisions for third-party liability*" corresponded basically to the increases in the provisions established to cover the negative equity that at December 31, 2019, presented the companies Prisa Gestión Financiera, S.L. (Sole proprietorship) (EUR 1,533 thousand) and Promotora de Actividades América 2010, S.L (Company in liquidation) (EUR 401 thousand) which were recognized with a charge to the heading "*Impairment of financial assets*" in the accompanying income statement. The transfers under the heading "*Provisions for third-party liability*" corresponded basically to amounts that were transferred at a lower value for the stake due to the contribution made to re-establish the balance of Prisa Gestión Financiera, S.L. (Sole proprietorship) *(see note 7.1)*, under the heading transfers.

13.- SHARE-BASED PAYMENTS

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

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

- The fair value of the "theoretical shares" linked to the performance of the stock exchange value of Prisa shares was determined using a known statistical model in accounting practices on the date of measurement, which supposed a unit value of EUR 1.03246 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, is 5,600,000.
- The fair value of the "theoretical shares" linked to the achievement of certain quantitative targets was determined by the market price of the share on the date of measurement (considering the dividends expected during the Plan period), which supposed a unit value of EUR 1.616 per theoretical share. In this case, the total number

of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, is 5,600,000.

The expense corresponding to 2020 is EUR 174 thousand and is recorded in the personnel expenses item (EUR 161 thousand) and outside services item (EUR 13 thousand) of the income statement, with no effect on the net equity of the Company, as it is a transaction settled with equity instruments, which implies an increase in net equity for the same amount. The expense corresponding to 2019 was EUR 1,815 thousand.

14.- GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2020, Prisa had furnished bank guarantees amounting to EUR 863 thousand (EUR 339 thousand at December 31, 2019).

In the opinion of the Company's Directors, the possible effect on the accompanying income statements of the guarantees provided would not be significant.

15.- RELATED PARTY TRANSACTIONS

The transactions performed with Group companies, associates and related parties in 2020 and 2019 are as follows in thousands of euros:

	12/31/2020		12/31/2019	
	Group companies or entities	Significant shareholders	Group companies or entities	Significant shareholders
Receivables	3,252	35	535	378
Financial credits	19,166	-	49,010	-
Total receivable accounts	**22,418**	**35**	**49,545**	**378**
Trade payables	305	208	488	2,185
Financial loans	441,055	16,184	267,447	146,662
Total payable accounts	**441,360**	**16,392**	**267,935**	**148,847**

The aggregate amount of EUR 16,392 thousand at December 31, 2020 (EUR 148,847 at December 31, 2019) mainly includes the loans granted to the companies of the Company for:

- Banco Santander, S.A. for the amount of EUR 702 thousand at December 31, 2020 (EUR 4,367 thousand at December 31, 2019).

- HSBC Holding, PLC for the amount of EUR 15,482 thousand at December 31, 2020 (EUR 142,295 thousand at December 31, 2019).

The transactions performed with Group companies, associates and related parties in 2020 and 2019 are as follows in thousands of euros:

	2020			2019		
	Directors and executives	Other Group companies	Significant shareholders	Directors and executives	Other Group companies	Significant shareholders
Services received	-	3,149	7,487	-	4,716	5,819
Finance expenses	-	606	833	-	2,075	1,178
Other expenses	5,134	-	-	5,964	-	-
Total expenses	**5,134**	**3,755**	**8,320**	**5,964**	**6,791**	**6,997**
Finance income	-	6	-	-	69	-
Dividends received	-	109,383	-	-	15,820	-
Other income	-	6,616	48	-	6,500	733
Total revenues	**-**	**116,005**	**48**	**-**	**22,389**	**733**

All related party transactions have taken place under market conditions.

The amount of EUR 5,134 thousand relates to the accrued salaries of Directors for the amount of EUR 2,554 thousand *(see Note 16)* and executives for the amount of EUR 2,580 thousand.

Remuneration of Senior Management:

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, managers who regularly attend meetings of the Committee, and the Internal Audit Manager of Prisa ("Senior Management").

The total aggregate compensation in 2020, in Promotora de Informaciones, S.A., amounts to EUR 2,580 thousand (EUR 2,736 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 Delkader, Mr. Jorge Rivera, Ms. Marta Bretos, and Ms. Virginia Fernández.

ii) COVID-19 crisis: As it was already announced through the inside information communication that PRISA sent to the CNMV on March 31, 2020 (registration no. 132), in the context of the COVID-19 crisis and in order to mitigate the negative impact of the current situation which has an special effect on the main sources of income generation of all kind of media, the Board of Directors resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, including a reduction of around 35% in the annual remuneration of the Senior Management from April to December 2020, both months inclusive. Likewise, the CEO and members of PRISA's Senior Management have voluntarily 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 renounced to receive, in relation to the financial year 2020, the part of the annual variable remuneration that refers to quantitative objectives. Additionally, in January 2021, Mr. Xavier Pujol, General Secretary and Secretary of the Board, also renounced to receive the part of the annual variable remuneration corresponding to qualitative objectives.

- Regularization of 2019 bonus paid in 2020.

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

  In 2020, a expense of EUR 97 thousand was recorded for the "Incentive Plan 2018-2020", in relation to the Managers. It should be noted the fact that, in 2020, the provision for previous years has been reversed, when evaluating the degree of achievement of the Plan's quantitative objectives, which have been adversely impacted by the COVID-19 crisis. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the 2020 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

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

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

In 2020 an expense of EUR 975 thousand was recorded for this concept in relation to members of senior management, in Promotora de Informaciones, S.A. 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.

<u>Regarding fiscal year 2019:</u>

i) As of December 31, 2019, members of Senior management were the following: Mr Xavier Pujol, Mr Guillermo de Juanes, Mr Jorge Bujía, Mr Augusto Delkader, Mr Jorge Rivera, Ms Marta Bretos, and Ms Virginia Fernández.

The remuneration of Mr Jorge Bujía is that from his appointment as Director of Risk Control and Management Control, in June 2019.

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

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

- Regularization of 2018 bonus paid in April 2019.

- In 2019, an accounting expense of EUR 852 thousand was recorded for "Incentive Plan 2018-2020", in relation to the senior management.

Transactions between Group companies, associates and related parties-

Income from services rendered corresponds basically to central corporate services.

The detail, by company, of the dividend income paid by Group companies in 2020 and 2019 is as follows in thousands of euros:

	2020	2019
Mediaset España Comunicación, S.A.	-	33
Total Related	**109,383**	**15,820**
Prisa Activos Educativos, S.L.	109,368	8,500
Prisa Media, S.L.	-	7,300
Canal Club, S.A.	15	20
Total	**109,383**	**15,853**

Operations between Group companies, associates and related parties-

During 2020, as part of the sale of Santillana in Spain and in order to repay part of the aforementioned debt mentioned in note 7.3 a loan has been set up by the company Prisa Activos Educativos, S.L. (Sociedad Unipersonal) for the amount of EUR 266,824 thousand.

During 2019 the loan granted by the company Prisa Participadas, S.L. in 2018 (Sole proprietorship) was partially cancelled for the amount of EUR 20,048 thousand.

Transactions between with significant shareholders -

The aggregate amount of EUR 8,320 thousand during 2020 (EUR 6,997 thousand during 2019) mainly consists of interest accruing at nominal interest rate on credits granted by major shareholders to Prisa, expenditure on telephony and Internet by Prisa with Telefónica, S.A. and expenditure on lease with Telefónica Audiovisual Digital, S.L. until April 2020.

Transactions with significant shareholders –

The detail of other transactions performed with related parties is as follows in thousands of euros:

2020

	12/31/2020
	Significant shareholders
Finance agreement: loans received (*see note 7,3*)	16,184

This amount corresponds to Loans granted by HSBC Holding, PLC (EUR 15,482 thousand) and Banco Santander, S.A. (EUR 702 thousand) within the framework of the Refinancing

2019

	12/31/2019
	Significant shareholders
Other transactions	7,375

This amount corresponded to the fees received by Banco Santander as agent bank and for the underwriting contract regarding the capital increase carried out by the Company in April 2019 which were recorded under the "Share premium" item for the amount of EUR 5,375 thousand, and the other hand, estimated costs associated to planned sale of Vertix, S.G.P.S., S.A to Cofina for the amount of EUR 2,000 thousand.

16.- REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Remuneration of Board of Directors

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

	Thousands of euros	
	2020	2019
Compensation for belonging to the Board and/ or Board Committees	1,231	1,458
Salaries	463	500
Variable compensation in cash	(223)	300
Compensation systems based on shares	77	964
Other	1,006	6
Total	**2,554**	**3,228**

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

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

Regarding the 2020 financial year:

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

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

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

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

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

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

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

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

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

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

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

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

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

vii) Other: The following items are included:

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

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

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

- Health and life /accidents insurances of the CEO

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

Regarding the 2019 financial year:

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

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

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

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

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

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

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

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

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

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

17.- INFORMATION REGARDING CONFLICT OF INTEREST SITUATIONS OF DIRECTORS

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

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

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

Director	Activity	Person related to the Director	Activity
Rosauro Varo Rodriguez	0.045% interest in the share capital of Telefónica, SA, owner of the TV platform MOVISTAR+.	---	---

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

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

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

18.- LITIGATION AND ONGOING CLAIMS

The Company hasn`t any litigation at December 31, 2020 from which the Directors, internal and external advisors consider that any relevant liabilities will arise from this litigation.

19.- SUBSEQUENT EVENTS

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

20.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

DIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros) CARRYING AMOUNT	% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES AND OTHERS	INTERIM DIVIDEND	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Prisa Activos Educativos, S.L.	Gran Vía, 32. Madrid	The realization of the activities inherent to the publishing business in its broadest sense and, in particular, editing marketing and distribution of all kinds of publications and the provision of editorial, education, leisure services and entertainment.	314,914	100.00%	2/91	3	315,033	(109,000)	127,262	333,298	164,258
Prisa Media, S.L.U. (*Before Prisa Activos Educativos, S.L.*)	Gran Vía, 32. Madrid	The allowance, or self-employed, of any kind of services, directly or indirectly, related broadcasting. Advice and provision of services to media companies in the field of advertising, programming, administration, marketing and technical issues, computer and commercial and any other related activity. Production, operation and management-account or self-employed, by whatever means, of all kinds of programs and radio and audiovisual products.	155,907	100.00%	2/91	15,486	141,369	-	159	157,014	8,116
Prisa Gestión Financiera, S.L.	Gran Vía, 32. Madrid	Management and exploitation of information media and social communication whatever their technical support. The action in the capital and monetary market.	-	100.00%	2/91	60	0	-	(2,361)	(2,301)	(2,449)
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Management and exploitation of audiovisual and printed mass media, participation in companies and businesses, and providing all kinds of services.	312,532	100.00%	2/91	71,362	239,045	-	2,125	312,531	(723)
Promotora de Actividades América 2010, S.L. *(En liquidación)*	Gran Vía, 32. Madrid	Production and organization of activities and projects related to the commemoration of the bicentenary of the independence of the American Nations	-	100.00%	2/91	10	(2,193)	-	(13)	(2,195)	-
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Production and distribution of audiovisual	-	1.00%		420	(351)	-	-	69	-
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Holding of shares in companies.	507	100.00%		54	76,523	-	(76,132)	444	(94)
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales	31	25.00%		60	11	-	51	122	51
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico	5	1.61%		17,042	(14,834)	-	(1,860)	348	(1,863)
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Operation of press media.	108,730	100.00%	2/91	38,596	23,130	-	(6,631)	55,096	(11,885)

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros)						
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES AND OTHERS	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
<u>EDUCACIÓN</u>									
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing	100.00%		612	(238)	(31)	342	(25)
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		1,426	(1,149)	(44)	233	(28)
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	100.00%		113	963	918	1,994	1,293
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	100.00%		1,028	8,621	848	10,497	1,007
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	100.00%		1,634	4,508	697	6,839	643
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	100.00%		165	440	137	741	233
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		21,071	16,326	13,416	50,813	24,087
Editora Pintangua, LTDA	Rua Padre Adelino, 758. Sala 3- Sao Paulo. Brasil	Publishing	100.00%		16	9	(9)	16	(6)
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		1,278	(781)	15	512	(23)
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	100.00%		72	4,427	2,246	6,745	3,277
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	100.00%		20	1,815	1,091	2,926	1,590
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	100.00%		118	5,832	(316)	5,634	(569)
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	100.00%		229	93	126	448	4
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		24,019	(11,594)	49	12,475	1,278
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	100.00%		18	1,793	711	2,522	731
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	100.00%		1,676	1,392	(120)	2,949	(131)
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		801	(1,192)	(1,150)	(1,541)	(1,047)
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	100.00%		70	486	(20)	537	107
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	100.00%		16,527	(16,608)	(43)	(124)	(60)
Educactiva, S.A.C. (Perú)	Av. Primavera 2160 Santiago de Surco - Lima	Publishing	100.00%		904	641	(1,260)	285	(1,321)
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	100.00%		4,543	(1,868)	3,091	5,766	3,343
Grupo Santillana Educación Global, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	-	(372,029)	372,029	-	364,827

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros) % OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES AND OTHERS	INTERIM DIVIDEND	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	100.00%		117	773	-	(452)	439	(439)
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies.	100.00%		13,038	(6,915)	(987)	5,965	11,100	-
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Advice and consulting, development and sale of software	70.00%		1	(184)	-	54	(129)	95
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		16	(33)		2,204	2,187	2,066
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		4	7,826	-	773	8,603	1,532
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	100.00%		16	3		8	27	8
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	100.00%		302	730	-	1,385	2,417	1,836
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	100.00%		427	6,610	-	3,942	10,979	5,740
Santillana Editores, S.A. (Portugal)	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing	100.00%		50	(390)	-	1,871	1,532	2,491
Santillana Educación Pacífico, S.L.	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	100.00%	2/91	269	17,195	-	1,520	18,984	(4)
Santillana Formación, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online Training.	100.00%	2/91	300	(2,221)	-	(695)	(2,616)	(645)
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	2,276	(1,565)	-	(845)	(134)	944
Santillana Latam, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	-	-	-	-	-	-
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Produce, market and distribute all kinds of training, training, advice and consultancy	100.00%		63	2,357	-	1,850	4,270	3,059
Santillana Sistemas Educativos, S.L.U.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	220	25,051	-	1,111	26,383	(2)
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	100.00%		465	659	-	1,348	2,472	2,129
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	100.00%		978	4,169	-	(4,486)	661	(5,166)
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	100.00%		162	65	-	160	387	210
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Perú	Publishing	95.00%		3,275	249	-	(366)	3,157	(107)
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		11,746	(6,224)	-	2,506	8,027	4,422
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC)	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		36,767	(24,850)	-	3,363	15,279	4,452
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		3	844	-	409	1,256	947

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros) % OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES AND OTHERS	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
RADIO									
RADIO ESPAÑA									
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	79.65%	2/91	135	29	25	190	18
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	77.62%	2/91	66	562	145	772	67
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	40.00%		216	1,534	(19)	1,731	(98)
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	72.00%		61	84	19	164	21
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	37.00%		70	204	14	288	12
Podium Podcast, S.L.U. (*before Gran Vía Musical de Ediciones, S.L.U*.)	Gran Vía, 32. Madrid	Provision of music services	80.00%	2/91	100	1,903	(1,326)	677	6
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of business radio services	80.00%	2/91	1,870	144,335	(13,787)	132,418	(9,959)
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	79.95%	2/91	373	432	198	1,002	179
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	76.00%	2/91	480	102	176	758	196
Radio Lleida, S.L.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	53.20%		50	159	(123)	86	(32)
Radio Murcia, S.A.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	66.66%		120	1,534	124	1,778	147
Radio Rioja, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	80.00%		60	(288)	-	(228)	-
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	70.43%		183	3,961	318	4,463	321
Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	80.00%	2/91	6,959	141,527	(17,488)	130,998	(2,824)
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	59.68%		379	189	255	823	321
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	40.00%		230	567	186	983	218
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	60.08%		150	251	7	408	(1)
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	63.28%		75	41	7	123	8
Planet Events, S.A.	Pol.Industrial Ed.Cermámica 1.Alava	Production and organization of shows and events	32.00%		120	(202)	(1,074)	(1,156)	(947)
Radio Jaén, S.L.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	28.79%		563	511	29	1,103	43

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros)					
			% OF OWNERSHIP	SHARE CAPITAL	RESERVES AND OTHERS	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
RADIO INTERNACIONAL								
Blaya y Vega, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	1,680	19,560	(20)	21,220	(232)
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	80.00%	215	(163)	(796)	(743)	(713)
Caracol Estéreo, S.A.S.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	61.63%	3	1,577	9	1,589	9
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	61.64%	11	26,000	(5,329)	20,682	(6,425)
Comercializadora de Eventos y Deportes, S.A.S.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	80.00%	903	699	44	1,646	(88)
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Production and sale of advertising, promotions and events	80.00%	39,932	32,393	1,153	73,478	2,540
Compañía de Comunicaciones de Colombia C.C.C. S.A.S	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	76.00%	25	790	6	822	10
Compañía de Radios, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	957	10,258	(321)	10,894	675
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Consulting services and marketing of products and services	80.00%	8	282	-	290	-
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	1,491	(321)	(406)	764	(509)
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	61.44%	-	549	41	590	58
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	60.58%	-	121	-	121	1
Fast Net Comunicaciones, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	1,546	11,731	207	13,484	85
GLR Chile, Ltda..	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	39,261	26,112	(14,994)	50,379	(14,594)
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Provision of services to radio broadcasting companies	80.00%	4	2,465	(21)	2,448	(33)
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	-	-	-	-	-
Iberoamericana de Noticias Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	80.00%	2,740	(2,740)	-	-	-
La Voz de Colombia, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	60.52%	3,087	(9,583)	(2,079)	(8,574)	(1,379)
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of broadcasting and advertising services	80.00%	1	291	4	296	6
Multimedios GLP Chile SPA	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	80.00%	2,394	(373)	(2,052)	(31)	(2,097)
Nostalgie Amsud, S.A.	Marcelo T. de Alvear 636, 6ª planta . Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	11,973	14,488	(186)	26,275	295
Promotora de Publicidad Radial, S.A.S	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	61.63%	1,246	(1,186)	(113)	(53)	(131)
Radio Estéreo, S.A	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	1	560	6	567	14

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros) % OF OWNERSHIP	SHARE CAPITAL	RESERVES AND OTHERS	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Sociedad Radiodifusora del Norte, SpA	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	224	4,263	(14)	4,473	(19)
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	79.20%	30	(1,284)	(21)	(1,275)	(21)
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	80.00%	1,021	3,958	(345)	4,634	191
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Providing all kinds of public telecommunications and broadcasting services	80.00%	4,929	315	(92)	5,152	(272)
Caja Radiopolis, S.C	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Business management services	40.00%	2	-	(1)	1	(1)
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the market of Latin radio in the U.S.	20.00%	196	(1,605)	-	(1,410)	-
Fondo Radiopolis, S.C.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Business management services	40.00%	2	-	(1)	1	(1)
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the market of Latin radio in Panama	27.96%	3,986	(11,450)	(1,303)	(8,768)	(1,048)
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial broadcasting services	35.41%	1	53	(3)	51	(3)
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogotá, Colombia	Operation of the business of broadcasting and advertising	30.81%	120	(314)	(11)	(206)	(11)
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Exploitation of broadcasting stations	39,98%	907	256	135	1,298	330
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	40,00%	513	148	159	820	229
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	40,00%	624	235	214	1,073	305
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	40.00%	339	154	(92)	401	(125)
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	40.00%	12	71	153	236	431
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	40.00%	2	63	12	77	19
Sistema Radiópolis, S.A. de C.V. (*)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	40.00%	9,393	12,051	3,271	24,715	1,472
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	26.40%	249	64	(21)	292	(21)
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	20.00%	587	(5,171)	(105)	(4,689)	162
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	40.00%	76	104	(2)	178	17

(*) Consolidated Data

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros)						
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES AND OTHERS	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
PRENSA									
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile.	75.00%		1,491	(1,051)	(175)	265	(257)
Diario AS Colombia, SAS	Cl 98, nº 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia.	75.00%		445	(116)	(205)	125	(202)
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA.	75.00%		-	(766)	2,142	1,376	2,511
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper.	75.00%	2/91	1,400	36,508	(6,818)	31,090	(3,963)
Diario Cinco Días, S.A	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper.	100.00%	2/91	60	663	(769)	(46)	(455)
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina.	100.00%		196	(3)	(152)	41	(131)
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil.	100.00%		8,939	(7,641)	(1,278)	21	(1,272)
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico.	98,38%		17,042	(14,834)	(1,860)	348	(1,863)
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper.	100.00%	2/91	4,200	2,753	(6,478)	475	(3,296)
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products.	100.00%	2/91	2,100	(440)	(330)	1,330	(347)
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper.	100.00%	2/91	3,306	9,118	(11,476)	948	(9,759)
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and explotation of Huffinton Post digital for Spain.	100.00%	2/91	8,501	2,950	423	11,873	220
Factoría Prisa Noticias, S.L.	Valentín Beato, 44. Madrid	Administrative, technological and legal services and the distribution of written and digital media.	100.00%	2/91	1,726	1,157	(379)	2,504	(282)
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Ownership of shares of publishing companies.	100.00%	2/91	990	6,283	8,097	15,370	(1,212)
Mobvious Corp.	2600 Douglas Road Suite 502 Coral Gables Miami Florida USA 33134	Marketer's advertising in digital media.	60.00%		55	(178)	(444)	(567)	(438)
Noticias AS México S.A. de C.V.	Rio Lerma 196 BIS TORRE B 503, Ciudad de México DF	Publication and operation of As newspaper in Mexico.	75.00%		1,394	(837)	(244)	312	(243)
Prisa Brand Solutions MÉXICO, S.A. de C.V	Avenida Paseo de la Reforma 231. Piso 6 Colonia Cuauthemoc Ciudad de México 06500	Marketer's advertising in digital media.	100.00%		77	(1,985)	(1,015)	(2,924)	(903)
Prisa Brand Solutions USA, Inc.	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU.	Marketer of advertising in media.	100.00%		6,833	(5,597)	(4,050)	(2,814)	(4,024)
Prisa Brand Solutions, S.L.U.	C/ Valentín Beato, 48. Madrid	Marketer of advertising in media.	100.00%	2/91	150	73	(316)	(94)	(205)
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of internet services.	100.00%	2/91	1,260	18	(3,173)	(1,895)	(1,502)
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies.	100.00%	2/91	3,000	14,933	(3,407)	14,526	(1,349)
As Arabia For Marketing, W.L.L. (1)	D Ring Road, 3488, Doha, Qatar	Marketing of the newspaper As on line in Arabic in the countries of the Middle East and North Africa.	36.75%		12	(749)	(219)	(957)	(230)
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. (2)	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format.	50.00%		53	(454)	319	(82)	319
Le Monde Libre Societé Comandité Simple (3)	17, Place de la Madeleine. París	Holding of shares in publishing companies.	20.00%		38	(20,474)	(23,284)	(560)	-
Wemass Media Audience Safe Solutions, s.l.	Calle Juan Ignacio Luca de Tena, nº7.	Hiring advertising in the media. Design, organization, management and marketing of all kinds of cultural, sports, promotional and leisure activities and events.	33.00%		2,253	(2,064)	7	196	7

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91
(1) Information to October 2020
(2) Information to November 2020
(3) Information to December 2019

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2020 (In thousands of euros)						
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES AND OTHERS	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
<u>OTROS</u>									
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	100.00%	2/91	60	12	(13)	59	(4)
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Local television services	61.45%		498	(2,218)	(1)	(1,721)	-
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Local television services	70.00%		1,202	(404)	1	799	-
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, coordination and management of projects of all kinds, national and international, related to the commemoration of the bicentenary of the independence of the American Nations	100.00%		3	(1,033)	-	(1,030)	-
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Production and distribution of audiovisual	99.00%		420	(351)	-	69	-

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Directors' Report for 2020

1. BUSINESS PERFORMANCE

1.1. Analysis of the evolution and result of business

Prisa's results are directly related to the performance of the Group's various business units. Its revenue arises mainly from the dividends it receives from its subsidiaries and its expenses relate to staff costs and services received. The variations in the equity of its subsidiaries also give rise to increases and decreases in the value of its investment portfolio.

The Group's businesses continue to progress with its strategic roadmap focusing on the 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 aproximately 85,000 subscribers. The Radio business reached 24 million monthly downloads of on-demand audio content and 59 million hours monthly of listening via streaming.

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

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

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

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

- Operating expenses (excluding amortizations, impairments of goodwill and assets) have dropped to EUR 636.8 million (-17.9% vs 2019; -10.3% in local currency, without considering 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 considering the impact of the Mediapro ruling in 2019). The Group uses EBITDA as a reference indicator to monitor the progress of its business and to establish the operational and strategic objectives of the Group companies. EBITDA is defined as profit from operations plus assets depreciation expenses plus goodwill impairments and impairment of assets.

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

	2020				
	Education	Radio	Press	Other	Prisa Group
RESULT FROM OPERATIONS	**34.1**	**(32.5)**	**(21.6)**	**(9.1)**	**(29.1)**
Depreciation and amortization	41.9	17.8	9.7	1.2	70.6
Impairment of goodwill	-	16.7	-	(0.1)	16.6
Impairment of assets	1	2.9	1.7	0.2	5.8
EBITDA	**77.0**	**4.9**	**(10.2)**	**(7.8)**	**63.9**

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

(*)For a comparable basis and in accordance with IFRS 5 the information have been modified to present Santillana Spain as a discontinued operation. In addition the expense of Mediapro 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)
NET BANK DEBT	**679.3**	**1,061.1**

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

- Exchange rates have had a negative impact on the performance of the Group's results, mainly due to currency depreciation in Brazil, Mexico and Argentina: -EUR 72.2 million in income and -EUR 13.0 million in EBITDA. In this sense, Prisa defines the impact of exchange rates as the difference between the financial figure converted at the exchange rate of the current year and the same financial figure converted at the exchange rate of the previous year.

The following table shows the exchange rate effect on operating income and EBITDA for the Education and Radio business and for the Prisa Group (in millions of euros):

	2020	Exchange rate effect	2020 excluding exchange rate effect	2019	Exchange rate effect	2019 excluding exchange rate effect
Education (*)						
Operating income	365.8	(64.2)	430.1	497.0	(66.9)	(13.5)
EBITDA	77.0	(14.7)	91.7	122.2	(30.6)	(25.0)
Radio						
Operating income	186.3	(7.7)	194.0	273.8	(79.8)	(29.1)
EBITDA	4.9	0.8	4.0	63.4	(59.4)	(93.6)
Prisa Group						
Operating income	**700.6**	**(72.2)**	**772.8**	**964.9**	**(192.0)**	**(19.9)**
EBITDA	**63.9**	**(13.0)**	**76.9**	**189.2**	**(112.3)**	**(59.4)**

(*) Excluding the exchange rate effect of Venezuela.

In the Education business, plans to respond to the pandemic that have been implemented by the governments of most countries where Santillana operates, generally based on strict population lockdown measures, have resulted in the closure of schools and the disruption (partial or total) of marketing activities and distribution. The difficulties in closing sales campaigns for educational material (traditional), with a general decline in all countries have been partially offset by: the good performance of subscription models, especially in countries such as Brazil and Colombia; the registration in Brazil of part of the PNLD 2019 institutional sales in 2020; the increase in institutional sales in Chile; and the impact of the savings initiatives implemented in response to the pandemic, within the framework of the aforementioned contingency plan.

- Operating revenues reached EUR 365.8 million in 2020, with a drop of -26.4% compared to 2019 (-13.5% fall in local currency terms). The fall in traditional educational material sales (-42.2% in euros, -34.4% in local currency) and in public sales (-22.7% in euros, -4.5% in local currency) was partly offset by the improvement in subscription models, which grew in revenues by 12.4% in local currency (-3.9% in euros), with a 20.3% increase in the number of students to 1,727 thousand students.

- Operating expenses were EUR 288.8 million, a drop of -22.9% compared to 2019 (-9.7% fall in local currency). All expenditure items have been reduced, both due to the implementation of the contingency plan measures and the decrease in revenues.

- EBITDA amounted to EUR 77 million in 2020, a fall of -37.0% compared to 2019 (-25.0% in local currency).

- The impact of exchange rates represents EUR -64.2 million in operating income and EUR -14.7 million in EBITDA.

- Santillana Spain will be consolidated as a discontinued company in 2020, after Prisa, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana") closed the sale of Santillana's pre K-12 and K-12 business in Spain on 31 December 2020 to Sanoma Corporation, a Finnish media company that operates in Europe in the education sector. The Transaction closed as planned. Once all the relevant elements for calculating the impact of the Transaction on Prisa's consolidated income statement were updated to the closing date, the Transaction resulted in a positive result of EUR 377 million.

With the Radio business, according to the latest market reports, the Group maintains its leading position in Spain, Colombia and Chile. The pandemic has enabled the Group to reach record consumption levels, especially digital, with unique visitor figures at December 2020 of 60.7 million monthly on average (+19% compared to 2019) and an average of 24 million podcast downloads in total monthly (+62% compared to 2019). However, the pandemic and its impact on the economy has led in turn to a drastic fall in advertising investment. Globally, Prisa Radio's advertising revenues were down -29.3% compared to 2019: Spain fell by -24.5%, Colombia by -41.6% and Chile by 39.5%. These falls have occurred against the backdrop of sharp contractions of global declines in GDP. The IMF has forecast GDP declines in 2020 of -11.1% in Spain (January 2021 data) and -8.2% in Colombia and -6% in Chile (October 2020 data).

- Operating revenues amounted to EUR 186.3 million in 2020, down -32.0% compared to 2019 (-29.1% in local currency), linked to the aforementioned evolution of the advertising market and lower capital gains from the sale of non-core assets in Chile and Colombia in 2019.

- As for operating expenses, they amounted to EUR 181.4 million in 2020, down -13.8% compared to 2019 (-9.7% in local currency). Savings are made in all items except provisions, both due to the implementation of contingency measures to deal with the pandemic and to the fall in revenues.

- EBITDA amounts to EUR 4.9 million in 2020, compared to EUR 63.4 million in 2019.

- The impact of exchange rates represents EUR -7.7 million in operating income and EUR 0.8 million in EBITDA.

The News business has not only suffered the drastic fall in advertising investment, but also a fall in traditional circulation (print). However, we have also recorded consumption in the digital field. El País averaged 96 million unique visitors in 2020, with +15% over 2019 and Diario As reached 95 million unique visitors, an 88% increase over the previous year's figure. In addition, and in line with the planned strategic route, the El País digital subscription payment business was launched at the beginning of May, reaching almost 85,000 subscribers at the end of December.

- Operating revenues reached 164.7 million euros at the end of 2020, a fall of -21.9% compared to 2019. The drop in revenue was associated with the fall in advertising (-23.3%) both in print (-41.2%) and digital (-9.5%) and also with lower sales of print copies (-25.3%), which was partially offset by the increase in digital copy sales, due to the favourable development of the El País subscription model.

- Operating expenses were EUR 174.9 million, a fall of -12% compared to 2019. Virtually all expenditure items have been reduced, both due to the implementation of contingency measures and to lower expenses associated with lower revenues.

- EBITDA amounts to EUR -10.2 million in 2020, compared to EUR 12.1 million in 2019.

Regarding the Media Capital business in Portugal, in May a 30.22% stake was sold to Pluris Investments, S.A., as a first step towards completing the divestment of a non-strategic asset for the Group. In September, Vertix, SGPS, S.A. ("Vertix"), a wholly-owned subsidiary of Prisa, entered into separate agreements with a number of investors to purchase and sell shares in Media Capital, which together represented the entire remaining shareholding (64.47%) held by Vertix in Media Capital. This represented the culmination of the divestment process by Prisa, in accordance with the Group's roadmap and its focus on strategic assets.

2. FORESEEABLE DEVELOPMENT: BUSINESS DEVELOPMENT PROSPECTS: KEY FACTORS AND TRENDS

The Group's development perspective is to continue working on its strategic roadmap, with a priority focus on generating added value and maximising future business results and strengthening the balance sheet structure, cash generation and debt reduction.

However, recent years, even the last decades, have been marked by a general climate of almost constant volatility, uncertainty, complexity and ambiguity. This makes it difficult to predict future business performance, especially in the medium and long term. A climate where the levels of complexity have been further exacerbated by the impact of the COVID-19 pandemic which, as described above, has had and will continue to have a significant impact on the Group's business developments.

In general, both the Education business and the Media business tend to develop in a way that is very much subject to the macroeconomic environment, especially in the case of the Media business, as far as the performance of the advertising market is concerned. Prisa's activities and investments in Spain and Latin America are exposed to the development of the different macroeconomic parameters of each country, including the development of currency exchange rates.

In this regard, the pandemic is having an unprecedented impact on the global economy. According to the IMF (January 2021 data), global GDP is estimated to have fallen by 3.5%. The consequences for the economies of the countries in which the Group operates will depend largely on the development and extent of the pandemic, the response measures implemented by Governments and cooperation between countries.

According to IMF projections for 2020 (January 2021 data), GDP growth rates in advanced economies are negative, falling by -4.9%. For Spain the fall was -11.1% according to the IMF. Meanwhile, the main countries in which Prisa operates in Latin America have also experienced significant falls: Brazil fell by -4.5% and Mexico by -8.5%. Based on IMF data from October 2020, the IMF forecasts declines of -8.2% in Colombia, -6.0% in Chile, -13.9% in Peru and -11.8% in Argentina. Latin America as a whole is expected to fall by -8.1%.

In line with this development of economic indicators in Latin America, the Group's results have also been affected by exchange rate volatility. In 2020, most of the currencies of Latin American countries have depreciated.

The IMF expects the economy to recover in the coming months. The degree and pace of recovery will depend critically on the development of successive waves of infection caused by the pandemic and the effectiveness of the response and containment processes, especially the process of vaccinating the population. Thus, the IMF (January 2021 data) projects that the world economy will grow by +5.5% in 2021 and +4.2% in 2022. The GDP growth rate of the advanced economies stands at +4.3% in 2021 and +3.1% in 2022. Spain will grow above global forecasts, reaching a growth rate of +5.9% in 2021 and +4.7% in 2022. This growth will also be reflected in 2021 in the main countries where Prisa operates: Brazil +3.6% and Mexico +4.3%. According to IMF forecasts of October 2020, growth is also expected to be +4% in Colombia, +4.5% in Chile, +7.3% in Peru and +4.9% in Argentina.

In this environment, as it has been doing in recent decades, the Group will continue to work to adapt to the new reality of its business by defining and implementing the initiatives that may be necessary: strict control of costs and investments, development of new sources of income, transformation and flexibility of business models, etc.

Another factor that affects the future development of Prisa's business is the advertising cycle. Although the Group's exposure to the performance of the advertising market is limited as a result of income diversification (advertising revenues represent 36.4% of the total in 2020, in line with 2019, where they represented 36.5%), Media businesses, mainly dependent on advertising revenues, have a high percentage of fixed costs. This means that significant variations in advertising revenues have a significant impact on earnings, resulting in an improvement or deterioration of the Group's margins and cash position.

In this regard, the COVID-19 pandemic has led to a drastic decrease in advertising investment, impacting the Group's advertising revenues, which have decreased by -27.5% compared to the previous year. Even digital advertising that grew prior to the pandemic has fallen by -9.7%. In the press business, digital advertising accounts for 67% of advertising revenue (57% in 2019).

The i2P report of October 2020 forecast that the total advertising market in Spain would fall by -23.3% in 2020 and grow 9.1% in 2021. The Group's advertising revenues in Spain fell by -24% in 2020, in line with the market forecast. For 2021, Prisa also expects, like the market, a recovery in advertising revenue growth, in line with the economic recovery.

In Latin America, the advertising market has also suffered from the impact of the pandemic. Thus, in 2020, the radio market is expected to fall significantly in Colombia (-34%) and Chile (-35%), according to internal sources. Prisa has fallen in both countries, but to a lesser extent than the market: -31% in Colombia and -30% in Chile (both in local currency).

According to the strategic roadmap on which the Group has been working in recent years, Media businesses will continue to develop and reduce their dependence on the performance of the advertising market and traditional formats. It will place more and more focus not only on the traditional advertiser, but also on the consumer of content and new digital formats. In this regard, it is worth mentioning the commitment to digital transformation and the development of subscription models. Significant events such as the launch of El País's digital subscription payment model in May 2020, or the development of the value proposition around the concept of audio led by the Radio business, highlight the importance of this trend.

In addition, Prisa has other businesses that are not so dependent on the economic cycle (or advertising), such as the Education business, which accounted for 52.2% of the Group's total revenue in 2020. Although the Education business has been more resilient so far, largely owing to the good performance of the subscription models (growth in both students and revenues at constant exchange rates, notably Brazil and Colombia), the pandemic has also had a negative impact on the development of traditional educational sales campaigns and public sales, mainly as a result of school closures caused by strict population lockdown measures adopted in many of the countries operated in. In Latin America, Santillana's revenues decreased by -13.8% at constant exchange rates (a -27% fall at current exchange rates).

In any of the development scenarios, the strategic roadmap of the Education business will focus on maintaining leadership positioning and maximising leveraged growth in subscription models, committing to increasingly blended formats (face-to-face and distance, printed and digital, school and home, etc.), with increasing emphasis on the digital component.

An important part of the Group's strategy and its business is based on digital development: from continuously developing the value proposition (increasingly digital) to business models more focused on monetisation in the digital sphere (subscription models, new digital formats), to, for example, the implementation of technological platforms adapted to the reality of the businesses, or the development of management and use of user data.

Digital audiences of the Group's Media show significant growth (having reached a monthly average of 236 million media users in 2020, a growth of 40% compared to the previous year) and Santillana's educational platform has experienced record levels of consumption. In this regard, the pandemic has contributed to increased use of technologies for information consumption, education or entertainment, leading to the growth of the Group's digital audiences.

The Group's strategy for the coming years will therefore also continue to be committed to digital development in all its business units.

3. MAIN RISKS ASSOCIATED TO THE BUSINESS

As head of the Group, the risks to which Prisa is exposed are directly related to those if its subsidiaries.

The businesses of Group subsidiaries and, therefore, their operation and earnings are subject to risks that may be grouped into the following categories:

- Risks relating to the financial and equity situation.
- Strategic and operational risks.
- Non-financial risks.
- Reputational risks.

In the Corporate Governance Report are detailed specific actions and bodies used to identify, valuate and manage these risks.

3.1. Risks relating to the financial and equity situation

Financing risk-

The Company's financial obligations are set out in note 7.3 "*Financial liabilities*" in the attached consolidated financial statements for 2020.

As of December 31, 2020, the Group's net bank debt level stood at EUR 679.3 million and represents a series of risks:

- It is more exposed to the economic cycle and market performance, especially in those businesses with a higher exposure to economic cycles.
- It requires part of the cash flow from operations to be put aside to cover payment obligations, interest payments and amortisation of the debt principal, hindering the capacity to dedicate these cash flows to cover working capital, investments and finance for future transactions.
- It limits the ability to adapt to changes in the markets.
- It places the Group at a disadvantage with regard to less indebted competitors.

As described in the Prisa consolidated financial statements for the year 2020, the Company reached in the fourth quarter of 2020 an agreement with the creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) and with the creditor of Super Senior debt to refinance and modify the terms of Prisa and Prisa Activos Educativos, S.L.'s current financial debt. On December 31, 2020 the Refinancing agreement came into effect, and among other aspects, it has extended the maturity of the debt until March 2025, has adapted the financial conditions of the debt to the Group's new position in terms of generating cash and has included a relaxation of certain financial covenants and Prisa's commitment to achieving a leverage cap in September 2023 (4.25x Net Debt/EBITDA). Therefore, the Refinancing makes more flexible the financial debt of the Group.

In addition, the contracts governing Prisa's Group debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (*covenants*). These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the *Override Agreement*.

The credit rating assigned to the Company may be reviewed, suspended or removed at any time by one or more of the credit rating agencies. A downward variation in the credit rating of the Company could adversely affect the conditions of a possible future refinancing of the financial debt of the Group, may adversely affect the cost and reduce investors.

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2020, advertising revenue represented 36.4% of Group operating income.

Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana's cash flow. While the seasonality of the Group's cash flow is not significant, so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

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

However, and as described in note 1 of the accompanying financial statements, the appearance of COVID-19 (Coronavirus) has lead that the situation of the markets causing a general increase in liquidity pressures in the economy and a contraction in the credit market. In this respect, the Group has a Super Senior debt ("S*uper Senior Term &Revolving Facilities Agreement*") to meet operational needs for a maximum amount of up to EUR 188,5 million, of which EUR 80 million, were drawn as of December 31, 2020. Likewise, the rest of subsidiaries of the Group have credit facilities with a limit amount of EUR 39.5 million as of December 31, 2020, of which, EUR 4.4 million were drawn on that date. Therefore, as of December 31, 2020, the Group had undrawn credit facilities amounting to EUR 143.6 million, together with cash available of EUR 212 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 96.75% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates. A possible increase in interest rates (i.e. Euribor), would mean an increase in interest expense, which would negatively impact in the cash flow of the Group.

Exposure to exchange rate hedges-

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

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

Moreover, a possible unfavourable performance in the economies of the Latin American countries where the Group operates could translate into hyperinflationary situations, with the consequent negative impact on exchange rates.

Tax risks-

The Group's tax risks are related to possibly different interpretations of the rules that the relevant tax authorities may make, as well as to the changes in tax rules in the different countries in which the Group operates.

As of December 31, 2020, Prisa Group had active tax credits amounting to EUR 43 million, of which EUR 32 million correspond to temporary differences.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that changes in tax rules or the ability to generate positive tax bases may not suffice to recover the active tax credits.

3.2. Strategic and operational risks

Macroeconomic risks-

The evolution in macroeconomic variables affect to the Group business performance in Spain and America.

During 2020, 59.3% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 40.7% of Group operating income).

Macroeconomic declines could negatively affect the Group's position in terms of earnings and cash generation, as well as the value of Group assets.

Decline in the advertising market-

An important part of Prisa's operating income comes from the advertising market, mainly in its Press and Radio businesses. As of December 31, 2020, advertising revenue represented 36.4% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

A worsening of macroeconomic figures in the countries where the Group operates (especially GDP), would entail the spending outlook for advertisers could be negatively impacted. Given the large fixed expenses component linked to businesses which rely heavily on advertising, any decline in advertising revenues directly affects operating profits and, therefore, the Group's ability to generate cash.

Changes occurring to the traditional media business-

Press revenues from the sale of copies and subscriptions continue to be negatively impacted by the growth of alternative distribution media, including free news websites and other content.

If the Group's businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group's income and results.

Competition risk-

Prisa's businesses operate in highly competitive sectors.

Competition between companies offering online content is intense in the Press and Radio businesses, and the Group is fighting for advertising against traditional players, multinational online audiovisual and musical content platforms, new online content providers and news aggregators.

In the Education business, the Group also competes against traditional players and smaller businesses, online portals and digital operators offering alternative content and methodology. In addition, there is a growing trend towards access to open educational content through online sites, and the market for second-hand materials is growing. However, the number of schools that do not use books and that develop new content within the scope of their own curricular autonomy is increasing.

The ability to anticipate and adapt to the requirements and new demands from customers may impact the competitive position of Group businesses with regard to other competitors.

Country risk-

Prisa operations and investments may be affected by different risks that are typical to investments in countries with emerging economies or with unstable backdrops, such as currency devaluation, capital controls, inflation, expropriations or nationalizations, tax changes or changes in policies and regulations.

Regulatory risk-

Prisa operates in regulated sectors and, therefore, is exposed to regulatory and governmental risks that could negatively impact the business.

Specifically, the Radio business is subject to having franchises and licenses for its activity, while the education business is subject to public educational policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by legislative changes, changes in the contracting procedures of public administrations, or the need to obtain prior administrative authorization with respect to the content of publications. Curriculum changes force the Group to modify its education contents, which requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

Furthermore, Prisa businesses are subject to many regulations in terms of fair competition, control of economic mergers or anti-monopolistic legislation at a global or local level.

Risk of concentration of customers in the public sector-

The main customers in the Group's Education business are the governments and public bodies in the various jurisdictions where it operates.

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies.

Digital transformation process-

The businesses where the Group operates are in a permanent process of technological change. Recent technological progress has introduced new methods and channels for content distribution and use. This progress is accompanied, in turn, by changes in preferences and audience consumption habits.

In the field of media, alternative digital actors proliferate including social networks or news aggregators as online content through several platforms, which has greatly expanded the options available to consumers, resulting in a fragmentation of the audience. This also implies an increase in the inventory of digital advertising space available to advertisers, which affects, and is expected to continue affecting, the Group's Press and Radio businesses.

In addition, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices. And, on the other hand, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications that visit.

In the field of education, in certain geographies, subscription models with a strong digital component (educational systems) are becoming increasingly important, both in terms of content and in terms of educational experience.

The digital transformation imply several risks such as developing new products and services to respond to market trends, losing of value of contents within a digital environment, importance of technology to develop digital business, the management of the new digital talent or resistance to technological change in businesses of the Group.

Technology risk-

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology ("IT") systems. For example, in education business the Group offers software or technology solutions through web-based platforms.

IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, piracy and the physical damage sustained by IT centers. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa's systems and platforms could result in the loss of data or compromise customer data or other sensitive information. Major faults in the systems or attacks on their security could have an adverse effect on Group operating profits and financial conditions.

In this regard, the Group has externalized with several technology providers its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases or the service was transferred to new suppliers, Group operations could be impacted.

Litigation and third-party claims risk-

Prisa is involved in litigation and is exposed to liability for the content in its publications and programs. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

To manage this risk, the Group manages and monitors legal proceedings and is advised by independent experts.

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group's business.

Intellectual property-

The Group's businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group's pillars of success and ways to maintain a competitive advantage. However, there is the risk that third parties might, without the Company's authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group.

In addition, in order to use third-party intellectual property rights, the Group has non-exclusive paid-for permission from management companies servicing the owners of these rights and companies that create or market intellectual property.

Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights.

3.3. Non-financial risks

See section 5 of this Director`s Report.

3.4. Reputational risks

See section 5 of this Director`s Report.

4. CORPORATE GOVERNANCE

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this management report, and was authorized for issue by the Board of Directors. The ACGR details all corporate governance aspects at Prisa and is available at www.prisa.com.

Without prejudice to the above, some of the key aspects of Prisa's corporate governance are set forth below.

Governance bodies

The ACGR details how the Company's management bodies and the decision-making process work. The Annual General Meeting and Board of Directors are the Company's most senior governance bodies.

The main changes in Prisa's Board of Directors and the management team in 2020 were as follows:

i. Board of Directors and Board Committees:

On June 29, 2020, Mr. Javier Gómez-Navarro ceased as a director, as his position had expired. The Ordinary Shareholders' Meeting held on that same date resolved to reduce the number of members of the Board from 13 to 12.

The Extraordinary Shareholders' Meeting held on December 18, 2020 resolved the removal of the director Mr. Javier Monzón de Cáceres (who held the non-executive chairmanship of the Board of Directors) and on that same date Ms. Sonia Dulá resigned as director. They were respectively replaced by two independent directors, Mr. Javier Santiso and Mr. Rosauro Varo, appointed, by co-option, by resolution of the board of directors held on December 22, 2020.

In February 2021, the Board of Directors approved a series of changes to drive the transformation of the Group, including the appointment of Mr Joseph Oughourlian as Non-Executive Chairman of the Board of Directors. Mr. Oughourlian was the Vice Chairman since April 2019 and his appointment as chairman has been carried out within the framework of the Succession Plan launched by the Board of Directors after the cessation, last December, of the previous chairman.

As a consequence of the condition of proprietary director of the Chairman of the Board, the appointment of the independent director Mr. Rosauro Varo as Vice Chairman of the Board of Directors has been agreed.

Also in February 2021, Mr. Javier de Jaime Guijarro resigned as director and to fill this vacancy, the Board of Directors, appointed, by co-option, Ms. Pepita Marín Rey-Stolle as independent director.

Likewise, the Board Committees (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee), have been reorganized and Ms. Beatrice de Clermont has been appointed coordinating director.

ii.Senior Management

There have also been changes in the perimeter of Senior Management. Luis Cabral, former CEO of Media Capital, has ceased to be part of it, as a result of the sale of said Company.

As per the Company's Board of Directors Regulations and pursuant to the Corporate Enterprises Act, the Board have non-delegable powers to determine certain general strategies and policies of the Company and make certain decisions (including the strategic or business plan; management objectives and annual budgets; investment and financial policy; tax strategy; risk management and control policy; oversight of the internal control and information systems; approval of financial reporting; dividends policy; treasury share policy; corporate governance and sustainability policies; the appointment and dismissal of board members and certain directors; investments or operations of all types which due to their high amount or special characteristics, are of a strategic nature or involve special tax risk for the Company; approval of the incorporation of or acquisition of equity stakes in special purpose vehicles or institutions domiciled in tax havens; agreements concerning mergers, spin-offs and any material decisions that could affect the Company's status as a listed company; approval of related-party transactions; annual evaluation of the Board of Directors' performance, etc.).

Without prejudice to the powers conferred on the CEO, the Board of Directors has a Delegated Committee which has been granted all the powers and competencies of the Board that can be delegated, in accordance with the Law and with the limitations established in the Regulations of the Board of Directors.

When managing the Company, the CEO draws on the support of the Management Committee, the members of which are part of the Company's Senior Management.

Senior managers are appointed by the Board on the CEO's recommendation and based on a report from the Nominations, Compensation and Corporate Governance Committee, and they report directly to the CEO.

Each of the commissions of the Board (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee) has functions in their respective areas. The composition and functions of these committees are described in the ACGR.

Composition of the Board of Directors

As of December 31, 2020, Prisa's Board of Directors had 12 members: 1 Executive Director, 5 proprietary directors and 6 independent directors, with different academic profiles and respectable track records (profiles and bios available at: www.prisa.com).

The Board of Directors has a CEO, who is the chief executive of the Group.

Likewise, and as already noted above, in February 2021 the Board of Directors has appointed a Chairman and a Vice Chairman, both non-executive.

The Board also has a Coordinating Director.

5. NON- FINANCIAL INFORMATION STATUS

The Company is exempt from the obligation to present a non-financial information status in accordance with the requirements established in Law 11/2018, of 28 December, as the required information is included, in an aggregated form, in the non-financial information statement presented in the consolidated financial statements report of Promotora de Informaciones, S.A., the parent company of the group to which it belongs. Promotora de Informaciones, S.A. deposits its accounts together with the consolidated financial statements report in the Mercantile Registry of Madrid".

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group is constantly adapting applications and management processes to changes occurring in its businesses, as well as technological changes. It participates in and is a member of various international and domestic associations and forums which enable it to identify possible improvements or opportunities to innovate and develop its services, processes and management systems.

During 2020, in **Education**, Santillana focuses on matters related to:

Educational innovation

During the pandemic, the R&D department has juggled performing an intense activity of supporting teachers and schools and analysing the changes experienced by the educational market.

The crisis experienced in schools has required complex reactions for which schools, teachers and managers were not prepared. To help the educational community, various initiatives have been developed by R&D:

- Through SantillanaLAB, the space for reflection on innovation, a number of virtual meetings was launched via videoconference in which the impact of the pandemic on learning and schooling was analyzed from various perspectives.
- In 2020 this innovation platform chose using podcasts as the vehicle to communicate and explore the latest happenings experienced by the sector, through the sound series "Diario de una docente" (A teacher's diary) and "Educadores por el mundo" (Educators around the world).
- Through IneveryCrea, the teachers' social network has contributed to making visible the work and successful experiences implemented by teachers to ensure that learning continues with schools closed. Collaboration projects have also been managed with organizations such as Movistar.
- Initiatives have been developed at Set Veintiuno aimed at promoting the work of these skills during the pandemic, such as the cycle of virtual conversations "Repensar la escuela desde las habilidades" (Rethinking schooling from skills), videos on the value of chess, and the documents "Habilidades en tiempos de cuarentena" (Skills during quarantine) and "Habilidades STEM en tiempos de cuarentena" (STEM skills during quarantine). Work has also been performed to explore new formats to promote working on soft skills beyond school.

Regarding research and analysis, the study on **Teacher transformation,** stands out, which has made it possible to go into greater depth into the change in this profession in recent years, as well as the needs before and after the pandemic, how they experience their work and what they demand to face this transformation**; Panorama #edtech in the decade 2010-2020**, an extensive field work to understand the impact and evolution during the last decade of hardware and software proposals related to the educational world. The study has enabled us to find out the parameters of its development in schools, find patterns (if any) and detect proposals and ideas that have worked in the market. Finally, work has been performed to understand the area of **Sustainability** in the learning processes and the possible efforts to address it.

Finally, and due to the profound transformations caused by COVID-19 in the educational market, various lines of work were activated to understand them and generate qualitative conclusions for internal decision-making. Weekly analyses were conducted by the **Observatory** during the first months of the pandemic from various perspectives of school activity and more in-depth documents were generated such as "Una escuela en suspenso" (A suspended school) and "La escuela de los *pandemials*" (The school of the pandemials).

In addition, the **Educational business analysis: a sector at its melting point** was generated to delve into greater depth in understanding the transformation experienced by the educational industry, through the forces operating in the market at the moment.

Educational technology

2020 has been an unprecedented year for the acceleration of online education. Quite a challenge for schools in Latin America, which had to adapt to a new educational context overnight, due to the suspension of face-to-face classes.

Santillana's digital educational offer in Latin America through its subscription models enabled teachers and students to remotely access the curricular content and follow the distance-learning classes normally. Our users were therefore able to make a transition towards 100% online education that is much more standardized and efficient by taking full advantage of the various solutions and services of the Santillana digital ecosystem, mainly the content distribution and evaluation platforms.

E-stela and Pleno, scalable and 100% in the Amazon cloud, they increased their activity exponentially, showing that they are fully prepared for both hybrid and remote education.

In 2020, e-stela registered a total of more than 210 million sessions, exceeding the threshold of 470,000 unique users daily in October. However, not only the accesses multiplied, but also the digital educational activity in e-stela: teachers and students consumed more than 167 million pieces of content online and session time increased by 50% compared to the previous year. The exorbitant increase in interactions in forums positioned this tool as the main channel for collaborative work.

In addition to online access to content, in 2020 there were more than half a million tablet synchronizations, which made it easier for students to study at home offline with Santillana content. At the solution level, this is a key differential, fundamentally in low connectivity environments, since few competitors in Latin America have a comprehensive supply of online and offline content consumption.

The role of Pleno was particularly important, which met the needs of schools by allowing us to closely measure the progress in our students' learning in a distance education context. The Santillana schools carried out an average of more than 45,000 daily evaluations during the 2020 school period through the Pleno platform.

The service in e-stela and Pleno maintained very high quality standards despite the level of traffic, as confirmed by the availability of the aforementioned platforms, which was 99.78% and 99.98% respectively.

To complement the digital distance education service, Santillana integrated into its digital platform the main tools of the synchronous communication market through global strategic agreements with Microsoft, Google and Zoom with the aim of further facilitating communication between teachers and students that is always related to educational content. Since June, more than a million online classes have been scheduled in e-stela in a total of 1,250 schools that already use Microsoft Teams, Google Meet and Zoom within our digital ecosystem.

In 2020, we fulfilled the mission of supporting and working alongside schools and families with a comprehensive digital service that meets the educational needs during the pandemic.

In 2021 our main objective is to continue creating value in education through technology to promote hybrid and remote teaching in subscription models in Latin America.

At **Prisa Radio** the 2020 pandemic became the catalyst to step up the pace of digital transformation. Both with regard to the "*external*" user (in terms of development of digital product, web and apps) and the "*internal*" user: journalists, talkshow hosts, presenters and also management and administration staff. The main lines of work were the following:

Systems and internal solutions: for production and collaborative work online

Implementing "*teleworking*" in record time, and ensuring that the medium's levels of production were not affected was deserving of transversal merit throughout the organisation. This called for major changes and reprocesses, and also heavy investment in technology. Portable computers were furnished to practically all staff, cloud systems were installed (Office 365), alongside collaborative systems (Teams) and new broadcasting systems, where our main "*voices*" were able to "*produce radio*" from their homes, as if we had continued to work from the studios. An unthinkable leap compared to the year 2019.

Within the strict confines of radio production, we had a wide portfolio of solutions based on in-house developments, with architectures designed to work in "*office stations*" which we gradually migrated to cloud structures, using lighter web applications. Just as our listeners want to enjoy our stations wherever and whenever they wish, the staff of Prisa Radio also required similar accessibility to carry out their daily tasks, from any location and team.

And within this new disruptive radio environment, we accelerated one of the main technological challenges facing Prisa Radio in Spain and in America: a start was made on the process to change broadcasting and production systems to an integrated audio and video management platform, adding in systems and solutions (focusing on Dalet Galaxy).

For Spain and America, a start was also made on the process to implement a global musical rotation system (Music Master CS), an information pillar to support a musical dashboard, for easier management and to boost our positioning with respect to partners and competitors in the music industry.

Systems and solutions for radio distribution and consumption

With respect to systems for the "*external*" user (audience) in 2020, Prisa Radio consolidated its digital strategy, based on the design of "*audio first*" consumer products, albeit also with a view to boosting listener participation. Radio, at all times relying on its values of proximity and company, had to work on a simple way of enabling listeners to relate to its programmes. To this end, the "*Participation*" functionality was integrated in more than 30 mobile applications, facilitating and boosting contact with the station and its programmes or presenters, through other applications such as WhatsApp, e-mail or audio messages.

The "*audio first*" strategy was also taken to the stations' web pages, working on the integration of the *players* at the *home page*, and during browsing on the *site* and in three of the main "*spoken*" brands of Prisa Radio: Cadena SER (Spain), Caracol (Colombia) and WRadio (Mexico).

Finally, some mention must be made of work to boost direct consumption of our stations on smart loudspeakers, avoiding any intermediation that would distance us from our listeners. There was an alliance with Amazon and its loudspeaker Alexa, where we launched the "*Radio Skill Kit*", a transversal application for all our stations for direct reproduction on the loudspeaker.

At **Prisa News** in 2020 one of the major milestones was activation of the **Digital Subscription** in EL PAÍS, with a porous *paywall* model to enable up to 10 free articles to be read, with a monthly or annual subscription for unlimited reading. There are also advantages for subscribers, such as exclusive cultural experiences, less advertising, comments on news items and previews of the main editorials. Although implementation experienced several delays as a result of the pandemic, the model forged ahead with almost 85,000 subscribers by year-end in December 2020.

Progress was also made in terms of **mobile applications**, and in the case of AS, a preference micro-service was implemented to give users customised headlines exclusively with the issues that are of interest to them, and a "MyZone" section, or *MiZona*, which also has customised features, depending on their interests. The AS app is also undergoing an extensive redesign process, which will continue throughout 2021 along with other developments in the product. Redesign has entailed some major changes to the menu and the browsing process, and has introduced a number of new functions such as the headline video carousel or optimisation of the advertising section.

The EL PAÍS application also has some new functions, such as integration to download the printed edition in PDF, exclusively for subscribers, and development of a powerful search engine to locate contents by key words.

Another focus in recent months was the improvement of **information consumption services**, and in the case of AS one of the new features was the launch of a *New Live Platform* (LES), hosted in Amazon Web Services (AWS). This is a development of the previous platform (ESKUP), and it can commentate on any type of event, irrespective of typology, adding in customisation on the basis of the specific features of commentating on any sport. The new platform also allows dynamic contents to be added automatically, picking up information from the Results Platform via an API.

AS has also launched a new *Results Platform*. It is externalised and also hosted on the Amazon cloud (AWS). The new support rolled out can store hundreds of historical competitions, accessible in real time. The statistics are automatically associated with each player, team, match etc., providing users with even more information.

EL PAÍS has made progress in the ARC's CMS. Most contents have now been migrated for practically all sections of the newspaper, speeding up publishing processes and also distribution of contents.

Another successful line of work in the area of consumption and distribution was the BCIO project (*Branded Content Inventory Optimisation*), introduced in EL PAÍS in 2020. This model rotates various branded contents in the same editorial position, all of them reached by clicks. It can operate in any CMS and is unaffected by adblockers, with a combination of Test AB tools, adserving, and propensity models. The result may also be applied to other types of editorial contents, and not only to the most commercial branded content formats.

An initiative was also rolled out with reference to **customisation and segmentation**, and alongside user preference functions in the application, AS has created a new *Communication Channel for Users* (UCS). This is a notifications system with high visibility, since it can reach 100% of users. It can be adapted to third parties (ARC), segment variable multiples (customer, services etc.), disperse communications (news, headlines, editions etc.), and preview, depending on the device used.

Finally, in terms of **data processing** to provide better services for users, some major progress has been made thanks to the Google GNI initiative. Specifically, EL PAÍS has set up three lines of work with this funding: a data project to optimise subscriptions with propensity models, a project with technology to develop a Business Intelligence model with data on browsing and subscriptions, and a project with Prisa Brand Solutions to activate a dashboard integrating all financial information from the various lines of revenue.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1. Financing

Note 7.3 *"Financial Liabilities"* of the accompanying notes to the financial statements of Prisa for 2020 provides a description of the use of financial instruments by the Company.

7.2. Contractual commitments

There are currently no significant firm contractual commitments that require a cash outing in the future.

7.3. Dividends policy

Prisa does not have a set dividend policy, and so the Group's distribution of dividends is reviewed annually. In this respect, the distribution of dividends depends mainly on (i) the existence of profit that can be distributed and the Company's financial situation, (ii) its obligations regarding debt servicing and those arising from commitments acquired with its financial creditors in the Group's financing contracts, (iii) the generation of cash arising from its normal course of business, (iv) the existence or non-existence of attractive investment opportunities that could generate value for the Group's shareholders, (v) the Group's reinvestment needs, (vi) the implementation of Prisa's business plan, and (vii) other factors Prisa should consider relevant at any given time.

8. TREASURY SHARES

Prisa has performed, and may consider performing, transactions with treasury shares. These transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Covering requirements for shares to allocate to employees and management.

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

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

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

9. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

Prisa's share capital at December 31st 2019 consisted of EUR 666,131 thousand and was represented by 708,650,193 ordinary shares all of which belong to the same class and series, each with a par value of EUR 0.94.

In June 2020, a series of reductions were made to the Company's share capital, all of which were carried out by reducing the par value of the shares, with the aim of cleaning up and strengthening the balance sheet, providing the Company with an equity structure that is more in line with its reality and market standards, and obtaining greater flexibility in total equity.

Following these operations, at 31 December 2020, Prisa's share capital stood at EUR 70,865 thousand and is represented by 708,650,193 ordinary shares, all belonging to the same class and series, with a par value of 0.10 euros each, fully paid up and with identical rights.

These shares are listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) through the Spanish Stock Exchange Interconnection System (SIBE).

Main shareholders in the Company´s share capital at the end of 2020 were Amber Capital, HSBC Holding PLC, Telefónica, Rucandio, International Media Group, Consorcio Transportista Occher S.A, Inversora de Carso S.A, Carlos Fernandez, Bank Santander, Melqart Opportunities Master Fund Ltd . Free float stood at around 21%.

As of January 2021, HSBC Holding PLC is no longer a significant shareholder of Prisa.
It is noted that also in January 2021, the French group Vivendi, with investments in the telecommunications and entertainment industries, has acquired 9,9% of the Company.

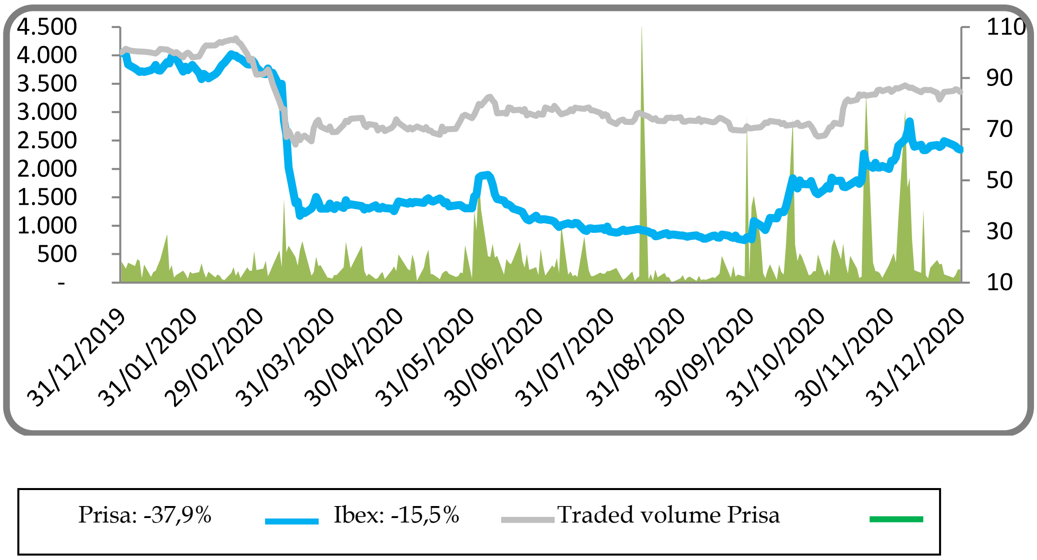
Share price performance

Prisa ordinary shares ended 2019 trading at a price of EUR 1.44 per share (December 31, 2019) and ended the year 2020 at EUR 0.893 per share (December 31, 2020), implying a devaluation of 37.9%.

The performance of Prisa's shares in 2020 has been conditioned by the company's capital and financial structure, by an environment of economic crisis due to the COVID-19 pandemic (which has affected industries and companies all over the world), as well as by the irregular behaviour of Latin American currencies.

In 2020, the Company's directors continued to take a series of measures to strengthen the Company's financial and equity structure, focusing on profitable growth and value generation, such as the sale of Santillana Spain, the sale of Media Capital and the refinancing of debt until 2025.

The following chart shows the performance of the Prisa Group's shares relative to the IBEX35 index in 2020, indexed in both cases to 100:



Source: Bloomberg (31st December 2019- 31st December 2020)

10. AVERAGE SUPPLIER PAYMENT TIME

According to the information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, the average period of payment to suppliers in commercial operations for the companies located in Spain rises, in 2020, to 43 days (*see note 7.3*).

The maximum legal period of payment applicable in 2020 and 2019 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers.

11. EVENTS AFTER THE BALANCE SHEET DATE

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

12. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report for the year 2020, which is part of the Director´s Report, has been approved by the Board of Directors of Promotora de Informaciones, S.A. on its meeting held on March 23, 2021.

“English translation for information purposes only. In case of discrepancies between the Spanish original and the English translation, the Spanish version shall prevail”.

ANNEX I TEMPLATE

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUER IDENTIFICATION

FINANCIAL YEAR:	31.12.2020
TAX ID CODE:	A-28297059
Corporate Name:	**PROMOTORA DE INFORMACIONES, S.A.**
Registered address:	Gran Vía, 32. Madrid 28013

A CAPITAL STRUCTURE

A.1. Complete the table below with details of the share capital of the company:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
02/07/2020	70,865,019.30	708,650,193	708,650,193

Please state whether there are different classes of shares with different associated rights:

NO

Remarks
i) On January 31, 2020, the share capital of Prisa amounts to EUR 666,131,181.42 and was represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.94 euros, and have been fully paid up. At the General Shareholders Meeting held on June 29, 2020, the following resolutions were passed: i. Share capital reduction by an amount of EUR 320,761,713.56 to offset losses, by decreasing the par value of shares by EUR 0.452637587, to EUR 0.487362413 per share. ii. Reduction of the share capital by an amount of EUR 7,086,501.93 to increase the legal reserve account, by decreasing the par value of the shares by EUR 0.01, to EUR 0,477362413 per share. iii. Reduction of the share capital by an amount of EUR 267,417,946.63, through the reduction of the par value of the Company's shares by EUR 0.377362413, to EUR 0.10 per share, to set up a reserve which will only be available under the same requirements as those for the share capital reduction. As of December 31, 2020, the share capital of Prisa amounts to EUR 70,865,019.30 and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros, and have been fully paid up. ii) The date of the last change to the Company's capital (02/07/2020) is the date of execution of the deeds of the last transaction.

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
AMBER CAPITAL UK LLP	0.00	29.84	0.00	0.00	29.84

HSBC HOLDINGS PLC	0.00	9.07	0.00	0.04	9.11
TELEFONICA, S.A.	9.03	0.00	0.00	0.00	9.03
RUCANDIO, S.A.	0.00	7.61	0.00	0.00	7.61
INTERNATIONAL MEDIA GROUP, S.A.R.L	5.14	0	0.00	0.00	5.14
GHO NETWORKS, S.A. DE CV	0.00	5.02	0.00	0.00	5.02
BANCO SANTANDER, S.A.	2.43	2.40	0.00	0.00	4.83
MELQART ASSET MANAGEMENT (UK) LTD	0.00	4.62	0.00	0.00	4.62
INVERSORA CARSO, S.A. DE CV	0.00	4.30	0.00	0.00	4.30
CARLOS FERNANDEZ GONZALEZ	0.00	4.03	0.00	0.00	4.03
POLYGON EUROPEAN EQUITY OPPORTUNITTY MASTER FUND)	0.00	0.00	1.00	0.00	1.00

Breakdown of the indirect holding:

Indirect Shareholder's Name	Direct Shareholder's Name	% of shares carrying voting rights	% of voting rights through financial instrument	Total % of Voting Rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	14.39	0.00	14.39
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	3.15	0.00	3.15
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, S.A.R.L	12.30	0.00	12.30
HSBC HOLDINGS PLC	HSBC BANK PLC	9.07	0.04	9.11
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	0.01	0.00	0.01
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	0.02	0.00	0.02
RUCANDIO, S.A.	AHERLOW INVERSIONES, S.L.	7.58	0.00	7.58
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	5.02	0.00	5.02
BANCO SANTANDER, S.A.	SULEYADO 2003, S.L	0.79	0.00	0.79
BANCO SANTANDER, S.A.	CANTABRO CATALANA DE INVERSIONES, S.A	0.81	0.00	0.81

Indirect Shareholder's Name	Direct Shareholder's Name	% of shares carrying voting rights	% of voting rights through financial instrument	Total % of Voting Rights
BANCO SANTANDER, S.A.	CÁNTABRA DE INVERSIONES, S.A.	0.79	0.00	0.79
MELQART ASSET MANAGEMENT (UK) LTD	MELQART OPPORTUNITIES MASTER FUND LTD	4.62	0.00	4.62
INVERSORA CARSO, S.A. DE CV	CONTROL EMPRESARIAL DE CAPITALES S.A. DE CV	4.30	0.00	4.30
CARLOS FERNANDEZ GONZALEZ	FCAPITAL LUX S.A.R.L.	4.03	0.00	4.03

Remarks
i) The significant holdings indicated in the tables above are in accordance with the information published on the CNMV's website as of 31 December 2020 and, in some cases, the information provided by the Shareholders. ii) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company that: i) the structure of his indirect stake in the share capital of the Company, through Amber Capital UK LLP, is as declared in the previous tables and ii) he controls Amber Capital UK, LLP, which acts as investment manager to Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited. iii) As of January 2021, HSBC is no longer a significant shareholder of PRISA. HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holdings Plc. iv) The voting rights held by International Media Group, S.A.R.L have been declared to the CNMV by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, external director representing significant shareholdings, as an indirect stake. International Media Group, S.A.R.L. is 100% owned by International Media Group Limited which in turn is 100% owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani. v) According to the information available to the Company, as of December 18, 2020, date of holding of the Extraordinary Shareholders' Meeting of PRISA, Banco Santander was the owner, directly and indirectly, of the voting rights reflected in the above tables. vi) Melqart Asset Management (UK) Ltd. acts as Investment Manager for and on behalf of Melqart Opportunities Master Fund Ltd, which is the direct owner of the voting rights. vii) Inversora Carso, S.A. de CV controls 99.99% of Control Empresarial de Capitales S.A. de CV. viii) Mr Carlos Fernández González controls the majority of the capital and voting rights of Grupo Far-Luca, S.A. de C.V., the owner of 99% of Grupo Finaccess, S.A.P.I. de C.V., which in turn owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. of C.V. The latter controls FCapital Lux S.à.r.l. ix) Polygon European Equity Opportunitty Master Fund is a fund managed by Polygon Global Partners LLP. x) Lastly, it is noted that in January 2021, the French group Vivendi, with investments in the telecommunications and entertainment industries, has acquired 9,9% of PRISA.

State the most significant shareholder structure changes during the year:

Most significant changes
The most significant changes in the shareholder structure during the year, based on the shareholders' disclosures to the CNMV and whether their shareholdings have reached, exceeded or fallen below the thresholds specified in article 23 of Royal Decree 1362/2007 of 19 October, implementing Law 24/1988 of 28 July on the Securities Market in relation to transparency requirements (3%, 5%, 10%, 15%, 20%, 25%... etc. of share capital), are as follows: Melqart Asset Management has exceeded the 3% threshold (from 2.59% of total share capital through financial instruments at the year- end 2019 to 4.62 % through shares at year-end 2020).

A.3 In the following tables, list the members of the Board of Directors (hereinafter "directors") with voting rights in the company:

Name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MANUEL MIRAT SANTIAGO	0.01	0.00	0.00	0.00	0.01	0.00	0.00
JOSEPH OUGHOURLIAN	0.00	29.84	0.00	0.00	29.84	0.00	0.00
AMBER CAPITAL UK LLP	0.00	29.84	0.00	0.00	29.84	0.00	0.00
KHALID BIN THANI BIN ABDULLAH AL-THANI	0.00	5.14	0.00	0.00	5.14	0.00	0.00
ROBERTO LÁZARO ALCÁNTARA ROJAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MANUEL POLANCO MORENO	0.01	0.02	0.00	0.00	0.03	0.00	0.00
MARIA TERESA BALLESTER FORNÉS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BEATRICE DE CLERMONT-TONERRE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAVIER DE JAIME GUIJARRO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DOMINIQUE D´HINNIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAVIER SANTISO GUIMARAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ROSAURO VARO RODRIGUEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total percentage of voting rights held by the Board of Directors	35.02%

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
JOSEPH OUGHOURLIAN	AMBER CAPITAL UK LLP	29.80	0.00	29.80	0.00
KHALID BIN THANI BIN ABDULLAH AL-THANI	INTERNATIONAL MEDIA GROUP, S.A.R.L.	05.14	0.00	05.14	0.00

Remarks
i) Mr. Fernando Martinez Albacete, representative of Amber Capital UK LLP in the Board of Directors of Prisa, has stated that he doesn´t hold, directly or indirectly, shares of Prisa. ii) Mr Roberto Lázaro Alcántara Rojas is the direct holder of 18,565 voting rights of Prisa, although his stake does not represent more than 0.00% of the share capital. iii) Given that the indirect holdings reported by director Mr Manuel Polanco Moreno don´t represent 3% of the voting rights of the Company, it is not necessary identify the direct holders thereof, according to the terms of the Instructions for Completing the Annual Corporate Governance Report approved by CNMV Circular 1/2020.

A.4 If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Names of the Related Persons or Entities	Type of Relationship	Brief Description
RUCANDIO, S.A/ AHERLOW INVERSIONES, S.L.	Corporate	Rucandio, S.A. controls indirectly 100% of the share capital of Aherlow Inversiones, throuh Timón, S.A.
RUCANDIO, S.A./ PROMOTORA DE PUBLICACIONES, S.L.	Corporate	Rucandio, S.A. controls directly 8.32% and indirectly 82.95% (through Timón, S.A.) of the share capital of Promotora de Publicaciones, S.L.
RUCANDIO, S.A./ RUCANDIO INVERSIONES, SICAV S.A	Corporate	Rucandio, S.A. holds 60.51% of Rucandio Inversiones SICAV
AMBER CAPITAL UK LLP/ AMBER FUNDS	Contractual	Amber Capital UK LLP is the investment manager of Oviedo Holdings, SARL, Amber Active Investors Limited, and Amber Global Opportunities Limited and it is vested with discretion to exercise voting rights for the funds under its management pursuant to written investment management agreements. The exercise of the voting rights is also subject to Amber Capital UK LLP´s policies and procedures.

GHO NETWORKS, S.A. DE CV/ CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	Corporate	GHO Networks, S.A. de CV holds 99.99% of the share capital Consorcio Transportista Occher, S.A. de CV
GHO NETWORKS, S.A. DE CV/ CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	Commercial	The Consorcio Transportista Occher, S.A. de CV is a subsidiary of GHO Networks, S.A. de CV, as a result of which there are various legal, fiscal and commercial links between them.

A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

See section D on related transactions

A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP IS DIRECTOR (REPRESENTED BY THE PERSON OF MR. FERNANDO MARTINEZ ALBACETE) REPRESENTING ITSELF AS A SIGNIFICANT SHAREHOLDER.
KHALID BIN THANI BIN ABDULLAH AL-THANI	INTERNATIONAL MEDIA GROUP, S.A.R.L	INTERNATIONAL MEDIA GROUP, S.A.R.L	KHALID BIN THANI BIN ABDULLAH AL-THANI IS DIRECTOR REPRESENTING INTERNATIONAL MEDIA GROUP, S.A.R.L. (IMG). IMG IS 100% OWNED BY INTERNATIONAL MEDIA GROUP LIMITED WHICH, IN TURN, IS 100% OWNED BY MR. AL THANI.

MANUEL POLANCO MORENO	RUCANDIO, S.A.	RUCANDIO, S.A.	MANUEL POLANCO IS DIRECTOR REPRESENTING TIMON, S.A. A COMPANY CONTROLED BY RUCANDIO, S.A. MR POLANCO IS ALSO DEPUTY CHAIRMAN OF TIMON, S.A; CEO OF RUCANDIO, S.A., IN WHICH HE HOLDS 25% OF ITS SHARE CAPITAL; DIRECTOR OF RUCANDIO INVERSIONES, S.L., IN WHICH HE HOLDS DIRECTLY 14.73% AND INDIRECTLY 1.73% OF ITS SHARE CAPITAL.
JOSEPH OUGHOURLIAN	AMBER CAPITAL UK LLP	AMBER ACTIVE INVESTORS LIMITED.	JOSEPH OUGHOURLIAN IS DIRECTOR REPRESENTING AMBER ACTIVE INVESTORS LIMITED. MR. OUGHOURLIAN IS MAJORITY SHAREHOLDER OF AMBER CAPITAL MANAGEMENT LP, OWNER OF AMBER CAPITAL UK HOLDINGS LIMITED WHICH, IN TURN, OWNS AMBER CAPITAL UK LLP.
ROBERTO LÁZARO ALCÁNTARA ROJAS	GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	ROBERTO LÁZARO ALCÁNTARA ROJAS IS DIRECTOR REPRESENTING THE COMPANY CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV., BEING ALSO ITS CHAIRMAN AND HOLDER OF 85% OF ITS SHARE CAPITAL. MR LÁZARO IS ALSO CHAIRMAN OF GHO NETWORKS, S.A. DE CV AND HOLDER OF 18.18% OF ITS SHARE CAPITAL.
ROSAURO VARO RODRIGUEZ	TELEFONICA, S.A.	TELEFONICA, S.A.	ROSAURO VARO HOLDS 0.045% OF TELEFONICA´SHARE CAPITAL.

Remarks
Mr Fernando Martinez (representative of the director Amber Capital UK LLP, who is also a significant shareholder of PRISA) holds an indirect 0.47% stake in the share capital of Timón, S.A. Timón is controlled by Rucandio, S.A, significant shareholder of PRISA.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

YES

Parties to the Shareholders' Agreement
RUCANDIO, S.A.
TIMON, S.A.

% of share capital: 0.02%

Brief Description of the Agreement: Shareholder Agreement in Promotora de Publicaciones, S.L (Propu): On May 21, 1992 Timon S.A. and a group of shareholders of Prisa entered into an agreement to govern the contribution of their shares in that company to Propu and their participation therein in the following terms: a) each majority shareholder shall have at least one representative on the Board of Directors of Prisa and, to the extent possible, the governing body of Propu shall have the same composition as Prisa's; b) Propu shares to be voted at Prisa's General Shareholders Meetings will be previously determined by the majority members. Propu members who are likewise members of Prisa's Board of Directors shall vote in the same manner, following instructions from the majority shareholders; c) in the event that Timon, S.A. sells its holdings in Propu, the remaining majority shareholders shall have the right to sell their holdings in Propu on the same terms to the same buyer, to the extent that the foregoing is possible.

Expiry date of the agreement, if any: Indefinite

Parties to the Shareholders' Agreement
IGNACIO POLANCO MORENO
MARIA JESÚS POLANCO MORENO
MARTA LOPEZ POLANCO
ISABEL LOPEZ POLANCO
MANUEL POLANCO MORENO
JAIME LOPEZ POLANCO
LUCIA LOPEZ POLANCO

% of share capital: 7.61%

Brief Description of the Agreement: Shareholder Agreement in Rucandio: On December 23, 2003, Mr. Ignacio Polanco Moreno, Ms. Isabel Polanco Moreno–deceased- (whose children have succeeded to her position in this agreement), Mr. Manuel Polanco Moreno, Ms. Mª Jesús Polanco Moreno and their now deceased father Mr. Jesús de Polanco Gutiérrez and deceased mother Ms. Isabel Moreno Puncel signed a Family Protocol, to which a Shareholder Syndicate Agreement was annexed concerning shares in Rucandio, S.A. and whose object is to preclude the entry of third parties outside the Polanco Family in Rucandio, S.A. and in which the rules of action of the syndicated shareholders and directors are established.

Expiry date of the agreement, if any: Indefinite

Remarks
The information on the previous shareholders' agreements is that which is published on the CNMV website: i) Shareholder Agreement in Promotora de Publicaciones, S.L.: Material disclosures no 48407 and 49622, dated 22 March 2004 and Material disclosure no.63701 dated January 30, 2006 and ii) Shareholder Agreement in Rucandio, S.A.: Material disclosures no 83185 dated 14 August 2007.

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

NO

Remarks
The concerted actions known to the Company are the shareholders agreements described above.

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

NO

A.9. Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
1,713,477	0	0.24

Remarks
The Company has a liquidity contract with JB Capital Markets (the "Financial Intermediary") for the purpose of favoring the liquidity and regularity of the Company's shares quotation, within the limits established by the Company's Shareholders General Meeting and the applicable regulation, in particular, Circular 1/2017 of the CNMV. The Financial Intermediary will perform the operation regulated by the Liquidity Contract in the Spanish regulated markets and multilateral trading system, through the market of orders, according to the contracting rules, within the usual trading hours of these and as established in Rule 3 of Circular 1/2017. The Liquidity Contract has been temporarily suspended for the period of time during which the quoted price of the share of Prisa was lower than its face value and, therefore, it was not possible to operate under the contract (from May 7, to July 13, 2020, date on which the resolutions on the reduction of reserves and share capital adopted by the Ordinary General Shareholders' Meeting held on 29 June 2020 were registered with the Commercial Registry).

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

On treasury stock policy, the Shareholders' Meeting held on April 25, 2018 agreed to grant express authorisation for derivative acquisition of shares of the Company, directly or through any of its subsidiaries, with the following limits or requirements: (i) Methods of acquisition: by purchase or by any other inter vivos act for consideration.

(ii) Maximum amount: The par value of the shares acquired directly or indirectly, added to that of those already held by the Company and its subsidiaries and, if applicable, the controlling company and its subsidiaries, at no time will exceed the permissible legal maximum.

(iii) Characteristics of the acquired shares: The acquired shares must be free of any liens or encumbrances, must be fully paid up and not subject to performance of any kind of obligation.

(iv) Mandatory reserve: A restricted reserve may be established within net worth in an amount equivalent to the amount of the treasury shares reflected in assets. This reserve shall be maintained until the shares have been disposed of or cancelled or there is been a legislative change so authorising.

(v) Term: 5 years from the date of approval of this resolution.

(vi) Minimum and maximum price: the acquisition price may not be less than par value or more than 20 percent higher than market price, in both cases, at the moment of the acquisition. The transactions for the acquisition of own shares will be in accordance with the rules and practices of the securities markets.

All of the foregoing will be understood to be without prejudice to application of the general scheme for derivative acquisitions contemplated in article 146 of the current Capital Companies Act.

It is expressly stated that the shares acquired as a consequence of this authorisation may be used to be sold, amortized, or to the application of any remuneration system, plan or resolution by means of or any agreement for the delivery of shares or options on shares to the members of the Board of Directors and to the managers of the Company or its Group in force at any time, and that express authorisation is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorisation, and those owned by the Company at the date of holding of this General Meeting, to be used, in whole or in part, to facilitate fulfilment of the aforementioned plans or agreements, as well as the performance of programs that increase the participation in the Company's share capital such as, for example, dividend reinvestment plans, fidelity bonus or other analogous instruments. The Board of Directors is also authorised to substitute the delegated powers granted by this General Shareholders Meeting regarding this resolution in favor of the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Board.

Likewise on December 31, 2020, the current powers conferred to issue shares, upon the Board of Directors at the Shareholders' Meeting, are the following:

i. Resolution delegating authority to increase capital to the Board of Directors, with delegation to exclude preemption rights, if any, adopted by the General Shareholders Meeting of June 3, 2019, in effect until June 2024.

ii. Resolution delegating to the Board of Directors authority to issue fixed income securities, both straight and convertible into newly-issued shares and/or shares exchangeable for outstanding shares of Prisa and other companies, warrants (options to subscribe new shares or acquire outstanding shares of Prisa or other companies), bonds and preferred shares, with delegation of the authority to increase capital by the amount necessary to cover applications for conversion of debentures or exercise of warrants, and to exclude the preemption rights of shareholders and holders of convertible debentures or warrants on newly-issued shares, adopted by the General Shareholders Meeting of April 25, 2018 in effect until April, 2023.

iii. Medium-Term Incentive Plan for the period falling between 2018 and 2020 (the "Plan"), consisting of the award of Company shares linked to stock market value and to the performance of certain objectives, targeted at the Managing Director, Senior Managers and other Managers of Promotora de Informaciones, S.A. and, as the case may be, of the dependent companies. To entrust the Board of Directors, including an express power of delegation, with the implementation, development, formalization and enforcement of the aforesaid compensation scheme. The shares are to be awarded, as the case may be, within sixty (60)

calendar days after the date on which the Company's Board prepares the 2020 financial statements. The Plan may be covered with treasury stock, with newly issued shares through a capital increase or through the Company's contracting of suitable financial coverage instruments. The agreement was adopted by the General Shareholders Meeting held on 25 April 2018.

A.11 Estimated working capital:

	%
Estimated working capital	15.19

Remarks
Floating capital has been estimated following the instructions of CNMV Circular 2/2018, that is, not taking into account the part of the share capital in the hands of significant shareholders or the voting rights of members of the Board of Directors or treasury stock and avoiding duplicities which exist between the data reported in sections A.2 and A.3. Following these instructions, the figure for free float that is recorded in this Report (15.19%) differs from that recorded in the Company's management Report that acompannies the annual accounts (21%), which has been calculated taking into account other criteria (in particular, not all of the shareholdings included in section A.2 have been considered, since it is considered that not all of them are "reference shareholders", nor the shareholdings of the directors, nor the treasury stock.

A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

NO

A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.

NO

A.14 State if the company has issued shares that are not traded on a regulated EU market.

YES

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share
"American Depositary Shares" ("ADS"): At the Extraordinary General Meeting of PRISA held on 27 November 2010, ordinary class A shares and convertible class B shares were issued and were formally subscribed by a depositary bank (Citibank NA), acting purely in a fiduciary capacity for the benefit of the real owners of the PRISA shares. Simultaneously with the

subscription, the depositary bank issued "American Depositary Shares" ("ADS"), representing Class A (ADS-A) and Class B (ADS-B) shares.

The ADS representing Class A and Class B PRISA shares were listed on the New York Stock Exchange (NYSE) until: i) the mandatory conversion of the ADS-B shares in July 2014 and ii) the delisting of the ADS-A shares (requested by the Company) in September 2014.

PRISA has continued the ADS program in the European Union via the non-organized OTC market on which the ADS shares may be traded.

The Company's share capital is currently represented by ordinary shares, all of the same class and series, and the reference to Class A shares has disappeared.

Each PRISA ADS gives the right to one ordinary PRISA share. The owners of the ADS have had the right to ask the depositary institution holding the aforementioned ADS (Citibank NA) for the direct delivery of the corresponding shares and their consequent trading on the Spanish stock exchanges.

As of December 31, 2020 the number of ADSs was 423,919.

B GENERAL SHAREHOLDERS' MEETING

B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

NO

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

NO

B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

The amendment of the Bylaws is a matter for the General Shareholders Meeting and shall be carried out in accordance with the provisions contained in the Capital Companies Act and the Bylaws, whose article 14 provides that for approval of Articles amendments and unless the law otherwise provides, the favorable vote of the absolute majority of the voting shares present in person or by proxy at the General Shareholders Meeting will be required if the capital present in person or by proxy is more than 50%, or the favorable vote of two thirds of the capital present in person or by proxy at the Meeting when, on second call, shareholders are present that represent 25% or more of the subscribed voting capital without reaching 50%.

The Nominations, Compensation and Corporate Governance Commission shall report on proposals for amending the Bylaws. Furthermore, in accordance with the provisions of the Capital Companies Act, the Board shall prepare a report justifying the proposed bylaw amendment to be published on the website of the Company from the date of publication of the notice of the General Shareholders Meeting.

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

	Attendance data					
Date of General Meeting	% physically present	% present by proxy	% distance voting		Total	Of which, free float:
			Electronic voting	**Other**		
25 April 2018	20.74	57.85	0.00	0.00	78.59	4.32
3 June 2019	21,81	55,84	0.00	0.00	77,65	11.22
29 January 2020	7.79	77.45	0.00	0.00	85.24	13.82
29 June 2020	16.73	64.13	0.00	0.81	81.67	13.91
22 December 2020	17.36	67.28	0.00	0.00	84.64	19.91

Remarks
i) The data provided in the above table as to the free float shareholders present at the shareholders' meetings, in person or by proxy, are the result of estimates made by the Company solely for the purpose of completing this template (in the case of the shareholders' meeting held in 2018 are based on statistical studies carried out originally after the shareholders' meeting), and so cannot be considered exact. The free float shown at the mentionated shareholders' meetings includes both shareholders present in person and those who attended by proxy. ii) The percentages of electronic voting were the following: 0.001% at the shareholders 'meetings of April 25, 2018, June 3, 2019 and January 29, 2020; and 0.002% at the shareholders 'meetings of June 29, 2020, and December 18, 2020. These data are not recorded in the table, because the CNMV`s templates only allows inserting figures with two decimals. iii) The General Shareholders' Meeting which took place on June 29, 2020, and December 18, 2020 were held exclusively remotely.

B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

NO

B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

NO

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

NO

B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The Company maintains a website for the information of shareholders and investors whose URL is http://www.prisa.com. Within this website there is a section entitled "Shareholders and Investors", within which is posted all information PRISA must make available to its shareholders. As of December 31, 2019, the section "Shareholders and Investors" was organized into the following sections: I. GENERAL INFORMATION: i) Communication channels, ii) Shares and Share Capital, iii) Major Shareholders and Treasury Stock, iv) Shareholder agreements Pactos parasociales, v) Dividends, and vi) Prospectus; II. CORPORATE GOVERNANCE: i) Bylaws, Regulations And Other Internal Rules, ii) Board of Directors and Board Committees, iii) Honorary Presidency, iv) Management Team, v) Remuneration of Board members and vi) Corporate Governance Report; III. FINNACIAL INFORMATION: i) Periodic Public Information (IPP), ii) Audited Financial Statements and Management Report iii) Average payment period to suppliers IV. GENERAL SHAREHOLDERS' MEETING : i) Annual General Meeting Regulations , ii) Exercising the Right to Information , iii) Distance and proxy voting , iv) AGMs 2020; v) AGMs 2019; vi) AGMs 2018 vii) AGMs 2017, viii) AGM 2016; ix) AGM 2015, and x) Shareholders meetings preceding to 2015 and V)COMMUNICATIONS TO CNMV: i) Inside Information, ii) Webcast Debt refinancing and Santillana España disposal; iii) Other Relevant Information; and iv) Relevant Information until February 8th, 2020.

C COMPANY ADMINISTRATIVE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	12

C.1.2 Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
MANUEL MIRAT SANTIAGO	--	EXECUTIVE	CEO	30 June 2017	17 November 2017	RESOLUTION BY THE SHAREHOLDERS' MEETING
JOSEPH OUGHOURLIAN	--	PROPRIETARY	DEPUTY CHAIRMAN	18 December 2015	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
ROBERTO LÁZARO ALCÁNTARA ROJAS	--	PROPRIETARY	DIRECTOR	24 February 2014	3 June 2019	RESOLUTION BY THE SHAREHOLDERS' MEETING
AMBER CAPITAL UK LLP	FERNANDO MARTINEZ ALBACETE	PROPRIETARY	DIRECTOR	22 March 2018	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING

MARIA TERESA BALLESTER FORNES	--	INDEPENDENT	DIRECTOR	30 July 2019	29 January 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
BEATRICE DE CLERMONT-TONERRE	--	INDEPENDENT	DIRECTOR	3 June 2019	3 June 2019	RESOLUTION BY THE SHAREHOLDERS' MEETING
JAVIER DE JAIME GUIJARRO	--	INDEPENDENT	DIRECTOR	20 November 2017	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
DOMINIQUE D´HINNIN	--	INDEPENDENT	DIRECTOR	06 May 2016	03 June 2019	RESOLUTION BY THE SHAREHOLDERS' MEETING
MANUEL POLANCO MORENO	--	PROPRIETARY	DIRECTOR	19 April 2001	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
KHALID BIN THANI BIN ABDULLAH AL-THANI	--	PROPRIETARY	DIRECTOR	18 December 2015	29 June 2020	RESOLUTION BY THE SHAREHOLDERS' MEETING
JAVIER SANTISO GUIMARAS	--	INDEPENDENT	DIRECTOR	22 December 2020	22 December 2020	COOPTATION
ROSAURO VARO RODRIGUEZ	--	INDEPENDENT	DIRECTOR	22 December 2020	22 December 2020	COOPTATION

Total number of directors	12

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
MR. FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	INDEPENDENT	20 November 2017	29 June 2020	NOMINATIONS, COMPENSATION AND CORPORATE GOVERNANCE COMMISSION	NO
MR. JAVIER MONZON DE CÁCERES	INDEPENDENT	29 June 2020	18 December 2020	DELEGATED COMMISSION	YES
MRS SONIA DULÁ	INDEPENDENT	29 June 2020	18 December 2020	DELEGATED COMMISSION/ NOMINATIONS, COMPENSATION AND CORPORATE GOVERNANCE COMMISSION/ AUDIT,	YES

				RISKS AND COMPLIANCE COMMISSION	

Reason for leaving and other remarks
(i) The composition of the Board of Directors shown in the table above is as of 31 December 2020. In February, 2021: i) the Board of Directors appointed Mr. Joseph Oughourlian a non-exceutive chairman (he had previously served as deputy chairman since April, 2019) within the framework of the Succession Plan that the Board implemented after the previous chairman left office last December; ii) since Mr. Oughourlian is a significant shareholder, independent director Mr. Rosauro Varo was appointed non-executive deputy chairman; iii) Mr. Javier de Jaime resigned as member of the board, and iv) the Board made an interim appointment of Ms. Pepita Marín Rey-Stolle as independent director. ii) Mr. Javier Monzón de Cáceres, who held the non-executive chairmanship of the Board of Directors, was removed as a director at the Extraordinary Shareholders' Meeting held on December 18, 2020, upon approval of the proposal raised by shareholder Amber Capital, with the favorable vote of 52.201% of the quorum of the meeting. Amber Capital justified its proposal based on disagreements with Mr. Monzón's strategic vision of the Company, likewise noting that they would have preferred that Mr. Monzón leave office voluntarily, but given his reiterated refusal to do so, they had no other choice but to propose his removal at the Shareholders' Meeting. During the Shareholders' Meeting, Mr. Monzón expressed his opinion on the proposal for his removal, presented by Amber Capital, indicating that the relevance of the matter prevented him from resigning at that time, without the Board's having knowledge of the situation and, likewise, that the Company roadmap approved by the Board provided for separating our education and media businesses, and that it was not true that he opposed that strategy. The Shareholders' Meeting was streamed live and, thus, Mr. Monzón's statements were public. After the Shareholders' Meeting concluded, the Company made the corresponding announcement of insider information to the securities authorities and issued a press release. The Shareholders' Meeting was broadcast via streaming, so that all investors and other interest groups had access to the statements made by Mr. Monzón. Once the Shareholders' Meeting was over, the Company formally published the cessation of Mr. Monzón through the corresponding communication of privileged information sent to the CNMV, as well as the appropriate press release. (iv) Other cessations: i) Ms. Sonia Dulá presented her resignation from the Board on December 18, 2020 due to the fact that in view of her new personal and professional ircumstances, she could no longer devote the time and attention that the post of independent PRISA director requires. Ms Dulá explained the reasons in a letter that was sent to all the members of the Board of Directors. The corresponding communication was also made to the CNMV and ii) Mr. Francisco Javier Gómez- Navarro Navarrete's term of office came to an end on the date of the Shareholders' Meeting held on June 29, 2020, pursuant to article 222 of the Capital Companies Act. He had declined reelection, having determined to focus his professional activities on other areas.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name of director	Post in organisational chart of the company	Profile
MR. MANUEL MIRAT SANTIAGO	CEO	Manuel Mirat holds a degree in Law, and completed the Senior Management Program (PADE) and the

		Management Development Program (PDD) at the IESE. Mirat began his career at Arthur Andersen and joined PRISA in 1997, where he held a range of corporate posts, including head of the Finance Department. In 2004, he was appointed CEO of PRISACOM to lead the digital development of the Group, overseeing transformation projects for the different brands: El País, Cadena SER, 40 Principales, As and Cinco Días. In March 2009 he was appointed chief operating officer of Sogecable, and in December of that year he became Managing Director of CANAL +, in charge of sales, marketing and new business development. In 2014 he was appointed CEO of El País and PRISA Noticias. Since June 2017 he has been director of PRISA and, since September, 2017, its CEO.

Remarks
Section C.1.10 provides more information on other positions held by the director at Grupo Prisa

Total number of executive directors	1
Percentage of Board	8.33%

PROPRIETARY DIRECTORS

Name of director	Name of the significant shareholder represented or that has proposed their appointment	Profile
AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	Fernando Martínez es un profesional en finanzas y gestión con más de 20 años de experiencia en el sector de los medios de comunicación. Es director financiero de Inmoglaciar, un grupo inmobiliario controlado por una firma internacional de capital privado y colabora en el diseño y gestión de la estrategia de inversión Tapru, S.L. Es miembro del Board de Directors en Bimba y Lola. Trabajó con Prisa entre 2009 y 2017, desempeñando sucesivamente como Secretario General, Director de Desarrollo Corporativo y Planificación Estratégica y Control y más recientemente, director financiero. Anteriormente, fue Director Financiero de Sogecable – open and pay TV Group, donde había participado previamente en su OPI. Ha sido miembro del Consejo de Administración de Sogecable / Canal +, Santillana, Prisa Radio y Diario As, entre otras empresas. Es licenciado en Economía y Empresa por la Universidad Pontificia Comillas - ICADE.
MR KHALID BIN THANI BIN ABDULLAH AL THANI	INTERNATIONAL MEDIA GROUP, S.À.R.L.	Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is a prominent Qatari businessman with diverse interests in banking, real estate, insurance, financial securities, healthcare, telecommunications, media, information

		technology, humanitarian services, education and travel industries. He is chairman of several listed companies in Qatar, as well as co-founder and benefactor of a number of non-profit organizations and business associations. In addition to his business interests, Shk. Dr. Khalid is an avid sports fan and a key benefactor of sports events and international and domestic sports associations.
MR. MANUEL POLANCO MORENO	TIMON, S.A.	Manuel Polanco holds a degree in Economics and Business Studies from the Autonomous University of Madrid. He has a thorough understanding of PRISA, where he has spent his entire professional career. He began his career in Latin America, a region which has long proved crucial for the development of the Group. From 1991 to 1993 he headed Santillana in Chile and Peru. He was subsequently appointed editor-in-chief of the Mexican newspaper La Prensa and he was instrumental in the launch of the American edition of El País in Mexico City, the first Spanish newspaper to be published simultaneously in both countries. It quickly became the newspaper of record and set the standard for international reporting in Latin America. In 1996 he became director of Santillana in Latin America and the United States, based in Miami, a period which saw the creation of the last Santillanas in the region. He also improved coordination between offices in different countries. Back in Spain in 1999, he became president of the media sales arm of the entire Group through GDM (Gerencia de Medios) and a year later he was named president of GMI (Gestión de Medios Impresos) which brought together the newspapers Cinco Dias and AS, magazines and new investments in regional press. In 2005, after the acquisition of Media Capital by PRISA, he was made CEO of the Portugal's leading television and audiovisual production company. Here he oversaw a period of international expansion into other Portuguese-speaking markets and he consolidated the Portuguese company's lead in television, with TVI, as well as in audiovisual production for television through the company Plural. In 2009, he returned to Spain as a Managing Director at PRISA, and he subsequently oversaw the Group's television interests, including Canal + until its sale to Telefonica in 2015. He led the launch of PRISA's new production and video division while Deputy Chair of the Group. Polanco has been a director of PRISA since 2001 and a member of its Executive Committee since 2008. On January 1, 2018, he took over as Chairman of the Board of Directors of PRISA, a post he held until December of that year. Currently, besides Director of PRISA, is non-executive Chairman of the Boards of Directors of: Prisa Noticias, S.L., Grupo Santillana Global Education, S.L. and Prisa Radio, S.A.

MR JOSEPH OUGHOURLIAN	AMBER ACTIVE INVESTORS LIMITED	Joseph Oughourlian is the founder of Amber Capital. Mr Oughourlian founded Amber Capital in New York in November 2005. Mr Oughourlian began his career at Société Général in Paris in 1994 and moved to New York in 1996. In 1997, he ventured into proprietary trading at Societé Generale, which led to the first Amber Fund being established in October 2001 with seed capital from the Bank. Mr.Oughourlian graduated from the HEC Business School and from IEP (Sciences Po.), both in Paris, and earned his MSc in Economics from the Sorbonne in Paris. Oughourlian currently sits on the boards of a range of companies. He was appointed director of PRISA in December 2015 and is a Vice-Chairman of the Board of Directors since April 29, 2019
MR. ROBERTO LAZARO ALCANTARA ROJAS	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	Roberto Alcántara Rojas (Mexico, 1950), a businessman involved in the long-haul transport sector, president of Toluca Group and the low-cost airline VivaAerobus, which he founded in 2006 with the Irish carrier Ryanair. He is shareholder and chairman of the Board of Directors of the consortium Iamsa – Inversionistas en Autotransportes Mexicanos, S.A de CV - Investors in Mexican Transport – which encompasses the largest transport companies in Mexico. Between 1991 and 1999 he was Chairman of the Board of Directors of BanCrecer, SA. Alcántara has also been included in the list of Top 100 Mexican executives, produced annually by CNN.

Total number of proprietary directors	5
Percentage of the Board	41.67%

Remarks
i) Timón, S.A. is a company controlled by Rucandio, S.A. ii) Sections A.6, C.1.10 and C.1.11 provide information on the directors' relationships with significant shareholders and on other of their professional occupations.

INDEPENDENT DIRECTORS

Name of director	**Profile**
MR. DOMINIQUE D´HINNIN	Dominique D'Hinnin is an outstanding media sector professional and was a co-managing partner and CFO of the French group Lagardere, a world leader in the publishing sector. D'Hinnin began his career at the Inspection générale des finances (Ministry of Finance of France). In 1990, he joined Lagardere as Chief Internal Auditor, where he played an active role in the financial and legal restructuring of the Group to create Lagardere SCA and where he oversaw the merger of Matra with Hachette and three years later he was appointed CFO of the publisher Hachette Livre. In 1994, he was appointed Executive Vice President of Grolier Inc (Connecticut, USA) where he undertook the overhaul and development of the company in the US, UK and Asia, and the launch of Grolier Interactive Europe.

	D'Hinnin was a member of the boards of Marie Claire Album and Holding Evelyne Prouvost until April 2016. He has also sat on the boards of Editions Amaury SA (2011-2013), and on the Strategic Council at PricewaterhouseCoopers France (2009-2013); he was a member of the Remuneration Committee and Audit Committee at EADS-Airbus (2007-2013), and Deputy Chairman of the Supervisory Board and member of the Audit Committee of Canal + France (2007-2013). He was also vice chairman and head of the Audit Committee at Atari - Infogrames Entertainment SA (2005 to 2011) and member of the Board and Chairman of the Audit Committee of Le Monde SA between 2005 and 2010. He currently is chairman of the board of EUTELSAT Communications, a French Satellite Service Company. He is also a board member of EDENRED, a French Corporate Services Company, Technicolor, a French technology Company, Louis Delhaize, S.A, a Belgium private retail group, and Golden Falcon, an US public company. Dominique D'Hinnin received his undergraduate degree from École Normale Supérieure (in classical culture) and a graduate degree from Ecole Nationale d'Administration, between 1979 and 1986.
MS BEATRICE DE CLERMONT	Béatrice de Clermont Tonnerre is a member of the Executive Committee of the artificial intelligence company Kayrros, which focuses on energy markets. Until September 2019 she was serving as GOOGLE Director for AI Partnerships. She is based at the AI Research Center in Paris she oversaw and engages with large clients on Machine Learning solutions. From 2013 to 2018 she was Southern Europe Director for monetisation at GOOGLE, covering France, Spain and Italy. She was previously Senior VP Business Development at LAGARDERE leading mergers and acquisitions in pay TV, book and magazine publishing, sports rights and digital media; after working for the CANAL PLUS Group from 2001 to 2005 as Head of Interactive Television and Co-Head of Programming. Mrs. de Clermont Tonnerre started her career as a radio journalist for two years and she entered the business world as a strategy analyst at MATRA working on the space industry and defense electronics. She participated, in 1995-1999 as a junior member of the team to the build-up that led to the creation of EADS Group (now AIRBUS Group). Béatrice de Clermont Tonnerre graduated from IEP Paris (BA in Political Sciences and Economy) and obtained her MBA degree from ESSEC (École Supérieure des Sciences Economiques et Commerciales). Béatrice de Clermont Tonnerre is a member of the board of the SES satellite operator that is traded on the Luxembourg Stock Exchange, and a member of the board of KLEPIERRE, a European specialist in shopping centers traded on the Paris Stock Exchange. Since June, 2018 she holds the office of deputy chairperson of HURRIYET, a major Turkish newspaper traded on that country's stock exchange. Ms. Beatrice de Clermont Tonnerre received the honorary title of Chevalier dans l'Ordre National du Mérite from France.
MS. MARIA TERESA BALLESTER FORNES	Graduated Cum Laude in Finance and Political Science from Boston College and holds an MBA from Columbia University in New York City. Her career began at GTE Corporation (Verizon) in the United States as a financial executive, later joining the consulting firm Booz, Allen & Hamilton as a strategy consultant for leading multinationals in Mexico, United Kingdom, Spain and Portugal. She has been CEO of 3i in Spain, where she developed extensive experience in the international private equity sector, leading many investments and divestments, and participating in the recruitment process of institutional investors for global funds promoted by 3i. He has also led numerous refinancing operations, IPOs and has wide-ranging experience on boards of directors of several companies, both listed and non-listed.

	Between 2014 and January 2017 Ms. Ballester provided services to EY as external advisor of the Transaction Services (TAS) Division. She is currently the founder and Managing Partner of the private equity fund Nexxus Iberia I. Ms. Ballester was also President of the Spanish Private Equity Association (ASCRI) during 2010-2012 and is currently a Director of Repsol and member of the Audit committee and Remuneration Committee Member of the "Circulo de Empresarios", the Directors' Institute (ICA) and Women Corporate Directors (WCD), Member of the International Women's Forum (IWF) and frequently participates as a speaker at business schools and professional associations.
MR. JAVIER DE JAIME GUIJARRO	He has a degree in Law and managing partner of CVC Capital Partners; he worked for seven years for the British company 3i, two of which he spent in the UK before spending an additional five years with the company in Spain. In September 1997 Javier de Jaime joined CVC to oversee the Spanish market, which has become one of CVC's most active markets. In 2003, he was appointed managing partner of the firm, and since 2008 he he has also been in charge of CVC's Italian market. He holds a law degree from the Universidad Pontificia de Comillas (ICADE) and an MBA from the University of Houston.
MR. JAVIER SANTISO GUIMARAS	Javier Santiso is CEO and General Partner of Mundi Ventures, a venture capital fund (200 million euros) with offices in Madrid, Barcelona, London and Tel Aviv. He is an investor in European tech unicorns such as Farfetch and Skyscanner in the UK and Auto1 and Wefox in Berlin. He is a member of the board of directors of the Paris-based multinational FNAC Darty. Previously, he served as chief economist at Indosuez (Paris) and BBVA (Madrid) and as Director of the OECD and Chief Economist at the OECD Development Center. He oversaw corporate transformation at the Amerigo venture capital fund, which he founded, at Telefónica. He has also served as CEO in Europe of Khazanah, Malaysia's sovereign wealth fund (US$50 billion) and as its global head of technology investments. Khazanah has invested in a dozen unicorns, including Alibaba in China and Palantir in the United States. Santiso is an avid art collector and is a patron of culture. He is the founder of the art and poetry publishing house La Cama Sol www.lacamasol.com, and works with artists such as Lita Cabellut, Etel Adnan, Soledad Sevilla, Anselm Kiefer, Jaume Plensa, Miquel Barceló, Rafael Canogar, Carlos León, César Galicia, Juan Uslé, Jerónimo Elespe, and writers such as Joan Margarit, Pere Gimferrer, Christian Bobin, Tahar Ben Jelloum, Pascal Quignard. He has published a dozen books, the most recent being the novel Vivir con el corazón (Living with the heart) (Madrid, La Huerta Grande, 2021) and Un sol de pulpa oscura (A sun of dark pulp) (Madrid, Franz Ediciones, 2020) with the Iranian artist Shirin Salehi.
MR ROSAURO VARO RODRIGUEZ	Rosauro Varo has a degree in Law from the University of Seville and has been successfully forging a career in business and entrepreneurship for 20 years. He now oversees his range of business initiatives through GAT Inversiones, of which he is Chair. He is also currently a member of the Board of Directors of the business association Círculo de Empresarios del Sur de España (CESUR). Varo was previously deputy chair of the telecommunications company PepePhone and a member of various Boards of Directors, including El León de El Español Publicaciones, SA, the publishing company behind digital newspaper El Español and the business and finance portal Invertia. He's a lecturer for the Masters in Finance and Banking at the Pablo Olavide University of Seville and the Senior Management Program of Leading Companies and Institutions of the San Telmo Business School, where he addresses subjects such as business mergers and acquisitions as well as the digital economy.

	He channels his social commitment through the ALALÁ Foundation, which sets the standard for the development of social integration projects for the disadvantaged in southern Spain.

Number of independent directors	6
Percentage of the Board	50%

Remarks
Sections A.6 and C.1.11 provide information on the directors' relationships with significant shareholders and on other of their professional occupations.

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	
Description of the relationship	
Statement	

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile

Total number of other external directors	0
Percentage of the Board	0.00%

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				Percentage of the total number of directors in each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	0	0	0	0	0.00	0.00	0.00	0.00
Independent	2	3	1	1	33.33	42.85	20.00	16.66
Other External	0	0	0	0	0.00	0.00	0.00	0.00
Total:	2	3	1	1	16.66	23.08	7.69	7.14

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

YES

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved
The Company's Board of Directors Regulation provides that the Board shall ensure that the procedures for selecting its members promote diversity of knowledge, experience, origen, age and gender, and do not reflect implicit biases that might result in any type of discrimination. The Company likewise has a Policy on Diversity of the Board of Directors and Director Selection, which was amended in November 2020, principally to adapt it to the recommendations of the Code of Good Governance for Listed Companies ("CBG") that the CNMV approved in June 2020, and that contain the following objectives: i) The director selection or reelection process intends to achieve an appropriate balance and diverse composition of the Board of Directors as a whole. ii) In its broadest sense, the principle of diversity in the composition of the the Board of Directors implies seeking persons fulfilling the defined requisites as to qualifications and personal and professional integrity, and capacity and compatability, and whose appointment will favor a diversity of knowledge, experience, origin, age and gender on the Board. iii) In matters of gender diversity and pursuant to the provisions of CBG recommendations 14 and 15: (i) efforts will be made to ensure that the there is a significant number of women in the Company's senior management, and (ii) the objective is to ensure that prior to the end of 2022 and beyond, women will represent at least 40% of the total members of the Board of Directors, while previously not being less than 30%. In 2020, and upon the advice and with reports from the Appointments, Compensation and

Corporate Governance Committee (CNRGC), the Board of Directors assessed the requisites and skills required on the Board, which provided a starting point for the processes that led to the reelection of the directors and the selection of new director candidates (taking into account their compatibility with the board skills matrix prepared by the CNRGC). Bias was avoided in those processes and, in the company's best interest, merit was the principal selection criterion for identifying the most qualified candidates.

The application and implementation of the Company's diversity policies and objectives must be conducted within the framework determined by the present composition of the Board:

- Of the current twelve directors, the only executive (the CEO) was appointed in 2017 and it is in the Company's interest that he remain in this post for the medium and even the long term.

- Five directors are proprietary directors representing four significant shareholders who appoint them based on their own considerations about which the Board can make recommendations, but not exercise decisive influence.

- Thus, the CNRGC and the Board can actually only directly apply the aforementioned policies to the other six independent directors.

The following sections C.1.6 and C.1.7. detail the results of the CNRGC's assessment of the application of the Board's diversity policies, particularly with regard to gender diversity.

In other respects, regarding the Company's management team, it is understood that senior management includes: the members of the Business Management Committee who are not Prisa executive directors but rather work under employment contracts with Prisa or other group companies, the managers who habitually attend meetings of that Committee, and Prisa's Director of Internal Audits.

Senior management is composed of ten directors, two of whom are women (the Director of Human Resources and Talent Management and the Director of Internal Audits). The profiles of senior managers reflect diversity with respect to age, education, experience and professional qualifications, and at least a third of them have postgraduate training in prestigious institutions in both Europe and the United States, together with the fact that at least half of the executives have had a solid professional career abroad. The ages of senior managers range from the most veteran who is 73 years old to the youngest exective who is 39. This ensures a balance between the maturity, broad experience and market knowledge of the older directors and the addition of new skills provided by the younger executives, all of whom work together to adapt our business to its current environment.

Likewise, among the 23 key managers, four are women (the two mentioned above, plus the Director of Prisa News Operations and the Director of Digital Development). All of them have diverse profiles with regard to age, education, experience and professional qualifications.

There are no disabled persons among the personnel in our management bodies, although internal human resources policies guarantee that disability would not be an impediment to seeking a senior management position.

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of means
As previously indicated in section C.1.5 above, the principles and objectives of the Company's Policy on Diversity of the Board of Directors and Director Selection include, among others, achieving greater representation of women on the Board of Directors and encouraging the Company to have a significant number of women among senior management. Diversity has been a guiding criterion with regard to the composition of the Board of Directors. As 2020 commenced, the CNRGC intended to implement a plant to identify female candidates and to give them preference when proposing the appointment of new non-proprietary external directors to cover vacancies that might arise on the Board. The results of that project are explained in greater detail in the next section. The Company's Board of Directors is composed of twelve directors. Until December 2020 the Company had three women directors, who represented 25% of the tota board members. However, after Ms. Sonia Dulá's resignation on December 18, 2020, the number of female directors was reduced to two (Ms. Beatriz de Clermont-Tonerre and Ms. María Teresa Ballester) and, thus, at the closing of the 2020 fiscal year the women directors represented 16.66% of the total board members. However, it is noted that in February 2021 the director Mr. Javier de Jaime Guijarro resigned, in addition to professional reasons and lack of availability, due to his desire to improve gender diversity on the Board of Directors of PRISA, which would facilitate leaving a vacant vacancy on the Board. To fill this vacancy, the Board has appointed Ms. Pepita Marín Rey-Stolle as a director, by co-option, so that the representation of women on the board has risen to 25%. The two female directors maintain a notable presence on company bodies. Ms. Beatriz de Clermont-Tonerre is the Coordinating Director, Chairperson of the CNRGC, and a member of the Delegated Committee, while Ms. María Teresa Ballester is a member of the Audit, Risk and Compliance Committee.

If there are still few or no female directors, despite the measures that may have been taken, if applicable, explain the justifying reasons:

Explanation of means
At the extraordinary shareholders meeting held in January 2020, the interim appointment of Ms. María Teresa Ballester was approved. However, subsequent to this appointment, a series of circumstances have arisen that have hindered the incorporation of a larger number of female directors on the Board: i) Coinciding with the annual shareholders meeting held in June 2020, the directorships of several board members expired. After the Appointments, Compensation and Corporate Governance Committee (CNRGC) analyzed and evaluated their reeletion or replacement, it was decided that it was in the Company's best interest to propose that the shareholders: i) reduce the number of directors from 13 to 12 (taking into account that one of the directors declined to be reelected) and ii) to reelect the other directors whose terms were expiring (which included a woman, Ms. Sonia Dulá). It should be noted in that regard that in early 2020 the Company had commenced a process to identify female candidates for directorships. However, the COVID-19 public health crisis has prompted serious and exceptionally unprecedented circumstances, particularly in Spain where the declaration of successive states of emergency (implementing, among others, measures restricting freedom of circulation and assembly) has greatly hindered certain business activities and prevented the Company from advancing and duly completing the process to identify and select potential women candidates for the Board as planned, prior to the annual shareholders meeting in June 2020 when the directorships of eight board members expired. Thus, in the process of reelecting or replacing the board members whose directorships expired in June, the corresponding suitability assessments were made based on the matrix of skills

required of board members, taking into account both the results of the Board's 2019 evaluation as well as the Company's circumstances at that time, all of which made the reelection of those directors advisable, in order to continue the work and actions of the Board then underway, as well as to ensure the increased effectivity of its functions and the contribution of its members.

Likewise, and in the case of proprietary directors, it should be noted that proposals for their reelection were made by the shareholders they represent who hold significant interests in company capital.

For all of the above, the biographies, experience and professional careers of the directors to be reelected or appointed were assessed and evaluated, and their conformity with the skills matrix approved by the CNRGC was taken into account. Special attention was likewise afforded their previous devotion and performance on the Board. When the shareholders meeting was announced, the requisite reports prepared by the Board of Directors and the CNRGC justifying their proposals were made available to shareholders.

These decisions were ratified by shareholders at the annual shareholders meeting held on June 29, 2020.

ii) At the extraordinary shareholders meeting held on December 18, 2020 the removal of Mr. Javier Monzón de Cáceres was approved and, as indicated previously, Ms. Sonia Dulá presented her resignation as board member on that same date.

At that time, it was deemed appropriate to initiate an evaluation to appoint two new directors to fill those vacancies, to ensure the normal functioning of the Company's management bodies. An analysis was made of the Board's needs, taking into consideration the matrix of skills required of directors, and only four days later on December 22, 2020 and at the CNRGC's proposal, the Board of Directors approved the interim appointment of two independent directors.

With such short notice, no appropriate women candidates were found and, moreover, in view of the circumstances and given that the candidates were qualified, there was no substantial reason for not appointing them to the vacant directorships.

For the reasons set forth above, it has not been possible to include additional women on the Board during 2020 and, thus, the degree of gender diversity is insufficient and the objective to have at least 30% female directors on the Board in 2020 could not be achieved.

Both the CNRGC and the Board have inicated that resolving the lack of gender diversity on the Board of Directors will thus be a future priority. The required measures will have to be taken to comply with the CNMV's new objective (expressly included in the Policy) for women to hold at least 40% of board directorships before the end of 2022 and beyond, the prior figure having been set at a minimum of 30%. There will also have to be support for hiring a greater number of female managers.

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors; in particular, as it relates to the goal of ensuring that the number of female directors represents at least 30% of the total membership of the Board of Directors by the year 2020.

The CNRGC's analysis and review concluded that the present composition of the Board of Directors is reasonably diverse with regard to the directors' knowledge, experience, origin and age, having an overall positive balance, but the same cannot be said concerning gender diversity. In effect, the CNRGC verified that during 2020 the principles, objectives and procedures provided for in the Policy on Diversity of the Board of Directors and Director Selection were taken into account in proposals for the appointment and reelection of directors, as well as for election to other posts, without prejudice to the reservations made regarding gender diversity.

The specific analysis of the situation of the most relevant of these factos is summarized below:

• As for knowledge and experience, nature of Prisa's business requires that the Board as a whole possess skills in a variety of principal areas, such as: global entrepreneural experience; knowledge of the group's or related sectors of activity; transformation processes, with particular attention to technological and digital impacts; experience and knowledge of international markets in general and Latin America in particular; executive and talent management; finance and control and, finally, experience in corporate governance. All of these are sufficiently represented on the Board and each and every director has significant skills in several of them, as evidenced in the biographical notes on each one available in section C.1.3 above. For the appointment of the two new directors (Mr. Javier Santiso and Mr. Rosauro Varo), the Board of Directors considered the skills matrix for board members, especially taking into consideration the following: regarding Mr. Santiso, his financial and executive experience, as well as his entrepreneural profile, his international experience, and his knowledge of the cultural worl; regarding Mr. Varo, his digital and entrepreneural profile, as well as his experience in the technology and communications media sectors. • Concerning geographical diversity, there are five foreign directors with citizenship and residence in three continents. • As for age, the directors' ages range from 41 to 70 años, with an average of 54. Thus, in the indicated areas the above merits a favorable assessment.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

NO

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name of director	Brief description
MR MANUEL MIRAT SANTIAGO	He has been delegated all powers of the Board of Directors except those that cannot be delegated by law.
DELEGATED COMMISSION	It has been delegated all powers of the Board of Directors except those that cannot be delegated by law. Notwithstanding the Board of Directors Regulation provides that, when duly justified urgent circumstances arise and the law permits it, the Delegated Commission, or any other authorized committee, may adopt resolutions related to the matters referred to in section 5.3 of the Regulations, which shall be confirmed in the first meeting of the Board of Directors held after they are adopted.

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Director's Name	Name of the Group Company	Position	Does he/she has executive functions?
MANUEL MIRAT SANTIAGO	PRISA RADIO, S.A.	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	DIARIO EL PAIS, S.L.U	CHAIRMAN	NO
MANUEL MIRAT SANTIAGO	PRISA NOTICIAS, S.L.U.	DIRECTOR	YES
MANUEL MIRAT SANTIAGO	VERTIX, SGPS, S.A.	CHAIRMAN	NO
MANUEL POLANCO MORENO	PRISA RADIO, S.A.	CHAIRMAN	NO
MANUEL POLANCO MORENO	GRUPO SANTILLANA EDUCACION GLOBAL, S.L.U	CHAIRMAN	NO
MANUEL POLANCO MORENO	DIARIO EL PAIS, S.L.U	DIRECTOR	NO
MANUEL POLANCO MORENO	PRISA NOTICIAS, S.L.U.	CHAIRMAN	NO

Remarks
Mr Manuel Mirat represents Promotora de Informaciones, S.A. as: i. Sole Director of: Prisa Participadas, S.L.U, Prisa Media SLU, Prisa Activos Radiofónicos SLU, Prisa Gestión Financiera, S.L.U. ii. Director of Grupo Santillana Educación Global S.L.U. iii. Liquidator of Promotora de Actividades América 2010 SL en liquidación.

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Director's Name	Name of Listed Company	Position
DOMINIQUE D´HINNIN	EDENRED	DIRECTOR
DOMINIQUE D´HINNIN	TECHNICOLOR	DIRECTOR
DOMINIQUE D´HINNIN	EUTELSAT COMMUNICATION	CHAIRMAN
DOMINIQUE D´HINNIN	GOLDEN FACTOR	DIRECTOR
KHALID BIN THANI BIN ABDULLAH AL THANI	EZDAN HOLDING GROUP	CHAIRMAN
KHALID BIN THANI BIN ABDULLAH AL THANI	QUATAR INTERNATIONAL ISLAMIC BANK	CHAIRMAN
MARIA TERESA BALLESTER FORNES	REPSOL, S.A.	DIRECTOR
BEATRICE DE CLERMONT- TONERRE	KLEPIERRE	DIRECTOR
BEATRICE DE CLERMONT- TONERRE	SES	DIRECTOR
JAVIER SANTISO GUIMARAS	FNAC DARTY	DIRECTOR

Remarks
Director Mr Javier de Jaime represents Theatre Directorship Service Beta, S.A.R.L. on the Board of Directors of Deoleo, S.A.

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

YES

Explanation of the rules and identification of the document where this is regulated
Article 11 of the Board Regulations provides that regarding the number of other boards of which they may be members, the general rule shall be that directors may not be members of so many other boards that it prevents or hinders them from dedicating the proper amount of time to their position as Company director. In this regard, the Company directors shall comply with the following restrictions: (i) Executive directors may hold administrative posts at other companies, provided that they do not perform executive duties at any of them. (ii) Non-executive directors may hold administrative posts at six other companies, provided they do not perform executive duties at any of them. However, they may only hold administrative posts at two other companies if they perform executive functions in one of them. Those who perform executive functions at two or more companies may not be non-executive directors of the Company. For purposes of paragraphs (i) and (ii) above, (a) only companies whose shares are admitted to trading on stock exchanges or alternative markets, domestic or foreign, and others that require an equal commitment, shall be taken into account; and (b) all the management bodies of companies that belong to the same group shall be treated as a single administrative body, as well as those that partly consist of proprietary directors proposed by any company of the group, although a stake in the capital or degree of control of the company does not allow it to be considered a member of the group. Notwithstanding these restrictions, the Board shall assess the personal and professional circumstances of the director in each case, particularly the case of proprietary directors. As an exception in duly justified cases, the Board of Directors may exempt the director from these restrictions.

C.1.13. State total remuneration received by the Board of Directors

Board remuneration in financial year (thousand euros)	2,242
Amount of vested pension interests for current members (thousand euros)	0
Amount of vested pension interests for former members (thousand euros)	0

Remarks
i) The amount of the total directors' remuneration is the amount accrued in 2020 following

the accrual criterion specified in CNMV Circular 1/2020/ (which sets out the template for the annual directors' report of listed public limited companies) and differs by 354 thousand euros from the total amount of directors' remuneration recorded in the Notes to the consolidated financial statements and the semi-annual financial statements for 2020 (2,596 thousand euros), which reflects the accounting records. The difference breaks down as follows: • In relation to the annual variable remuneration of the CEO: a negative amount (- 223 thousand euros) has been recorded at the year en 2020. As stated in the remuneration report, the CEO has voluntarily renounced to receive, in relation to the financial year 2020, the annual variable remuneration • In relation to the Medium Term Incentive Plan for the period 2018/2020: this plan has not yet accrued and vested, without prejudice to the amounts included as expenses in the profit and loss account (77 thousand euros). • In relation to the extraordinary bonuses for the CEO of Prisa and for certain managers, linked to the success of two important strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of Grupo Prisa's financial debt with its creditors, the 2020 accounts include expenses for a total of 1,000,000 euros for this item in relation to Prisa's CEO. Nevertheless, this report only shows, as the amount accrued in 2020, 50% of that sum (€500,000). ii) The overall remuneration of the Board of Directors includes that of Mr. Javier Gómez-Navarro up to the time of his cessation as a director on June 29, 2020 (once expired the term for which he was appointed), and that of Mr. Javier Monzón de Cáceres and Ms. Sonia Dulá, up to the time of their cessation and resignation as directors, respectively, on December 18, 2020. It is also included the remuneration of Mr Javier Santiso and Mr. Rosauro Varo from their appointment as directors on December 22, 2020. iii) The remuneration shown in the above table therefore coincides with that stated in the directors' remuneration report, to which we refer for further explanations.

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
XAVIER PUJOL TOBEÑA	SECRETARY GENERAL AND SECRETARY OF THE BOARD
GUILLERMO DE JUANES MONTMETERME	CFO
JORGE BUJIA FEAL	DIRECTOR OF RISK CONTROL AND MANAGEMENT CONTROL
JORGE RIVERA	CHIEF OF COMMUNICATION AND INSTITUTIONAL RELATIONS
AUGUSTO DELKADER	CHIEF EDITOR
MARTA BRETOS	HEAD OF TALENT MANAGEMENT
MIGUEL ANGEL CAYUELA SEBASTIAN	CEO OF GRUPO SANTILLANA
PEDRO GARCÍA GUILLÉN	CEO PRISA RADIO
ALEJANDRO MARTÍNEZ PEÓN	CEO OF PRISA NOTICIAS
VIRGINIA FERNANDEZ IRIBARNEGARAY	INTERNAL AUDIT DIRECTOR

Number of women in senior management	2
Percentage of total senior management	20%

Total senior management remuneration (thousand euros)	3,854

Remarks
i) The above remuneration relates to the members of the Management Committee who are not executive directors of PRISA and who have an employment relationship with PRISA or other Group companies; the managers who regularly attend the committee's meetings; and PRISA's internal audit director. Likewise, it has been included the remuneration of Mr. Luis Cabral, former CEO of Media Capital, until June 2020. Prisa has sold its stake in Media Capital, in fiscal year 2020. ii) This total remuneration is the amount accrued in 2020 following the accrual criterion specified in CNMV Circular 2018/2 (which sets out the template for the annual corporate governance report of listed public limited companies) and differs by 526 thousand euros from the amount of remuneration shown in the Consolidated Financial Statements and Semi-annual Financial Information for 2020 (4,380 thousand euros), which relates to the accounting provision. The difference breaks down as follows: • In relation to the 2020 annual variable compensation of senior management, due to some accounting adjustments. • In relation to the Medium-Term Incentive Plan for the period 2018/2020: this plan has not yet accrued and vested, without prejudice to the amounts included as expenses in the profit and loss account. • In relation to the extraordinary bonuses for the CEO of Prisa and for certain managers, linked to the success of two important strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of Grupo Prisa's financial debt with its creditors, the 2020 accounts reflect accounting expenses that differ from the amounts accrued.

C.1.15 State whether the Board rules were amended during the year:

YES

With the goal of continually updating and reviewing our system of corporate governance and the Company's internal regulations in order to allign them with the best corporate governance practices, in 2020 the Company conducted a review and revised our internal regulations, including the Bylaws, Board of Directors Regulation and several internal company policies. The amendments made to the Board of Director Regulation aimed to (i) adjust the Board of Directors Regulations to the amendment of the Bylaws approved by the Ordinary General Shareholders' Meeting held on June 29, 2020, for the purpose of shortening the term of directorships from four to three years; (ii) introduce certain basic provisions of Technical Guide 1/2019 of the Spanish National Securities Market Commission on Appointments and Remunerations Committees (*Guía Técnica 1/2019 de la Comisión Nacional del Mercado de Valores sobre Comisiones de Nombramientos y Retribuciones*); (iii) introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020; (iv) to include the novelties introduced in

the Spanish Companies Act introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information, diversity in the composition of the Board and the non-delegable powers of this body; and (v) include technical adjustments to improve the drafting and interpretation of the Regulations and to complete its content.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Procedures for the selection, appointment, reelection and removal of directors are regulated by the Bylaws and the Board Regulations and they will be governed by the principles established in the "Policy of diversity in the composition of the Board of Directors and selection of directors", referred to in section C.1.5. of this Report.

According to the Bylaws, the Board shall have a minimum of five and a maximum of fifteen members. The General Meeting shall establish the number of directors in an express resolution.

In exercising its powers to submit proposals to the General Meeting of Shareholders and co-opt to fill vacancies, the Board of Directors shall ensure that the Board's composition is such that the external directors represent a large majority of the Board, and that the number of independent directors represent at least half of the total Board members and, in any case, a third. The number of the executive directors shall be the minimum necessary, taking into account the complexity of the corporate Group and the share of the executive directors in the Company's capital.

To establish a reasonable balance between the proprietary directors and the independent directors, the Board shall take into account Company shareholder structure, considering the importance of the shareholdings, in absolute and comparative terms, as well as the degree of permanence and strategic connection with the Company of those shareholders. In any case, the Board shall ensure that the percentage of non-executive directors who are proprietary directors does not exceed the percentage of the Company's capital represented by those proprietary directors.

Chairman and Vice-Chairman: The Board of Directors shall appoint one of its members Chairman at the proposal of the Nominations, Compensation and Corporate Governance Committee, with the active participation of the Coordinating Director, if one has been named, and may also appoint one or more Vice-Chairmen, who shall substitute the Chairman in case of temporary absence, momentary incapacity, or the specific delegation of the latter, regarding to the functioning of the Board of Directors, and shall have the other powers established in the internal rules of the Company. Provided that the Chairman of the Board is not considered an independent director, the first or sole Vice Chairman, as the case may be, shall be appointed from among the independent directors, with the abstention of the executive directors, assuming the duties of the Coordinating Director or designating him to assume the aforementioned post if he has already been appointed.

Coordinating Director: If the Chairman is not considered an independent director, the Board, on the proposal of the Nominations, Compensation and Corporate Governance Committee, shall appoint, with the abstention of the executive directors, a Coordinating Director from among the independent directors. If a Vice Chairman has been appointed who is considered an independent director and the Chairman of the Board is not, the Vice Chairman shall assume the duties of the Coordinating Director, and if the latter has already been appointed, he shall be designated to the post of Vice Chairman.

Chief Executive Officer: With the favourable vote of two-thirds of its members, and at the

proposal of the Nominations, Compensation and Corporate Governance Committee, the Board of Directors shall appoint a Chief Executive Officer (CEO), giving the latter all of the powers of the Board that are not considered non-delegable powers under the law and the Bylaws. The CEO shall be considered the chief executive of the Company and shall have overall responsibility for its management. Nominations of directors that the Board of Directors submits to the General Meeting for consideration and the resolutions to appoint them that are adopted by the aforementioned body by virtue of its powers of co-optation under the law shall be preceded by the corresponding proposal in the case of independent directors, or report for other directors, of the Nominations, Compensation and Corporate Governance Committee. Nominations of directors shall always be accompanied by a supporting statement from the Board of Directors. All of the proposals and statements for the appointment of directors shall assess the suitability of the proposed candidates for the position of director, with special attention to their expertise, experience and accomplishments, as well as their ability to commit to the duties that correspond to the position. Directors shall cease to hold office when the term for which they were appointed expires, or when the General Meeting resolves their termination. Directors shall serve a term of three years and may be reappointed. Directors who leave the post before their term expires because they resign, or for another reason by resolution of the General Shareholders Meeting shall explain their reasons for leaving as provided in the Board Regulations. Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the cases provided in the Board of Directors Regulation (see section C.1.19 of this Report). The Board of Directors shall not propose the termination of any independent director before the statutory term for which the latter was appointed expires, unless the Board determines that there is just cause after a report from the Nominations, Compensation and Corporate Governance Committee.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes
During 2020, a self-assessment was conducted of the composition and work of the Board of Directors and its committees during 2019. The performance of the Chairman of the Board, the CEO, and the Chairmen of the Committees was also assessed. The Nominations, Compensation and Corporate Governance Commission submitted a report to the Board of Directors on the findings of this assessment and the Board approved a proposed plan of action to correct the deficiencies detected. The aspects which received the least positive scores in the 2019 assessment and the action plans implemented in 2020 were as follows: 1. Internal regulations: A regular review was recommended of issues related to the composition and functioning of the Board and committees in response to new legislation and better corporate governance practices. In 2020, therefore, in line with its aim of constantly updating and reviewing its corporate governance system and internal regulations, the Company carried out the review and update of its internal regulation (including its Bylaws, the Regulations of the Board of Directors and a range of internal policies). In particular, the following measures were adopted:

i. Decrease in the size of the Board (from 13 to 12 directors). ii. Reduction of the term of the director position (from 4 to 3 years). iii. Introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020, certain basic provisions of Technical Guide CNMV and the novelties introduced in the Spanish Companies Act introduced by Law 11/2018, regarding non-financial information and diversity. 2. The composition of the Board of Directors: In 2020 the Company was not able to address the lack of gender diversity in the composition of the Board of Directors for the reasons detailed in section C.1.6 of this report. Nevertheless, the Company has drawn up a skills matrix for the Board, which was taken into account in the process of reelecting and appointing Directors during the year. The two new directors appointed to the Board in 2020, Mr. Javier Santiso Guimaras and Mr. Rosauro Varo Rodríguez, have professional profiles and experience that fit the Board's skills matrix, contributing the required professional and personal skills, in particular in the areas of digital transformation, entrepreneurship, generational renewal and active involvement in the cultural sector. 3. Functioning of the Board of Directors: Based on the results of the assessment, the meetings of the Board and committees have focused more strongly on strategic matters such as monitoring risks, they have been attended more frequently by senior managers to report on their areas of responsibility, and improvements have been made to the information prepared for meetings (providing directors with executive summaries on key presentations).

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas
Board of Directors Regulations regulates the evaluation process and areas that should be assessed, as follows: 1. Each year, the Board of Directors shall hold specific meetings to evaluate: (i) The quality and efficiency of the Board's function and the quality of the work, as well as diversity in its composition and skills, based on a report submitted by the Nominations, Compensation and Corporate Governance Committee; (ii) The performance of the duties of the Chairman of the Board of Directors and the CEO of the Company (at the same or in separate meetings), based on a report submitted by the Nominations, Compensation and Corporate Governance Committee; (iii) The function and composition of the Committees, based on the report that each of the latter submits to it; and (iv) The performance and contribution of the directors, paying special attention to the directors chairing the various Board Committees. 2. The Chairman of the Board of Directors shall organize and coordinate the aforementioned evaluation process, except as it applies to him, along with the chairmen of the

Audit, Risks and Compliance and the Nominations, Compensation and Corporate Governance Committees, as well as the Coordinating Director, if one is appointed. The evaluation of the Chairman shall be organized by the Coordinating Director or, in the absence thereof, the Chairman of the Nominations, Compensation and Corporate Governance Committee.

3. The Chairman of the Board and the Chief Executive Officer will be absent during the debates corresponding to their respective evaluations. In the Chairman's absence, the Board — and, where appropriate, the respective Committee— shall be chaired by the Vice-Chairman, and in the latter's absences, by the Coordinating Director; and in his absence, by the Chairman of the Nominations, Compensation and Corporate Governance Committee.

4. Based on the results of the annual evaluation, the Board of Directors shall propose the appropriate actions to remedy the problems identified and promote improvements.

Regarding the self-evaluation for 2019 (performed in 2020) and in accordance with the Board of Directors Regulations, the Board Chairman at that time, Javier Monzón de Cáceres, together with the chaimen of the Commissions, organised and co-ordinated said self-evaluation process. The areas evaluated were those set out in the Board of Directors Regulations, except concerning the Board members' individual contributions and performance.

The Company's coordinating director Beatriz de Clermont-Tonerre was not appointed to that post until December 2020, so she will not perform that function until the evaluation of the 2020 fiscal year is conducted in 2021.

Likewise, in the 2019 evaluation, for the first time the Company was assisted by an independent outside advisor (KPMG).

Based on the results of the annual evaluation (compiled from responses from questionnaires submitted to the directors) and a report and proposals from the Appointments, Compensation and Corporate Governance Committee, the Board of Directors with the external advice of KPMG approved an action plan to correct the deficiencies detected and implement improvements (which were described in the previous section).

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

For the first time and for the 2019 evaluation (conducted in 2020) the Company had the assistance of an outside independent advisor (KPMG).

During 2020 KPMG provided various consulting services to other Grupo PRISA companies (in the sense of article 42 of the Commercial Code), for a total of €1,839,487, although the Company doesn't deem it necessary to provide a detail of those services.

C.1.19 State the situations in which directors are required to resign.

Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases:

i. If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law.
ii. If, events or conduct attributable to the director result in – or in the Board's judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group.
iii. If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to

be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability.

iv. If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors.

v. When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment.

vi. If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law.

vii. If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high.

In all events, the director shall inform the Board and, if necessary, resign when situations arise that affect him, related or not to their actions within the Company, provided that they may harm its credit and reputation.

In particular, all directors shall inform the Board of Directors, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings.

The Board of Directors, once informed or been aware otherwise of any of the aforementioned circumstances, shall review the case as soon as possible and, attending to the particular circumstances, shall resolve, following a report by the Nominations, Compensation and Corporate Governance Committee, whether or not to adopt any measures it deems to be in the Company's interest, such as opening an internal investigation, calling on the director to resign or proposing his or her dismissal. The Board of Directors shall disclose this in the Annual Report of Corporate Governance, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company shall disclose, if appropriate, at the time it adopts the corresponding measures.

In the cases described above, the Board of Directors may require the resignation of the director and recommend the latter's termination to the General Shareholders Meeting.

If, in the cases described in paragraphs v) and vi) above, after a report from the Nominations, Compensation and Corporate Governance Committee, the Board of Directors considers that there are justified grounds for the director to stay, it shall review the latter's classification, taking into account the new circumstances that have arisen.

The cases described above shall also apply to the person representing a director who is a legal entity.

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

NO

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

NO

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

NO

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

NO

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 20 of the Company Bylaws and Article 20 of the Board Regulations provide that if it is impossible for them to attend board meetings, they will appoint another director as proxy. In that regard, proxies must be in writing, specifically for the meeting in question and instructing to the representative about the sense of any vote. Non-executive directors can only delegate their representation to other non-executive directors. Representation cannot be delegated on matters in which the director has a conflict of interest.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	14
Number of Board meetings without the chairman	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Remarks
The lead director was appointed on December 22, 2020.

Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Delegated Commission	15
Number of meetings held by the Audit, Risks and Compliance Commission	8
Number of Meetings held by the Appointments, Remuneration and Corporate Governance Commission	12

C.1.26 State the number of meetings held by the Board of Directors during the year and the details of attendance:

Number of meetings attended by at least 80% of the directors	10

% of attendance over total votes during the year	86.78%
Number of meetings in situ or representations made with specific instructions of all directors	12
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	98.85%

Remarks
Attendance is deemed to include attendance in person, by telephone and by videoconference.

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

YES

Identify, where applicable, the persons who certified the company's individual and consolidated annual accounts for approval by the Board:
MANUEL MIRAT SANTIAGO (CEO)
GUILLERMO DE JUANES MONTMERTE (CFO)

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Regulations of the Board of Directors (articles 27 and 43) establish that:

i. It is the responsibility of the Audit, Risks and Compliance Committee to ensure that the annual accounts that the Board of Directors submits to the General Shareholders Meeting are drawn up in accordance to accounting legislation. In those cases where the auditor includes any qualification in its audit report, the Chairman of the Audit, Risks and Compliance Committee shall clearly explain at the general meeting the opinion of the Audit, Risks and Compliance Committee regarding its scope and content, and a summary of that opinion shall be made available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

ii. The Board shall do its best to submit the annual financial statements to the General Meeting without reservations or qualifications in the audit report. If these exist, the Board shall ask the external auditors to clearly explain them to the shareholders at the Ordinary General Meeting.

C.1.29 Is the secretary of the Board also a director?

NO

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative
XAVIER PUJOL TOBEÑA	

C.1.30. State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

The Board of Directors Regulations provides that the relationship with the external auditors shall be channelled through the Audit, Risks and Compliance Committee, which, among other responsabilities, will have the following:

i. Should the external auditor resign, to examine the circumstances that led to the resignation;

ii. To ensure that the remuneration of the external auditor does not compromise the auditor's quality or independence;

iii. To ensure that the Companies reports the change of auditor to the National Securities Market Commission and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist;

iv. To maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company;

v. To ensure that the Company and the external auditor comply with the applicable regulations on the provision of non-auditing services, restrictions on the concentration of the auditing business and, other general regulations on the independence of auditors.

In Addition, the Audit, Risks and Compliance Committee shall be responsible for the procedure for proposing the auditor, which shall take into account factors such as the scope of the works to perform, the training, experience and resources of the auditing team, and the auditor's signature, the fees, and its independence, and the effectiveness and quality of the services it provides.

Under art. 529 *quaterdecies* of the Capital Companies Act, the Audit, Risks and Compliance Committee also has the following tasks for preserving the auditors' independence:

i. Establish relations with the external auditor in order to receive information, for examination by the Committee, on any matters that may entail a threat to the auditor's independence and on any other matters concerning the audit; where necessary, authorise any permitted services, as provided by the Spanish Audit Act in relation to auditor independence; and receive any other communications provided for in auditing legislation and standards. The committee must receive an annual statement from the external auditors certifying their independence in relation to the Company or entities directly or indirectly related to it, as well as detailed, individualised information about any additional services of any kind provided to, and the fees received from, such entities by the external auditor or by individuals or entities related to it, in accordance with auditing regulations.

ii. Issue each year, before the auditor's report is issued, a report stating an opinion as to whether the auditor or audit firm's independence is compromised. This report must contain a reasoned assessment of the provision of any of the additional non-audit services referred to in the previous paragraph, considered individually and in the aggregate, in relation to the auditors' independence and compliance with auditing standards.

The Board of Directors Regulations also specify the following safeguards with respect to the external auditor:

i. The Board shall not award the contract to audit the annual accounts to firms at which there are circumstances that could compromise their independence, pursuant to the criteria defined at any time by applicable legislation.

ii. With the regularly and content defined by the applicable regulations at any time, the Board shall publically disclose the total fees that the Company has paid to the auditing firm for auditing services, and for non-auditing services, providing a breakdown of the fees paid to the external auditors and payments to any other company of their group.

iii. The auditing firm and/or the professional auditor responsible for the work and the members of the external auditing team shall be periodically rotated in accordance with the legally established deadlines at any time and in cases and with the criteria defined, where applicable, by the Board in accordance with a proposal by the Audit, Risks and Compliance Committee.

All the above safeguards are effectively applied by the Company: the Audit, Risks and Compliance Committee proposes the appointment of the external auditor and examines and, where appropriate, approves each specific proposal for the engagement of the external auditor's services in all Group companies, following the established preapproval procedure. This procedure requires that for each service subject to approval by the committee the external auditor must issue a certificate guaranteeing that providing the service does not affect its independence as auditor. The preapproval procedure is updated and approved by the committee each year and is distributed to the Group's business units, which must apply it. The committee also reviews and approves the audit fees of the external auditor and any other firms (which are disclosed in the notes to the financial statements and in the committee's annual activity report) and also reviews and approves any change of audit firm in any Group company.

Likewise, on the occasion of the review and authorisation of the financial statements, the Audit, Risks and Compliance Committee receives from the external auditor written confirmation of its independence with respect to the previous financial year, as well as information about the fees paid to the main auditor and its related parties for other professional services provided to Grupo PRISA companies, in accordance with the provisions of the Audit Act. The committee issues a report in which, in view of the foregoing, it sets out its conclusions regarding the external auditors' independence during the year in question, which is published on the company's web site (www.prisa.com) sufficiently in advance of the annual general meeting of shareholders, in compliance with Recommendation 6 of the CNMV's Unified Code on Good Corporate Governance.

The team responsible for the auditing of Grupo PRISA's accounts also attends various meetings of the committee, as well as the Board of Directors meeting at which the financial statements are authorised for issue, and holds meetings with committee members outside of any committee meeting.

The Company has not established any specific mechanism with respect to financial analysts, investment banks or rating agencies, but verifies their independence and possible conflicts of interest before engaging their services.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

YES

Outgoing auditor	Incoming auditor
Deloitte	Ernst & Young

Remarks
Considering that Deloitte has been auditing the Company's annual accounts for 29 years without

interruption (until the year 2019, this inclusive), the Audit, Risks and Compliance Commission has conducted a process to select a new external auditor, pursuant to the provisions of current regulations.

After application by several audit firms, the Commission recommended to the Board of Directors the appointment of Ernst & Young (EY) as new auditor of the annual accounts of the Company and its consolidated Group. At the proposal of the Board of Directors, the Ordinary Shareholders Meeting held on June 29, 2020 agreed to appoint EY as the auditors of the Company and its consolidated group, for the term of three years, to audit the financial statements for the years 2020, 2021 and 2022.

If there were any disagreements with the outgoing auditor, please provide an explanation:

NO

C.1.32. Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

YES

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	161	214	375
Amount invoiced for non-audit work/Amount for audit work (in %)	64.39%	23.95%	32.82%

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

NO

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	3.30%	3.40%

Remarks
Considering that Deloitte has been auditing the Company's annual accounts for 29 years without interruption (until the year 2019, this inclusive), the Audit, Risks and Compliance Commission has conducted a process to select a new external auditor, pursuant to the provisions of current regulations. After application by several audit firms, the Commission recommended to the Board of Directors the appointment of Ernst & Young (EY) as new auditor of the annual accounts of the Company and its consolidated Group. At the proposal of the Board of Directors, the Ordinary Shareholders Meeting held on June 29, 2020 agreed to appoint EY as the auditors of the Company and its consolidated group, for the term of three years, to audit the financial statements for the years 2020, 2021 and 2022.

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

YES

Explanation of procedure
The Board of Directors Regulations provides the following: i. The schedule of ordinary meetings shall be established by the Board of Directors itself before the start of each financial year. Se prevé asimismo un procedimiento y unos plazos para modificar el calendario y para convocar reuniones extraordinarias. The scheduled meetings shall be formally convened sufficiently in advance, and not later than three calendar days before the meeting, except in the case of urgent meetings, and shall include the agenda, unless there is a justified reason not to. The meeting shall be convened at least four calendar days in advance if a weekend falls between the date on which the meeting is convened and the date set for holding it. Unless the Board meets or has been exceptionally convened for urgent reasons, the notification of the meeting shall include the information necessary for the directors to properly prepare for and deliberate the items on the agenda, and should be accompanied by proposed resolutions related to the items on the agenda requiring a decision of the Board. ii. Likewise, the Directors shall have the duty to demand and the right to seek, with the broadest of powers, the information and advice they need about any aspect of the Company, provided it is necessary for the performance of their duties. The right to information is channelled through the Chairman, who shall respond to requests from directors, directly facilitating the information for them, providing them with the appropriate contact persons or making all the arrangements necessary for the requested inspection. Furthermore, the Chairman of the Board shall ensure, with the Secretary’s assistance, that all documents distributed in the meetings of the various Committees is accessible to all of the directors. iii. For help in carrying out their duties, any of the directors may seek to hire, at the Company’s expense, legal, accounting, technical, financial, business or other experts. The mandate must involve specific problems of certain relevance and complexity that arise during the performance of the director’s duties.

C.1.36 State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

YES

Explain the rules
As established in the above section C.1.19, Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases provided in the Board of Directors Regulation: i. If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law. ii. If, events or conduct attributable to the director result in – or in the Board's judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group. iii. If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability. iv. If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors. v. When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment. vi. If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law. vii. If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high. In all events, the director shall inform the Board and, if necessary, resign when situations arise that affect him, related or not to their actions within the Company, provided that they may harm its credit and reputation. In particular, all directors shall inform the Board of Directors, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings. The Board of Directors, once informed or been aware otherwise of any of the aforementioned circumstances, shall review the case as soon as possible and, attending to the particular circumstances, shall resolve, following a report by the Nominations, Compensation and Corporate Governance Committee, whether or not to adopt any measures it deems to be in the Company's interest, such as opening an internal investigation, calling on the director to resign or proposing his or her dismissal. The Board of Directors shall disclose this in the Annual Report of Corporate Governance, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company shall disclose, if appropriate, at the time it adopts the

corresponding measures.

In the cases mentioned above, the Board of Directors may require the resignation of the director and recommend the latter's termination to the General Shareholders Meeting.

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the LSC:

NO

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Refinancing agreement signed by Prisa, HSBC Plc., as agent, and other financial institutions (Override Agreement), in December 2020, and senior financing agreement signed on the same date by Prisa, Global Loan Agency Services Limited, as agent, and Deutsche Bank AG Frankfurt Branch (Super Senior Term and Revolving Facilities Agreement).

Both the refinancing agreement and the senior financing contract include grounds for acceleration, which include the acquisition of control of PRISA (being the "control" defined by the contract as: the acquisition by one or more people acting in concert of more than 30% of the share capital with voting rights).

In the event that such event of default occurs, the debt covered by each of said agreements would be accelerated and its payment would be enforceable from that moment.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of Beneficiaries	13
Type of Beneficiaries	As of December 31, 2020, there were the following beneficiaries: Mr Manuel Mirat Santiago (CEO), 7 senior managers and 5 managers of Grupo PRISA other than senior managers.
Description of the agreement:	1.Indemnification for unjustified dismissal: The contracts of Mr. Manuel Mirat Santiago (CEO) and 4 senior managers include a special clause that provides, in general terms, an indemnification for unjustified dismissal by the employer in an amount that ranges from between one year and one and a half years of total remuneration (fixed salary plus, in most cases, the latest variable compensation received). In the case of Mr. Mirat, the indemnification shall be calculated on the annual fixed and variable remuneration in cash at the date of his termination, taking into consideration the fixed remuneration and the target variable compesation set for the financial year of termination. In addition, Mr. Mirat will receive the indemnity stipulated by labor legislation applicable to ordinary

	employment relationships held in abeyance. The commercial contract with 1 senior manager provides that the indemnification, alternatively, will be the greater of the following amount: a year's pay (fixed salary plus the latest variable compensation received) or the one that would have been receivable for an ordinary employment relationship in the event of unjustified dismissal. In addition, the contract of the CEO and 3 of those senior managers will receive compensation equivalent to the maximum unemployment benefit that applies at the time the contractual relationship is terminated. Furthermore, at December 31, 2020, 3 executives of Grupo PRISA (who are not considered part of the Senior Management) had a golden parachute, which will be the higher of the following: the legal indemnity payment provided for in the senior management contract or the indemnity payment to which they are entitled in their previous ordinary employment relationship with the Company. The golden parachute is capped at EUR 1 million. 2. Indemnification for other reasons: The contract of one member of senior management provides for an indemnity payment in the event of objective dismissal or termination of the contractual relationship as part of any layoff proceedings for a sum equal to the indemnity payment due in the case of unfair dismissal less 30%. 3. Post-contractual noncompetition undertaking: The contract of Mr. Manuel Mirat Santiago (CEO) contain a 6 months post-contractual noncompetition agreement, with compensation equivalent to six months of the last gross fixed salary, payable in equal instalments over the term of the noncompetition agreement. The contracts of 7 members of the senior management likewise provide for a post-contractual noncompetition agreement of between six months and a year, with compensation equivalent to six or 12 months, as the case may have it, of the last gross fixed salary((plus variable compensation in one person's case), payable in equal instalments over the term of the noncompetition agreement. One of the members of senior management has a post-contract noncompetition agreement for one (1) year. Their salary compensation was settled and consolidated during the first two years of service, as established in their employment contract. In addition, 4 executives not considered part of the senior management have a noncompetition agreement of between nine and 12 months with compensation equivalent to six months of their fixed salary (plus their variable compensation in two cases).

Indicate whether, beyond regulatory requirements, these contracts must be reported to and/or approved by management bodies of the company or of the Group. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the severance clauses	YES	

Are these clauses notified to the General Shareholders' Meeting?	YES

Remarks
The requirements regarding the approval and notification of the abovementioned contracts are those laid down by the Capital Companies Act, which have also been incorporated in the Company's Board of Directors Regulations: The contracts of executive directors must be approved by a two-thirds majority of the Board of Directors, pursuant to article 249 of the LSC. Additionally, pursuant to articles 529 *septdecies*, 529 *octodecies* and 529 *novodecies* of the LSC, directors' remuneration must be specified in the Directors' Remuneration Policy, which is submitted to the General Meeting of Shareholders for approval, at the proposal of the Board of Directors, backed by a report by the Nominations, Compensation and Corporate Governance Committee (NCCGC). The Directors' Remuneration Policy for 2018, 2019 and 2020 was approved by the Annual General Meeting of Shareholders held in April 2018 and modified by the Annual General Meeting of Shareholders held in June 2019. Subsequently, at the Extraordinary Shareholders' Meeting held on 18 December de 2020, an amended text of the Directors Remuneration Policy for 2020 (complementing and updating the text approved in April 2018 and June 2019) and 2021. This Policy, which includes the abovementioned agreements with the executive director Mr. Manuel Mirat, is published on the website www.prisa.com. Under article 249 *bis* of the LSC, the Board of Directors also has the following non-delegable powers: i) decisions on directors' remuneration, within the framework of the articles of association and the remuneration policy approved by the General Meeting, and ii) approval of the terms of the contracts of senior managers, all this at the proposal of the NCCGC. Guarantee or lock-in clauses have been approved by the Board of Directors since 1 January 2018. The General Meeting of Shareholders is informed of these clauses to the extent that it approves the Directors' Remuneration Policy and, also, at yearly intervals when the Company publishes its Annual Corporate Governance Report on the occasion of the notice of General Meeting.

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDIT, RISKS AND COMPLIANCE COMMISSION

Name	Post	Category
MR. DOMINIQUE D´HINNIN	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR

AMBER CAPITAL UK LLP	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MS. MARIA TERESA BALLESTER FORNES	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR ROSAURO VARO RODRIGUEZ	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% of executive directors	00.00
% of proprietary directors	25.00
% of independent directors	75.00
% of external directors	00.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Committee shall be formed with a minimum of three and a maximum of five directors (non-executive directors and the majority of them shall be independent directors). Members of the Committee together, and especially its Chairman, shall be selected according to their knowledge and experience on matters of accounting, audits and risk management, both financial and non-financial.

Members of the Committee are appointed or terminated by the Board of Directors based on a recommendation of the Nominations, Compensation and Corporate Governance Committee. The Chairman of the Committee shall be chosen by the Board of Directors, on the recommendation of the Nominations, Compensation and Corporate Governance Committee, from among the members of the Committee who are independent directors.

In addition to the duties assigned to it by law, the Audit, Risks and Compliance Committee also has the following responsibilities:

(i) To ensure that the annual accounts that the Board of Directors submits to the General Shareholders Meeting are drawn up in accordance to accounting legislation. In those cases where the auditor includes any qualification in its audit report, the Chairman of the Audit, Risks and Compliance Committee shall clearly explain at the general meeting the opinion of the Audit, Risks and Compliance Committee regarding its scope and content, and a summary of that opinion shall be made available to the shareholders at the time of the publication of the notice of the meeting.

(ii) To supervise and evaluate the Internal Audit (which shall depend on the Audit, Risks and Compliance Committee for its work), ensure its independence, approve its duties, action plans and resources, and recommend, where appropriate, the recruitment, appointment or termination of its manager, as well as the latter's salary conditions and contractual relationship with the Company, which shall require a favourable report of the Nominations, Compensation and Corporate Governance Committee. The head of the Internal Audit division shall present its annual work plan to the Audit, Risks and Compliance Committee for its approval, and shall inform of its execution.

(iii) To supervise and assess the preparation process and the integrity of the financial and non-financial information, as well as the financial and non-financial risk and management systems—including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption— checking for compliance with regulations, adequate delimitation of the consolidation perimeter and proper application of accounting criteria.

(iv) To channel the contact with the external auditor: should the external auditor resign, to examine the circumstances that led to the resignation; to ensure that the remuneration of the external auditor does not compromise the auditor's quality or independence; ensure that the Companies reports the change of auditor to the National Securities Market Commission and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist; maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company; and ensure that the Company and the external auditor comply with the applicable regulations on the independence of auditors.

The Committee shall be responsible for the procedure for proposing the auditor.

(v) To verify compliance with the policies and rules of the Company in the environmental, social and corporate governance areas, as well as the internal rules of conduct of the Company.

(vi) To evaluate the non-financial risks of the Group.

The Committee shall establish and oversee a mechanism that allows employees and other persons related to the Company (such as directors, shareholders, suppliers, contractors or subcontractors) to notify about potentially significant irregularities, including those of financial and accounting nature or otherwise, related to the Company, that may be discovered at the Company. The Committee shall evaluate the control and risks management function and its duly independent management of risks, verifying that appropriate procedures have been introduced so that management, the Committee itself, and the Board can be sure that the control and risk management systems have worked in accordance with the policies and criteria approved by the Board

The Audit, Risks and Compliance Committee shall establish an annual work plan, that includes, at least, the activities provided for in the Board Regulations. The Audit, Risks and Compliance Committee shall meet periodically, according to need, and at least four times a year, and shall prepare an annual report on its activities and shall propose its publication to the Board for the General Shareholders Meeting. Furthermore, the Committee may specifically evaluate its own performance to strengthen its operation and improve planning for the next financial year.

The most important actions of the Audit, Risks and Compliance Committee during 2020 are detailed in the annual report on this Committee's activities, which will be published when the 2021 Ordinary General Meeting is called, on the corporate website www.prisa.com.

However, the following can be cited among the Committee's most relevant activities for the year: i) several matters involving the relationship with the external auditor and the process of selecting a new external auditor, ii) review of the annual accounts, the periodic financial information (quarterly and half-yearly) and the non-financial information statement (EINF), which is included into the consolidated management report, iii) monitoring the efficacy and results of the evaluation of the system for Internal Control over Financial Reporting (ICFR system); iv) review and monitoring the risk map, as well as developing the Risk Management Model (ERM); v) following up on the internal audit projects; vi) analysing of related party transactions; vii) anlysis of the impact of certain corporate transactions, as well as the COVID 19 crisis; viii) monitoring the Model for Prevention of Criminal Liability, and ix) assessing compliance with internal company regulations and monitoring regulatory changes.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR. DOMINIQUE D´HINNIN AMBER CAPITAL UK LLP MS. MARIA TERESA BALLESTER FORNES MR. ROSAURO VARO RODRIGUEZ
Date of appointment of the chairperson	20/11/2017

APPOINTMENTS, REMUNERATION AND CORPORTATE GOVERNANCE COMMISSION

Name	Post	Category
MS. BEATRICE DE CLERMONT-TONERRE	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR DOMINIQUE D´HINNIN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR JAVIER SANTISO GUIMARAS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% of executive directors	00.00
% of proprietary directors	25.00
% of independent directors	75.00
% of external directors	00.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Nominations, Compensation and Corporate Governance Committee shall be formed by a minimum of three to a maximum of five non-executive directors, the majority of them independent directors which shall be appointed ensuring that they have adequate knowledge, qualifications and experience for the duties they will be expected to perform and, particularly, in corporate governance issues, strategic analysis and evaluation of human resource, recruitment of directors and managers, performance of senior management functions and design of remuneration policies and plans for directors and senior managers. The Board of Directors shall appoint and terminate members of the Committee pursuant to a recommendation by the Nominations, Compensation and Corporate Governance Committee (the Chairman of the Committee shall be chosen from among the members of the Committee who are independent directors). In addition to the duties it is assigned by law, the Nominations, Compensation and Corporate Governance Committee has the following responsibilities:

i) Composition of the Board of Directors: Verify compliance annually with the board of directors diversity and members selection policy; Analyse the competencies, knowledge and experience required in the board of directors (preparation of a board competency matrix); Make proposals, in the case of independent directors, and inform about the proposals submitted to the Board in the case of other directors, for the appointment, reelection and termination of directors; Make recommendations for classifying directors as executive, proprietary, independent or other external director; Report on the proposals for appointing the individual representatives of legal entities who are directors; Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on the appointments of the Chairmen, the Vice-Chairmen, the Coordinating Director, the CEO, the members of the Delegated Committee, and the other Committees of the Board of Directors, as well as their respective Chairmen; Report on the proposals for the appointment of the Secretary and the Vice Secretary; Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on proposals for severance, termination or replacement of any post on the Board and its Committees other than the Secretary and Vice-Secretary; Report on the proposals for appointing representatives of the Company on the management bodies of the Companies of the Group; Elaborate the succession plan of the Chairman of the board and of the chief executive officer; Make appropriate recommendations for the Board to conduct proper planning for the orderly renewal and succession of its members.

ii) Senior management of the Group: report on the appointment and severance of senior managers and on the contractual conditions of their relationship with the Company; receive information on disciplinary measures in relation to senior managers; Supervise the succession plan of senior managers;

iii) Remuneration policy for the directors and senior managers: propose to the Board of Directors a policy for the remuneration of the directors and senior managers, and for the individual remuneration and other contractual conditions of the executive directors; verify compliance and periodically review the remunerations policy for directors and senior managers, and guarantee that their individual remuneration is proportional to their level of responsibility and dedication; Inform the Board about the proposals related to the variable terms of remuneration for executive directors and senior managers of the Company, and about the other incentive plans aimed at them and, if applicable, verify the degree of meeting the targets to which they are subject; Prepare the Annual Report on the Remuneration of the directors for its approval by the Board.

iv) Corporate governance system: Promote the Company's corporate governance policies (and report the proposals to amend the internal rules); Propose the approval of the Annual Report on Corporate Governance by the Board of Directors; Prepare a preliminary report on which the Board can base the annual evaluation of its activities; Promote and orientate the policy, internal rules and procedures related to sustainability regarding environmental and social issues; Propose to the Board of Directors the approval of the annual report on sustainability; Supervise the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored; Supervise and evaluate the communication process with the various stakeholders.

The Committee shall establish an annual work plan that includes the activities provided for in the Board Regulations (shall met on a regular basis according to its needs and, at least, three times per year) and shall annually approve a report on its activities. The most important actions of the Nominations and Compensation Committee during 2020 are detailed in the annual report on this Committee's activities, which will be published when the 2021 Ordinary General Meeting is called, on the corporate website www.prisa.com. However, it is worth highlighting the performance of the Committee during the year in the following matters: appointment and re-election of directors, preparation of a matrix of competencies, adaptation of the Company's internal regulations to legal developments and best practices in matters of corporate governance (including the Directors' Remuneration Policy); review of the remuneration conditions of the board and senior management in view of the Covid-19 Crisis; Board self-assessment with the support of an external advisor.

DELEGATED COMMISSION

Name	Post	Category
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. MANUEL MIRAT SANTIAGO	MEMBER	EXECUTIVE DIRECTOR
MR. JAVIER DE JAIME GUIJARRO	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR. MANUEL POLANCO MORENO	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR JAVIER SANTISO GUIMARAS	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MRS BEATRIZ DE CLERMONT-TONERRE	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% of executive directors	16.67
% of proprietary directors	33.33
% of independent directors	50.00
% of external directors	00.00

Explain the duties exercised by this committee, other than those that have already been described in Section C.1.10 and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The rules governing the organization and operations of the Delegated Commission that are described below are provided in the Board of Directors Regulation:

The Delegated Committee shall consist of at least one third of the members of the Board. The Delegated Committee shall be chaired by the Chairman of the Board of Directors, unless the Board decides that the CEO should chair it. In case of the temporary absence or momentary incapacity of the person acting as Chairman, the latter shall be substituted by the Chairman of the Board or by the CEO, as the case may be, and in their absence, by the Coordinating Director or, in the latter's absence, by another external director designated by the Committee.

The Board of Directors shall appoint the members of the Delegated Committee at the proposal of the Nominations, Compensation and Corporate Governance Committee, with a favourable vote of two-thirds of the directors. The Chairman of the Board and the CEO shall be members of the Delegated Committee and, if there is one, the Coordinating Director.

The Delegated Committee shall be composed by at least two non-executive directors, at

least one of whom shall be independent. The Delegated Committee shall meet whenever this is deemed to be in the interests of the Company in the judgement of the Chairman, who shall convene the meetings sufficiently in advance and when requested by two or more members of the Delegated Committee or the CEO. Without prejudice to the authority of the Chief Executive Officer, the Delegated Commission is delegated all authority of the Board except for those that cannot be delegated under the law or the bylaws. Notwithstanding when duly justified urgent circumstances arise and the law permits it, the Delegated Committee may adopt resolutions related to the matters reserved to the Board, which shall be confirmed in the first meeting of the Board of Directors held after they are adopted. The function performed by the Delegated Committee during 2020 primarily consisted in supervising the corporate strategic operations carried out by the Company, as well as supervising, in general the activities and results of the Company.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
		Year 2019 **Number %**	**Year 2018** **Number %**	**Year 2017** **Number %**
Audit, Risks and Compliance Committee	1 (25.00)	2 (50.00)	1 (33.33)	1 (33.33)
Appointments, Compensation and Corporate Governance Committee	1 (25.00)	2 (50.00)	0 (00.00)	0 (00.00)
Delegated Committee	1 (16.67)	1 (16.67)	1 (20.00)	0 (00.00)

Remarks
Until the time of the resignation of Ms Sonia Dulá as director (on December 18, 2020), the composition of the audit, risks and compliance committee and the appointments, remuneration and corporate governance committee was equal in terms of diversity of gender.

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

The functioning, powers and composition of the Delegated Commission, Audit, Risks and Compliance Commission and Appointments, Compensation and Corporate Governance

Commission are regulated by the Bylaws and by the Board Regulations, which are available on the Company´s website (www.prisa.com).

As already indicated in section C.1.15 of this Report, in 2020 the Company has carried out the review and update of its internal regulations, which has included the revision of the Company Bylaws, the Regulations of the Board of Directors and various internal policies of the Company. Some of the rules that regulate the Board committees have been affected by these modifications, which were aimed to (i) introduce certain basic provisions of Technical Guide 1/2019 of the Spanish National Securities Market Commission on Appointments and Remunerations Committees (*Guía Técnica 1/2019 de la Comisión Nacional del Mercado de Valores sobre Comisiones de Nombramientos y Retribuciones*); (ii) introduce certain recommendations provided for in the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020; (iii) to include the novelties introduced in the Spanish Companies Act introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code, the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information, diversity in the composition of the Board and the non-delegable powers of this body; and (iv) include technical adjustments to improve the drafting and interpretation of the Regulations and to complete its content.

The Audit, Risks and Compliance Commission and the Appointments, Compensation and Corporate Governance Commission published in 2020 reports on their functions and activity during 2019, which were made available to shareholders when the Shareholders Meeting held in June 2020 were convened and that are published on the Company´s website.

The Commissions will again issue these reports on their functions and activities for the year 2020, which also will be made available to shareholders.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure for approval of related-party and intragroup transactions.

In accordance with the Board of Directors Regulations of the Company, it is a non-delegable power of the Board to approve, following a report from the Audit, Risks and Compliance Committee, related party transactions as defined by currently applicable legislation.

Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company's directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.

The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall asses the operation from a perspective of equal treatment of shareholders and considering market conditions.

Notwithstanding the foregoing, authorization corresponds to the General Meeting if the transaction exceeds a value of 10% of the corporate assets.

For transactions of a recurring nature conducted during the ordinary course of the Company's business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.

The authorization provided for above shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:

- (i) they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;
- (ii) they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and
- (iii) the amount of the transaction does not exceed 1% of the Company's annual income.

For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influenced in companies or entities that maintain commercial or business relationships with the Company.

The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.

The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones.

D.2 Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Rendering of	1,030
BANCO SANTANDER, S.A.	GRUPO PRISA	Commercial	Rendering of services	2,277
RUCANDIO, S.A.	GRUPO PRISA	Commercial	Rendering of services	3
HSBC HOLDINGS PLC	GRUPO PRISA	Commercial	Rendering of services	2
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Reception of services	6,371
TELEFONICA, S.A.	GRUPO PRISA	Contractual	Operating lease agreements	1,595
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Operating lease agreements	11
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	249
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Reception of services	260
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Financing Agreements: Loans	2,034
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	Contractual	Financing Agreements: Loans	6,000
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES,	Contractual	Financing Agreements: Loans	702
BANCO SANTANDER, S.A.	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Financing Agreements: Loans	6,750
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	15,483
HSBC HOLDINGS PLC	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Financing Agreements: Loans	219,242
BANCO SANTANDER, S.A.	EDICIONES SANTILLANA, S.A. (ARGENTINA)	Contractual	Financing Agreements: Loans	377
BANCO SANTANDER, S.A.	EDICIONES SANTILLANA, S.A. (ARGENTINA)	Contractual	Financing Agreements: Loans	377
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Warranties	193

BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Warranties	262
BANCO SANTANDER, S.A.	PRISA RADIO, S.L.	Contractual	Warranties	340
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	227
BANCO SANTANDER, S.A.	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Interest paid	360
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Interest paid	312
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIOFIFUCIÓN, S.L.	Contractual	Interest paid	282
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	7,260
HSBC HOLDINGS PLC	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Interest paid	11,520

Remarks
i)Transactions shown in the table include operations with the significant shareholder and/or companies in the Group. ii) Transactions with Grupo PRISA include those with Promotora de Informaciones, S.A. (PRISA) and companies in its group. When the name of a particular company in Grupo PRISA is specified, this indicates that the transaction was carried out exclusively with that company. iii) The operations shown in the table reflect the accounting information contained in the consolidated income statement for Grupo PRISA.

D.3 Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)

Remarks
i) Compensation to Prisa directors and senior management is detailed in Sections C.1.13 and C.1.14 of this report. ii) The director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Chairman of the media group Dar Al- Sharq, which maintains a strategic alliance with Diario As (a company of PRISA

Group), under which in 2017 they jointly launched "AS Arabia".

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
Sociedad Española de Radiodifusión, S.L.	Loans granted by Sociedad Española de Radiodifusión, S.L. to the company in which it holds holdings, Green Emerald Business INC.	2,203
Sociedad Española de Radiodifusión, S.L.	Dividends received by Sociedad Española de Radiodifusión for its shareholding in Sistemas Radiópolis, S.A. CV	12,418
Prisa Brand Solutions, S.L.U	Income received by Prisa Brand Solutions, S.L.U for advertising sales with the Company WEMASS MEDIA AUDIENCE SAFE SOLUTIONS, S.L.	2,531
PRISA Radio, S.A.	Income received by PRISA Radio, S.A for the provision of technical assistance and advisory services to Sistemas Radiópolis, S.A. de CV.	819
Ediciones El País, S.L.	Income received by Ediciones El País, S.L. for the sale of copies to KIOSKOYMÁS, Sociedad Gestora de La Plataforma Tecnológica, S.L.	514

D.5 State the amount of any transactions conducted with other related parties that have not been reported in the previous sections.

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)

Remarks
In addition to the transactions described in sections above, the following transactions with related parties, have been performed: i) services rendered to companies of Grupo Prisa by other investee companies, for an aggregate amount of 1,336 thousand euros, ii) services provided by Grupo Prisa companies to other investee companies, for an aggregate amount of 174 thousand euros, iii) loans granted by companies of Grupo Prisa to other associated companies, for an amount of 230 thousand euros, iv) financial income recorded by companies of Grupo Prisa, linked to the loans granted to the investees, for an aggregate amount of 266 thousand euros, v) dividends received by companies of Grupo Prisa from investee companies, for an aggregate amount of 14 thousand euros and vi) loan impairment expenses associated with loans granted to associates and foreign exchange differences arising from loans denominated in foreign currencies.

D.6 Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

Provisions of the Board of Directors Regulation:

"Article 36: Conflicts of interest and their exemption

1. The directors shall take the necessary steps to avoid incurring in situations in which their interests, whether for their own account or that of others, may come into conflict with the interests of the company and with their obligations to the Company.

The exceptions are cases in which the Company has given its consent under the terms established in paragraph 6 of this Article.

2. A conflict of interests is deemed to exist in cases in which there is a directly or indirect clash between the interests of the Company, or the companies of the Group, and the personal interests of the director. A personal interest of the director is deemed to exist when the matter concerns him or a person associated with him.

For purposes of these Regulations, persons associated with the director are those defined as such in the applicable legislation at any time.

3. In particular, in a conflict of interests situation, directors shall refrain from the following Conducting:

i. transactions with the Company, except for ordinary transactions standard for customers or suppliers and of little importance, under the terms established by law;

ii. exploiting the Company's name or invoking the director's status as administrator to unduly influence private transactions;

iii. using the corporate assets, including the Company's confidential information, for personal ends, under the terms established in Article 37 of these Regulations;

iv. taking advantage of the Company's business opportunities, terms established in Article 39 of these Regulations; and

v. receiving benefits or payments from sources other than the Company and the Group in connection with the performance of their duties, unless these involve simple acts of courtesy.

4. The provisions of paragraph 3 above shall also apply in the event that the beneficiary of the banned acts or activities is a person associated with the director.

5. In cases in which the conflict of interest is, or can reasonably be expected to be, of such a nature that it constitutes a structural and permanent conflict between the director (or a person related to the latter or, in the case of a the proprietary director, the shareholder or shareholders the latter proposed or appointed, or persons directly or indirectly associated with them) and the Company or the companies included in their Group, it will be understood that the director is not, or has ceased to be suitable to hold the post pursuant to the requirements of Article 23 of these Regulations.

6. The directors shall notify the Board about any direct or indirect conflict that they may have with the interest of the Company. In particular, they shall disclose situations that may involve conflicts of interest pursuant to the provisions of the "Internal Rules of Conduct Concerning Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies."

Likewise, they shall also disclose: (i) the positions they hold on other boards of directors of which they are members, whether listed companies or not, and other paid activities of any nature they are engaged in; and (ii) the shares of the Company they directly or indirectly own and the rights of options over them.

7. Notwithstanding the provisions of paragraph 3 above, the Company may waive the prohibitions contained therein in individual cases, authorizing: (i) a director or associated person to conduct a specific transaction with the Company (in accordance with the provisions of these Regulations); (ii) the use of certain corporate assets; (iii) the exploitation of a specific business opportunity; (iv) the attainment of an advantage; or (v) payment from a third party.

This authorization shall require a resolution of the General Meeting if the purpose is a waiver of the prohibition of attaining an advantage or payment from third parties, or concerns a transaction with a value of more than 10% of the corporate assets.

In other cases, authorization the Board of Directors may also grant this authorization, provided that the independence of the members who grant it is ensured with respect to the director who receives the waiver, also ensuring that the authorized transaction poses no harm to the corporate assets or, if applicable, their realization in market conditions, and that the process is transparent.

8. In the cases foreseen in paragraph 2 above, the Board, following a report from the Nominations, Compensation and Corporate Governance Committee, shall require the adoption of measures which, in its judgement alone, are necessary to protect the Company's interests.

9. The Company shall publically disclose the conflicts of interest of the directors under the terms established in the applicable legislation at any time."

"Article 40. Transactions with directors and major shareholders:

1. Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company's directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.

2. The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall asses the operation from a perspective of equal treatment of shareholders and considering market conditions.

3. Notwithstanding the provisions of the previous paragraph, authorization corresponds to the General Meeting if the transaction exceeds a value of 10% of the corporate assets.

4. For transactions of a recurring nature conducted during the ordinary course of the Company's business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.

5. The authorization provided for in the previous paragraphs shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:

i. they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;

ii. they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and *iii. the amount of the transaction does not exceed 1% of the Company's annual income.*

6. For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influenced in companies or entities that maintain commercial or business relationships with the Company.

7. The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.

8. The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones."

Provisions of the Internal Conduct Regulation for Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies" (RIC), which has been modified in July 2016 to its adaptation to Regulation (EU) 596/2014 of 16 April 2014 on market abuse, states the following regarding conflicts of interest. The RIC applies, among others, to the directors of the Company and to certain managers of the Group:

"Article 22 (Conflict of Interest): A conflict of interest shall be deemed to exist when any of the following applies to an Affected Person in relation to the entities referred to in this section:

1. *The party is a director or senior manager with regular access to Inside Information directly or indirectly relating to the entity in question, and with power to make management decisions affecting the said entity's future evolution and business prospects.*
2. *The party holds a significant holding (meaning: for companies listed in any official Spanish or foreign secondary market, those referred to in article 125 SML and its implementing legislation; and, for unlisted Spanish or foreign companies, any direct or indirect holdings of more than twenty percent of the issued share capital).*
3. *The party is a relative, to the second degree by affinity or third degree by consanguinity, of the parties referred to in article 21.1 above or of holders of significant holdings in their share capital.*
4. *The party has relevant direct or indirect contractual relations.*

Affected Persons subject to conflicts of interest must observe the following general principles of action:

Independence: Affected Persons must at all times act with freedom of opinion, loyalty to the Company and its shareholders and independently of their own or third parties' interests. Consequently, they shall refrain from placing their own interests above those of the Company or those of some investors over others.

Refrainment: They must refrain from being involved in, or influencing, the taking of any decisions that could affect the persons or entities with which there is a conflict and from accessing Inside Information that affects such conflict.

Disclosure: Affected Persons must inform the Compliance Unit of any possible conflicts of interest in which they may be involved as a result of their activities outside the Company, their family ties, personal assets or for any other reason, as regards:

(a) The Company or any of the GRUPO PRISA companies.
(b) Significant suppliers or customers of the Company or of GRUPO PRISA companies.
(c) Entities engaged in the same type of business as, or which are competitors of, the Company or any of the GRUPO PRISA companies.

Any queries regarding the possibility of a conflict of interest must be discussed with the Compliance Unit, and the final decision shall be made by the Audit Committee".

Provisions of the Code of Ethics of Grupo PRISA:

The Code of Ethics, which applies to directors, amongst others, underscores the duty to avoid situations that could give rise to conflict between private interests and those of the company and requires that such situations be disclosed to the Company.

D.7 Is there more than one company in the group listed in Spain?

NO

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

In order to be able to control, mitigate and manage any threat to the fulfilment of its objectives, the Group constantly monitors the risks that could affect it, according to the Risk Control and Management Policy approved by the Board of Directors of PRISA with the favorable report of the Audit, Risks and Compliance Commission and the Nominations, Compensation and Corporate Governance Commission.

In this way, the Group has a Risk Management System, supported by an adequate definition and assignment of functions and responsibilities at different levels and a series of control and management methodologies, tools and procedures. Through this Risk Management System, the Group identifies, monitors and analyses risks on an ongoing basis, defines and, where appropriate, implements, on a case-by-case basis, the measures required to mitigate risks when they materialize.

The Risk Management System works by business unit, consolidating such management at a corporate level through, among other specific tools, a comprehensive management model, focused on ad hoc analysis in relation to different risks, depending on their development and the analysis made of them and their circumstances over time.

The Group also has an Internal Control over Financial Reporting (ICFR), initially developed from the methodological framework of COSO 1992, and adapted during fiscal year 2014 to the new COSO 2013 Framework.

For the management of criminal risks, the Group has a Model for Prevention of Criminal Liability in Spain and develops regulatory compliance models in the main countries in which it is present. In the context of compliance models, and among others, environmental, labor relations, corruption and bribery risks associated with the various business activities and operations are analyzed.

E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

The identification of the risks is carried out by the various Directorates-General of the business and corporate units, identifying both those responsible for the management of each risk and the associated action plans and controls. At a corporate level, risk management is consolidated through a comprehensive management model, which provides a dynamic and continuous view, more suitable for monitoring, control and management.

In this regard, the business units contribute to the proper functioning of the risk control and management systems and, in particular, aim to adequately identify, manage and quantify the risks that affect them. Furthermore, they actively participate in the definition of the risk strategy and in the decisions regarding its management, also ensuring that the systems established adequately mitigate the risks within the framework of the policy established by the Board of Directors and the Audit, Risks and Compliance Commission.

Likewise, the Group has a risk map and a specific non-financial risks map as tools for their visual representation, used to identify and assess the risks of the activities of the business and the Group. In general, these risk maps are reviewed annually.

Periodically, the Internal Audit Department gathers and consolidates the risks identified by each business unit, in order to draw up the Group and business risk maps.

Both the comprehensive management model and the risk maps are reported to the Audit, Risks and Compliance Commission, which is also in charge of supervising and periodically evaluating the Group's risk management and control systems and setting the acceptable risk level, in view of the risk aversion, tolerance or appetite in each specific case.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

From a general viewpoint, a risk is considered to be any threat to the fulfilment of the objectives set forth in the Group's Strategic Plan and its businesses.

In particular, the Group's business activities, and therefore also the proper execution of its strategic roadmap, are subject to risks that can be categorized as follows:

a. Risks related to the financial and equity situation.
b. Strategic and operational risks.
c. Non-financial risks.
d. Reputational risks.

Below, for each of the above categories, we describe the risks that the Group faces in general:

a. Risks related to the financial an equity situation:

- Financing risk: The Group's financial obligations involve the following risks: vulnerability to the economic cycle and to market developments; limitations on the capacity to draw cash flows from operations; limitations on the capacity to adapt to changes in the markets; limitations on the capacity to obtain additional financing if necessary; disadvantages against less indebted competitors; the need to comply with certain financial ratios (*covenants*); and impacts arising from variations in credit ratings.

- Credit and liquidity risk: The Media businesses, which are dependent on advertising, have a high percentage of fixed costs, and the fall in advertising revenues has a significant impact on margins, cash generation capacity and cash position, making it difficult to implement additional measures to improve the Group's operating efficiency. See also "*Risk of deterioration in the advertising market*" for more information on the Group's risks related with advertising and its effects on credit and liquidity.

  On the other hand, the nature of the Education business determines that there are periods of cash collection around certain dates, mainly during the last months of each year, which generates certain seasonality in business cash flows. This could give rise to some cash flow stress during periods when collections are historically lower.

  With regards to commercial credit risk, the Group assesses the seniority of receivable balances and constantly monitors the management of collections and payments of all its activities, as well as the maturities of financial and commercial debt, and regularly analyses other financing methods in order to cover expected cash needs in the short, medium and long term.

- Interest rate risk: Upward fluctuations in interest rates imply an increase in interest expenses, which has a negative impact on the Group's available cash.

- Exchange rate risk: The Group faces fluctuations in exchange rates mainly due to financial investments related with holdings in Latin American companies, as well as due to the income and results from these investments, which represent a significant stake of the Group's aggregate. Likewise, potential adverse developments in Latin American economies where the Group operates may lead to situations of hyperinflation, with the consequent negative impact on exchange rates.

- Tax risk: In general, related to a possible different understanding of the regulations by the competent tax authorities, as well as to modifications of the tax regulations of the countries where the Group operates.

- Risk of impairment of intangible assets and goodwill: The valuation of these assets and goodwill is based on estimates made on the basis of the best information available at any given time. Events that may occur in the future may require these estimates to be modified downwards, which may result in the effect of these new estimates regarding the valuation of the assets being recognized in the income statement.

b. Strategic and operational risks:

- Macroeconomic risk: The evolution of macroeconomic indicators can affect the development and success of the Group's businesses both in Spain and in the Americas. The deterioration of macroeconomic indicators may have a negative impact, among others, on the Group's outlook in terms of results and cash generation, as well as on the valuation of its assets.

- Country risk: The Group's operations and investments, especially in Latin America, may be affected by various risks related with investments in countries with emerging economies or situations of instability, such as currency devaluation, restrictions on capital movements, inflation, confiscations or nationalizations, tax reforms or significant changes in policies and regulations.

- Regulatory and legal risk: The Group operates in regulated sectors (licensing policies regarding Radio and education policies in the Education business) and is therefore exposed to regulatory and administrative risks that could adversely affect its main businesses. Additionally, the Group's businesses are subject to numerous competition, merger control and antitrust regulations, both international and national.

- Risk of competition: The Group operates in highly competitive sectors. In the Education business, the Group competes both with traditional players and with smaller businesses, online platforms and digital providers that offer alternative contents and methodologies. In addition, there is a growing trend towards open educational content access through online platforms, the widespread consumption of second-hand materials and the increase of schools that do not use books and develop new contents within their curricular autonomy. In the Media businesses, competition with companies that offer online content is strong and the Group competes for advertising with traditional players, with multinational platforms of online audiovisual and music content, with new online content providers and with news aggregators. Therefore, the lack of capacity to anticipate and adapt to the needs and new demands of customers in each of the businesses may affect the Group's competitive position *vis-à-vis* the rest of its competitors.

- Risk of customer concentration in the public sector: Governments and public entities from the different jurisdictions in which the Group operates are relevant customers for the Education business. This dependence on public administrations may pose a risk regarding earnings, if the economic situation in these countries worsens or if there are changes in regulations or public policies.

- Risk of deterioration in the advertising market: Advertising investment (a factor on which a significant part of the Group's income depends) tends to be cyclical and reflects the general economic situation and outlook. Given the large component of fixed costs associated with the businesses and the relevant stake of advertising income in the Group's accounts, a fall in advertising income may have a significant direct impact on margins, cash generation capacity and cash position, making it difficult to implement additional measures to improve the Group's operating efficiency and, therefore, on the Group's results.

- Risk of traditional business models transformation: It refers to the development of new operators focused on the production and distribution of all types of contents (educational, informational, entertainment, etc.) in multiple formats (text, audio, video, online, offline, etc.). As indicated above, the Group's businesses must adapt to new consumer demands and new business models since if the Group fails to do so successfully it may have a negative impact on the Group's results and cash flow generation.

- Risk of digital transformation: The businesses in which the Group operates are subject to an ongoing and deep process of technological transformation related with new methods and channels for the distribution and consumption of content, accompanied, in turn, by changes in consumer preferences and habits. The digital transformation involves a series of risks, such as the development of new products and services that respond to market trends, the diminishing value of contents in the digital environment, the greater role of technology in the development of digital businesses, the management of new digital talent, and the resistance to technological changes in the Group's businesses.

    - In the area of Education, in certain geographies, especially in Latin America, subscription models with a strong digital component (educational systems) are becoming increasingly important, both in terms of content and educational experience.

    - In the area of Media, alternative digital actors are emerging, including both social networks or news aggregators, as well as online content providers through various platforms, significantly expanding the options available to consumers and resulting in a fragmentation of the audience. This also implies an increase in the inventory of digital advertising space available to advertisers, while technological change makes it easier for users to avoid digital advertising on the websites and mobile applications they access. Additionally, the emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, allows advertisers to develop more personalized advertising, and pushes prices down.

- Technological risk: The businesses in which the Group operates depend, to a greater or lesser extent, on information technology systems. These systems are vulnerable to a range of threats, such as hardware and software malfunctions, cyber-attacks, computer viruses, piracy and physical damages to technological equipment. In addition, they need regular updates and the Group may not be able to implement the necessary updates at the right time or the updates may not work as planned. The vulnerability of the Group's systems and platforms may result in the loss of data or compromise customer’s data or other sensitive information; therefore, significant system failures or attacks to the security of these could have an adverse effect on the Group's operating results and financial situation.

- Data protection risk: The Group has a large amount of personal data due to the ordinary operations of its businesses, including information related to employees, readers or students. Additionally, it is subject to data protection regulations in the various countries in which it operates. Any breach of these rules could have an adverse impact on the Group.

- Intellectual property risk: The Group's business depends, to a large extent, on intellectual and industrial property rights, including, among others, brands, literary content or internally developed technology. Brands and other intellectual and industrial property rights are one of the cornerstones of the Group's success and maintenance of its competitive advantages. However, there is a risk that unauthorized third parties may try to copy or obtain and improperly use the content, services or technology developed by the Group. On the other hand, the Group, in order to make use of the intellectual property rights of third parties, has non-exclusive authorizations, in exchange for a fee, granted by entities that manage these rights and companies that create or market intellectual property assets. In this regard, technological developments eases the unauthorized reproduction and distribution of content through various channels, making it difficult to implement the protection mechanisms associated with intellectual and industrial property rights.

- Risk of litigation and third party claims: The Group is party to litigation and is exposed to liability for the contents of its publications and programs. In addition, in the course of its activities and businesses, the Group faces potential liabilities and claims in the context of its labor relations.

c. Non-financial risks:

- Environmental management.
- Social and personnel management risks.
- Society.
- CSR performance.
- Supply chain.

d. Reputational risks:

This category identifies the risks related with a potential negative impact on the Group and its results due to behaviors that do not meet the expectations of the market and the various stakeholders, including those related to corruption, as defined in the Group's Anti-Corruption Policy.

E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

The Group has defined an acceptable error level in relation to the risks related with financial information. In accordance with this materiality level, significant processes and accounts are identified in the control systems.

Regarding to the rest of the risks, the Group's senior management periodically evaluates them, as it is described in sections E.1 and E.2.

The Audit, Risks and Compliance Commission is in charge of both supervising and periodically evaluating the Group's risk management and control systems and setting the acceptable risk level, in view of the risk aversion, tolerance or appetite in each specific case.

E.5 State which risks, including tax compliance risks, have materialised during the year.

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

Therefore, a big part of the risks identified by the Group, above all in what refers to strategic and operational risks, has been affected during 2020. Impacts range from a markedly unstable macroeconomic environment (macroeconomic risk, country risk, regulatory risk, exchange rate risk), with the economies of the countries in which the Group operates going through very complex situations (sever GDP falls, currency devaluations, etc.) and the Governments of those countries implementing unprecented initiatives (lock downs, mobility restrictions, high regulatory activity, etc.), to a microeconomic environment of the industries in which the Group operates very affected by the plunge of the advertising market in Media (risk of deterioration in the advertising market, risk of traditional business models transformation) and the schools' closure in Education (risk of traditional business models transformation, risk of customer concentration in the public sector). All together within a context of intensive digital transformation of the businesses and high competitiveness (risk of digital transformation, Technological risk, risk of competition).

In what refers to the risks related to the financial and equity situation, in this context of crisis and uncertainty motivated by the Covid-19 pandemic, the Group has accounted a tax assets impairment amounting to 64,1 million euros (tax risk). Additionally, the Group has recorded an impairment of intangible assets related to the Radio business amounting to 30 million euros (risk of impairment of intangible assets and goodwill).

Finally, resulting from the sale in May 2020 of the stake of Vertix SGPS, S.A. (subsidiary fully owned by Prisa) in Grupo Media Capital, SGPS, S.A., the Group has recorded a loss amounting to 77,3 million euros (risk of impairment of intangible assets and goodwill).

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

In order to be able to control, mitigate and manage any threat to the fulfilment of its objectives, the Group constantly monitors the risks that could affect it, according to the Risk Control and Management Policy approved by the Board of Directors of PRISA with the favorable report of the Audit, Risks and Compliance Commission and the Nominations, Compensation and Corporate Governance Commission. To perform this continuous monitoring, the Group relies on the Risk Management and Control System as described on previous sections E.1 and E.2.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANICAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Control environment

F.1 Entity control environment

Indicate the following, detailing at least their main features

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

The company's approach regarding the internal control over financial reporting (hereinafter ICFR), which was initially deployed according Internal Control Framework issued by COSO in 1992, was adapted in 2014 to the COSO Framework issued in 2013. In this regard, the Group will continue improving its ICFR system in conformity with this new Integrated Internal Control Framework.

As set out in Article 5.3 of the Board Regulations, the functions of the Prisa Board of Directors include ensuring that there is an appropriate and effective system of internal control over financial reporting (ICFR) in place and maintained. Also, pursuant to the same article of the regulations, the Board is responsible for supervising internal reporting and control systems. In this regard, the Board of Directors is assisted, for the development of these functions, by the Audit, Risks and Compliance Commission of Prisa. Among the responsibilities of the Audit Commission, is the monitoring of the preparation and presentation of the regulated financial information.

The effective implementation of internal control model is the responsibility of the CEO and the CFO of Prisa, as well as the CEOs and CFOs of the Group's business units involved in the preparation of financial information which forms the basis for the preparation of Group's Financial Statements.

The monitoring of ICFR, is performed both by the Audit Commission and the Board of Prisa, with the Internal Audit function support.

F.1.2. In particular reference to the process for preparing financial information, which of the following elements are in place:

• Departments and/or mechanisms responsible for: (i) design and review of the organizational structure; (ii) defining clearly lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring there are adequate procedures for their correct dissemination within the entity.

The Direction of Talent Management and Human Resources, under the Secretary of the Board, is responsible for the design, implementation, reviewing and updating of the Group's organizational structure. The Group's business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of the financial reporting.

In addition, this Direction and the Group Compliance Officer coordinate and monitor the internal procedures of the Group companies, and its degree of documentation, updating and communication.

• Code of conduct: approval body, degree of communication and instruction, principles and values included (indicated whether specific mention is made of the recording of operations and the preparation of financial information), the body responsible for analyzing non-compliance and proposing corrective actions and sanctions.

Prisa Group has a Code of Ethics that sets out the principles and standards of conduct that should govern the companies in PRISA Group and all their employees, aimed at ensuring ethical and responsible behavior in the pursuit of their activities.

The PRISA Compliance Unit reports to the Audit, Risks and Compliance Commission and is the body charged with safeguarding and promoting ethical behavior of employees, associates and members of PRISA Group, and, therefore, amongst other functions, with overseeing their compliance with the Code of Ethics.

The Compliance Unit reports incidents relating to the Code of Ethics to the Audit, Risks and Compliance Commission so that the latter can assess annually the compliance with the Group's rules of governance.

The Code of Ethics has been communicated and disseminated to all employees of the Group to whom it applies. Also, an internal and external communication plan is carried out periodically for the Code. At the end of 2020, an online course on the content of the Code of Ethics was launched, initially aimed at Group employees in Spain, and whose scope will be extended during the 2021 financial year to employees in other countries.

The Code of Ethics, posted on the corporate website (www.Prisa.com) and in PRISA's global intranet sets out a series of standards of conduct based on the following principles:

i. Respect human rights and liberties.

ii. Promotion of career development, equal opportunity, non-discrimination due to personal, physical or social conditions, and respect for persons.
iii. Occupational safety and health.
iv. Environmental protection.

Specifically, in relation to financial reporting, PRISA Group considers transparency in financial information as a basic principle that must govern its actions and, therefore, establishes rules of conduct aimed at ensuring that all information, be it internal information or the information reported to the markets, to the regulators of those markets or to government authorities, be truthful and complete and adequately reflects, amongst other aspects, its financial situation and the results of its operations, and be reported on a timely basis and in accordance with the applicable standards and general principles governing markets and their proper governance that PRISA Group has endorsed.

Rules of conduct are also established aimed to guarantee that all transactions are timely recorded in the Group's systems, in keeping with the principles of existence, completeness, clarity and accuracy in the Group's systems and financial statements, in accordance with the applicable accounting standards.

• Whistle-blowing channel for communicating irregularities of a financial and accounting nature to the Audit Commission, as well as any failures to comply with the code of conduct and irregular activities in the organization, indicating whether it is confidential in nature and whether it allows anonymous communications while respecting the rights of both the complainant and the respondent.

The Group has a Whistle-blowing channel for the reception and treatment of complaints regarding wrongdoings or breaches related to both, internal and external regulations, in matters affecting the Group, its employees or its activities.

It is a confidential and anonymous communication channel available to any employee in the Group intranet or alternatively through a post office box laid out for this purpose. The complaints received are currently managed by Prisa Compliance Unit, who reports them to the Audit Commission. Additionally, there is a confidential Whistle-blowing mailbox for third parties related to the Group and accessible through corporate website www.prisa.com. On the other hand, there are compliance mailboxes associated with the Compliance Units of each business redirected to the Prisa compliance mailbox, through which doubts about the Code of Ethics and other matters can be transferred, as well as allegations of improper behavior. In the treatment of the complaints received through these mailboxes, a procedure, similar to the one defined for those received through the whistleblowing channel, is followed.

• Training and regular updating programs for the personnel involved in the preparation and review of financial information, as well as assessment of the ICFR, dealing at least with accounting standards, audit, internal control and risk management.

The financial officers responsible for reporting in the business units and significant companies in the Group periodically receive accounting standards update bulletins. In this regard, during 2020, bulletings have been sent out on the potential impacts of COVID on financial information and its accounting treatment. In addition in 2020, an online course on the Code of Ethics was sent to Group employees in Spain and online training sessions were held on the management of risks related to criminal compliance, data protection and cybersecurity.

F.2 Assessment of financial reporting risks

Inform at least on the following:

F.2.1. Which are the main features of the risks identification process? Including risks of error and fraud, indicating:

• Whether the process exists and is documented.

The system established in the Group for financial reporting risks identification and assessment is formally documented and updated at least once a year.

In the Group financial reporting risks assessment it is applied a top down approach based on the Group's significant risks. This approach starts with the identification of significant accounts and disclosures, assuming both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and it is supplemented by qualitative analysis that determines the associated risk considering the characteristics of the transactions, the nature of the account, the accounting and reporting complexity, the probability of significant contingent liabilities to be generated resulting from transactions associated with the account, the susceptibility to errors or fraud losses and the potential impact on financial reporting of the risks identified in business units, corporate risks maps and during performed Internal Audit reviews.

In order to perform a full risk assessment, this analysis is performed on each business unit, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group.

For each business unit, the most relevant accounts are identified, based on mentioned risk analysis. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main kind of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

• Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated, and with what frequency.

For each account the controls are analyzed in order to cover the assertions to ensure the reliability of financial reporting, i.e. that recorded transactions have occurred and pertain to that account (existence and occurrence) , transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are properly disclosed, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness). Complementary to risks update, the Group annually performs a review of controls that mitigate identified risks.

• Whether there is a process for identification of scope of consolidation, taking into account among other aspects the possible existence of complex corporate structures, holding companies or special purpose vehicles.

Among the significant processes of the Group it is considered the determination of the scope of consolidation, which is conducted monthly by the Consolidation department, set in the Corporate Finance Department, in collaboration with Legal Advisory Department, who regularly reports the corporate transactions and subscribed shareholder agreements.

• Whether the process takes into account the impacts of other types of risk (operating, technology, financial, legal, reputational, environmental, etc.) insofar as these affect the financial statements.

Risk assessment process takes into account the risk profile of each business unit, which is determined by their contribution to the consolidated financial statements, and assessing the specific risks, among other factors, the nature of their activities, centralization or decentralization of operations, specific industry and environmental risks, to the extent they may have potential impact in financial statements.

• Which governing body of the entity supervises the process.

The system is monitored, as mentioned above, by the Audit Commission and, ultimately, by the Board of Directors.

F.3 Control activities

Provide information on whether at least the following exist, indicating their main features:

F.3.1. Procedures for reviewing and authorizing financial information and description of the ICFR, to be published on the stock markets, indicating those responsible, as well as documentation describing flows of activities and controls (including those relating to risk of fraud) of different transaction types that may significantly affect the financial statements, including the procedure for the accounting close and the specific review of judgments, estimates, assessments and relevant forecasts.

The Group has documentation describing flows of activities and process controls identified as significant in each business unit and at corporate level, both at general level (general controls) and at process level (transactional controls). Based on this description the key risks and mitigating controls are identified. The documentation of control activities is supported on risk and control matrixes by process. In these matrixes the control activities are classified by their nature as preventive or detective, manual or automatic, and based on the degree of mitigation of associated risks, as key or standard.

In each significant business unit there is a documented process describing the accounting close as well as specific controls concerning relevant judgments and estimates, according to the nature of the activities and risks associated to each business unit.

In relation to the financial reporting review and approval process, a phased certification process is developed on the effectiveness of internal control model over financial reporting. The CEOs and General Managers in the business units and companies that are considered significant, confirm, at the year end, in writing the effectiveness of defined controls for their critical processes as well as their financial information reliability. Also, in relation to this process, as mentioned above, there are procedures for the financial information disclosed to the stock markets review and approval by the governing bodies.

F.3.2. Internal control policies and procedures for information systems (including secure access, controls over modification and operation, continuity of operations and segregation of duties) that support the relevant processes of the entity in connection to the development and publishing of financial information.

As for the controls on the systems or applications which are relevant in relation to the developing of financial information, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls considered on information systems are essentially access control, segregation of duties, systems operations and development or modification of computer applications. The Group annually reviews and evaluates the controls and procedures associated with the main applications and infrastructures implied in financial reporting processes.

F.3.3. Internal control policies and procedures for supervising the management of activities outsourced to third parties, as well as those aspects of assessments, calculations or valuations that are entrusted to independent experts, which may have a material effect on the financial statements.

In relation to subcontracted activities, the Group has outsourced the maintenance of its applications and technological infrastructures with different suppliers, as well as logical security services. The supervision of these services is articulated through the monitoring of compliance with the levels of service agreed with the different suppliers, and with monitoring meetings and committees, with a defined period and content.

F.4 Information and communication

Provide information on whether at least the following exist, indicating their main features:

F.4.1. A specific function tasked with defining and updating accounting policies (accounting policy area or department) and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organization, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity operates.

The organization has an accounting manual founded on the International Financial Reporting Standards applicable to the Group's businesses, developed by the Internal Audit Department, and annually updated and communicated to the different business units. There are also specific accounting policies developed for some Group businesses providing specific accounting treatment to correctly reflect their activities. Furthermore, Internal Audit Department periodically issues accounting newsletters that show the latest changes of international accounting standards in those aspects that could affect Group entities' financial statements.

F.4.2. Mechanisms for gathering and preparing the financial information using standard formats, applied and used by all the units in the entity or the group, which support the main financial statements and disclosures, as well as the information given on the ICFR.

Prisa counts on an unified and adapted chart of accounts applicable to all the Group companies that manage financial information within Group SAP software. Likewise, there is a single and homogeneous format of documentation for the financial reporting of Group business units which supports the financial statements, notes and disclosures included in regulated financial information.

F.5 Supervision of system effectiveness

Provide information on at least the following, indicating their main features:

F.5.1. Supervisory activities on the ICFR carried out by the Audit Commission, as well as whether the entity has an internal audit function that includes among its competencies supporting the commission in the task of supervising the internal control system, including the ICFR. Furthermore, information must be provided on: the scope of the evaluation of the ICFR carried out during the year and on the reporting procedure followed by the person in charge of conducting the evaluation; whether the entity has an action plan detailing possible corrective measures; and whether its impact on the financial information has been considered.

As part of the monitoring activities on the internal control system carried out by the Audit, Risks and Compliance Commission, the following are included:

i. Monitor the effectiveness of the Company's internal control, internal audit and risk management system.

ii. In relation to the external auditor, it must supervise the work performed by the latter and their conclusions, including any that have an impact on the audit report and any significant weaknesses identified in the internal control system during the audit.
iii. Supervise the process of drawing up financial reporting for Prisa and for the Group and the integrity of the information, ensuring it meets regulatory requirements, covers the appropriate scope of consolidation and that accounting criteria are properly applied.

The Group has an internal audit unit, which supports the Audit, Risks and Compliance Commission in monitoring internal control system over financial reporting. The Internal Audit Department depends functionally to the Audit Commission, which annually approves the audit plan for each fiscal year and the resources required for its development.

The main objective of internal audit is to provide the Group management and the Audit Commission with reasonable assurance on the environment and internal control systems operating within the Group companies having been properly managed. For this purpose, internal audit reviews the design and scope of the Group's internal control system over financial reporting, and subsequently carries out the evaluation of the design and effectiveness of the control activities defined in the model. Annually the functioning of the general controls of the Group as well as controls related to the information systems and the key control activities in the ICFR are tested. For each of the identified weaknesses, an estimation of its impact is done. Also, for all the identified weaknesses a plan of action is defined in order to correct or mitigate the risk, including a responsible for the management and an implementation schedule. The Internal Audit Direction reports annually to the Audit Commission on the results of the evaluation of the ICFR and regularly informs on the evolution of the more relevant established action plans.

F.5.2. Whether any discussion procedure is in place whereby the auditor (in accordance with the provisions of the Technical Auditing Rules), the internal audit function and other experts may notify senior management and the Audit Commission or directors any significant internal control weaknesses identified during the processes of reviewing the financial statements and in any other processes that may have been entrusted to them. Information must also be provided on whether it has an action plan that seeks to correct or mitigate the weaknesses identified.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of internal control system over financial reporting, are reported to both the Audit Commission and the external auditor. Internal Audit prepares an annual report on the evaluation of the internal control system over the Group's financial information in which it is detailed for each weakness identified, the mitigating controls or a defined action plan, and those responsible for its implementation.

Additionally, ultimately, the internal control system is audited by the statutory auditor of the Group, who reports to the Audit Commission on the significant and material weaknesses identified and gives opinion on the effectiveness of internal control over financial reporting during the year.

F.6 Other relevant information

None

F.7 External auditor's report

Provide information on:

F.7.1. Whether the information on the ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the provided report as an annex. If that is not the case, reasons should be reported.

The system of internal control over financial reporting is audited by the statutory auditor of the Group that gives opinion on the effectiveness of internal control within a reasonable assurance report in accordance with ISAE 3000.

G EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company´s actions. General explanations are not acceptable.

1. **That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

   Compliant

2. **That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

   a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Does not apply

3. **That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:**

   ***a)* Changes that have occurred since the last General Shareholders' Meeting.**

b) **Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.**

Compliant

4. **That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.**

   And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

   Compliant

5. **That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.**

   And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

   Compliant

6. **That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:**

   a) **Report regarding the auditor's independence.**

   b) **Reports regarding the workings of the audit committee and the appointments and remuneration committee.**

   c) **Report by the audit committee regarding related-party transactions**

   Compliant

7. **That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.**

   And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

   Compliant

8. **That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

   Compliant

9. **That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

   Compliant

10. **That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:**

    a) Immediately distributes the additions and new proposals.

    b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

    c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

    d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Does not apply

11. **That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.**

    Does not apply

12. **That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.**

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

    Compliant

13. **That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.**

    Compliant

14. **That the Board of Directors approves a a policy aimed at favouring an appropriate composition of the Board and that:**

    a) Is concrete and verifiable;

    b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

    c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

    That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Compliant

15. **That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

    And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

    Partially compliant

    The Company is in compliance with the first part of this recommendation. However, we have not been able to meet the objective of filling at least 30% of the total directorships on the Board with women.

    The Company's Board of Directors is composed of 12 directors. Until December 2020 the Board had three female directors, representing 25% of the total board members. However, after Ms. Sonia Dulá's resignation on December 18, the number of female members on the board was reduced to two and, thus, at the closing of the 2020 fiscal year women directors compose 16.66% of the total Board members.

    However, it is noted that in February 2021 the director Mr. Javier de Jaime Guijarro resigned, in addition to professional reasons and lack of availability, due to his desire to improve gender diversity on the Board of Directors of PRISA, which would facilitate leaving a vacant vacancy on the Board. To fill this vacancy, the Board has appointed Ms. Pepita Marín Rey-Stolle as a director, by co-option, so that the representation of women on the board has risen to 25%.

    The circumstances that have hindered incorporating a larger number of women directors on the Board include:

    i) Coinciding with the annual shareholders meeting held in June, 2020, the directorships of several board members expired. After the Appointments, Compensation and Corporate Governance Committee (CNRGC) and the Board of Directors analyzed and evaluated their reelection or replacement, it was decided that it was in the Company's best interest to propose that the shareholders: i) reduce the number of directors from 13 to 12 (taking into the account that one of the directors requested that he not be reelected) and ii) reelect the other directors whose posts were expiring (which included a woman, Ms. Sonia Dulá).

    It should be noted in that regard that in early 2020 the Company had commenced a process to identify female candidates for directorships. However, the COVID-19 public health crisis has prompted serious and exceptionally unprecedented circumstances, particularly in Spain where the declaration of successive states of emergency (implementing, among others, measures restricting freedom of circulation and assembly) has greatly hindered certain business activities and prevented the Company from advancing and duly completing the process to identify and select potential women candidates for the Board as planned, prior to the annual shareholders meeting in June 2020 when the directorships of several board members expired.

Thus, in the process of reelecting or replacing the board members whose directorships expired in June, the corresponding suitability assessments were made based on the matrix of competences required of board members, taking into account both the results of the Board's 2019 evaluation as well as the Company's circumstances at that time, all of which made the reelection of those directors advisable, in order to continue the work and actions of the Board then underway, as well as to ensure the increased effectivity of its functions and the contribution of its members.

These decisions were ratified by the Board at the annual shareholders meeting held on June 29, 2020.

ii) At the extraordinary shareholders meeting held on December 18, 2020 the removal of Mr. Javier Monzón de Cáceres was approved and, as indicated previously, Ms. Sonia Dulá presented her resignation as board member on that same date.

At that time, it was deemed appropriate to initiate an evaluation to appoint two new directors to fill those vacancies, to ensure the normal functioning of the Company's management bodies. An analysis was made of the Board's needs, taking into consideration the matrix of competences required of directors, and only four days later on December 22, 2020 and at the CNRGC's proposal, the Board of Directors approved the interim appointment of two independent directors.

With such short notice, no appropriate women candidates were found and, moreover, in view of the circumstances and given that the candidates were qualified, there was no substantial reason for not appointing them to the vacant directorships.

Both the CNRGC and the Board of Directors have recognized that resolving the Board's lack of gender diversity is a priority for future improvement.

16. **That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.**

    This criterion may be relaxed:

    a) **In companies with a high market capitalisation in which interests that are legally considered significant are minimal.**

    b) **In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.**

    Compliant

    The Company has 11 non-executive directors, of which 5 (that represent 45.45% of the total non executive directors) are proprietary.

    The proprietary directors represent the significant shareholders Amber Capital, International Media Group, Consorcio Transportista Occher and Rucandio which, jointly, as of December 31, 2020, represent the 47.612% of the capital stock of the Company.

17. **That the number of independent directors represents at least half of the total number of directors.**

    Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together

control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Compliant

18. **That companies publish and update the following information regarding directors on the company website:**

    a) **Professional profile and biography.**

    b) **Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**

    c) **Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**

    d) **The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.**

    e) **The shares and options they own.**

    Compliant

19. **That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.**

    Does not apply

20. **That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.**

    Compliant

21. **That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if**

the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Compliant

22. **That companiesshould establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.**

    And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented

    Compliant

23. **That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**

    Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Compliant

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Compliant

Mr. Javier Monzón de Cáceres, who held the non-executive chairmanship of the Board of Directors, was ceased as a director at the Extraordinary Shareholders' Meeting held on December 18, 2020, upon approval of the proposal raised by shareholder Amber Capital, with the favorable vote of 52.201% of the quorum of the meeting.

During the holding of the Shareholders' Meeting (in which the rest of the members of the Board of Directors were present), Mr. Monzón gave his opinion on the proposal for his removal, presented by the aforementioned shareholder. The Shareholders' Meeting was broadcast via streaming, so that all investors and other interest groups had access to the statements made by Mr. Monzón. However, once the Shareholders' Meeting was over, the Company formally published the cessation of Mr. Monzón through the corresponding communication of privileged information sent to the CNMV, as well as the appropriate press release.

Also on December 18, 2020, the director Ms. Sonia Dulá presented her resignation, and explained the reasons in a letter that was sent to all the members of the Board of Directors. The corresponding communication was also made to the CNMV.

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Compliant

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Compliant

27. **That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.**

    Compliant

28. **That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.**

    Compliant

29. **That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

    Compliant

30. **That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require**

    Compliant

31. **That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

    When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

    Compliant

32. **That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

    Compliant

33. **That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.**

    Compliant

34. **That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.**

    Compliant

35. **That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.**

    Compliant

36. **That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

    a) **The quality and efficiency of the Board of Directors' work.**

    b) **The workings and composition of its committees.**

    c) **Diversity of membership and competence of the Board of Directors.**

    d) **Performance of the chairman of the Board of Directors and the chief executive officer of the company.**

    e) **Performance and input of each director, paying special attention to those in charge of the various Board committees.**

    In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a

starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Partially compliant

The Regulations of the Board of Directors provides for the procedure to carry out the annual evaluation of the Board. In 2020 the Company has carried out the annual evaluation with the support of an external consultant. Nevertheless, no evaluation had been carried out of the individual contribution and performance of each Board member in 2020.

The Company does not consider it appropriate to publish in the IAGC the business relationships it has maintained during the fiscal year with KPMG, a firm that has assisted the Company, in 2020, to carry out the annual evaluation of the Board for fiscal year 2019.

37. **That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

    Compliant

38. **That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

    Compliant

39. **That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

    Compliant

40. **That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Compliant

41. **That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Compliant

42. **That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence

Compliant

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Compliant

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Compliant

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks

Compliant

46. **That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:**

    a) **Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**

    b) **Actively participate in the creation of the risk strategy and in important decisions regarding risk management.**

    c) **Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

    Compliant

47. **That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.**

    Compliant

48. **That high market capitalisation companies have formed separate appointments and remuneration committees.**

    Does not apply

49. **That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

    And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

    Compliant

50. **That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

    a) **Propose basic conditions of employment for senior management.**

    b) **Verify compliance with company remuneration policy.**

    c) **Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.**

    d) **Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.**

    e) **Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.**

    Compliant

51. **That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.**

    Compliant

52. **That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:**

    a) **That they are comprised exclusively of non-executive directors, with a majority of them independent.**

    b) **That their chairmen be independent directors.**

    c) **That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.**

    d) **That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**

    e) **That their meetings be recorded and the minutes be made available to all directors.**

    Compliant

53. **That verificationof compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.**

Compliant

54. **The minimum functions referred to in the foregoing recommendation are the following:**

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled

Compliant

55. **That environmental and social sustainability policies identify and include at least the following:**

a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Compliant

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Compliant

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Compliant

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Compliant

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Compliant

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Compliant

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Compliant

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require

Compliant

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Compliant

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Partially Compliant

Pursuant to the provisions of the services contract between the Company and the CEO (Mr. Manuel Mirat), in the event the Company unilaterally terminates the contract or in the event of the CEO's breach of that contract, the CEO would have the right to receive: i) severance pay calculated in accordance with labor laws governing suspended employment contracts; ii) a cash compensation equivalent to 18 months of his annual fixed and variable remuneration on the date of termination, calculated based on the established fixed and variable target remuneration for that year; and iii) a post-contractual non-compete compensation equivalent to six months of his last gross fixed salary. Moreover, the termination of the CEO's contract entitles him to receive an additional amount equal to the unemployment benefit provided for at that time, taking as a reference the maximum base contribution and, likewise, the maximum term for which that benefit is granted.

It should be borne in mind that the aforementioned compensation for the currently-suspended employment contract derives from Mr. Mirat's previous employment contract with the Company, which is presently suspended, and not from the services contract governing Mr. Mirat's executive functions as CEO. In consequence, there are two possible scenarios: i) terminating the services contract governing Mr. Mirat's executive functions as CEO while simultaneously reactivating Mr. Mirat's currently-suspended employment contract with the Company, in which case Mr. Mirat would not be entitled to receive severance pay, and the recommended compensation limits would apply, or ii) terminating the services contract governing Mr. Mirat's executive functions as CEO and not reactivating Mr. Mirat's currently-suspended employment contract with the Company, in which case Mr. Mirat would be entitled to receive the aforementioned severance pay and the recommended compensation limits would not apply and, thus the compensation envisioned for termination of contract would exceed an amount equivalent to two years of his total annual remuneration.

H FURTHER INFORMATION OF INTEREST

1. **If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.**

2. **This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.**

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. **The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010**

-With regard to Section A.5 of this report, see section D.

- With regard to Section B.2 of this report, it should be underscored that in the Company's internal regulations (Articles of Association, General Meeting Regulations and Board of Directors Regulations) the power to issue non-convertible bonds has been transferred from the General Meeting to the Board. Therefore, although those regulations stipulate the same qualified majorities as are set out in article 201.2 of the LSC for the cases provided for in article 194.1 of the LSC, the quorums and qualified majorities required for the issue of bonds by the General Meeting apply exclusively to resolutions for the issue of convertible bonds.

- With regard to Section B.2 of this report, it should be underscored that the co-optation onto the Board of Mr. Manuel Mirat Santiago, carried out by the Board of Directors of 30.06.2017, was ratified by the shareholders at the Extraordinary General Meeting held on 15.11.2017. Thus, the date of his appointment was 30 June 2017, although following CNMV criteria, the table above shows the date the appointment was ratified.

-With regard to Section C.1.37 of this report it should be underscored that within the framework of preliminary hearing 85/2014 by Central Magistrates' Court 6 of the National Court and specifically concerning case file 9, on September 2, 2019, the judge served a writ of summons on Mr. Javier Monzón, (prior non executive Chairman of Prisa's Board of Directors until his cessation on December 2020) to appear before the court in the preliminary hearing for interrogation. The events under investigation concern the company Indra, S.A. during a period when Mr Monzón was its executive chairman. These matters were duly disclosed in the Annual Corporate Governance Report and the Annual Report of this Committee for 2019. In May 2020 the Nominations, Compensation and Corporate Governance Commission closed its investigation concerning the legal proceedings affecting Mr. Javier Monzón de Cáceres following the court ruling dismissing the case against Mr. Monzón.

-As PRISA's ADS are not listed on the NYSE (see Section A.14 of this Report), the Company is not subject to the corporate governance requirements specified by the Securities Exchange Act, the Sarbanes-Oxley Act and the NYSE.

-Prisa does not prepare any annual corporate governance report other than this one.

- The Company is not a signatory to the Code of Best Tax Practices of 20 July 2010.

- Lastly it is placed on record, in general for the entire Report that the taxpayer identification numbers (CIF) attributed to certain natural and legal persons are fictitious and have only been included to be able to complete the electronic template.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on March 23, 2021.

State whether any directors voted against or abstained from voting on this report.

NO

Independent Assurance Report on the "Information Regarding Internal Control over Financial Reporting (ICFR) System"

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES

2020

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INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM"

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

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

Scope of the work

We have examined the accompanying information on the Internal Control over Financial Reporting (ICFR) system of PROMOTORA DE INFORMACIONES, S.A. and subsidiaries (the "Group" or "PRISA Group") contained in Section F of the Annual Corporate Governance Report for the year ended December 31, 2020.

The objective of this system is to contribute to the faithful representation of the transactions performed and to the provision of reasonable assurance in relation to the prevention or detection of any errors that might have a material effect of the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Boards of Directors of PROMOTORA DE INFORMACIONES, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail, (ii) guarantee that these transactions are performed only in accordance with the authorizations established; (iii) provide reasonable assurance that transactions are recognized appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorized acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

Directors' Responsibility

The Directors of PROMOTORA DE INFORMACIONES, S.A. are responsible for maintaining the System of Internal Control over Financial Reporting included in the consolidated financial statements and for evaluating its effectiveness.

Domicilio Social: C/Raimundo Fernández Villaverde, 65. 28003 Madrid -Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª, Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Our responsibility

Our responsibility is to issue an independent assurance report on the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us.

Our work includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the PRISA' Group consolidated financial statements as at December 31, 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Reasonable assurance work includes comprehension of internal control over financial information contained in the financial statements; risk evaluation regarding possible material errors within them; tests and evaluations on design and daily effectiveness of the system and the use of any other procedures we considered necessary. We consider that our audit provides a reasonable basis for our opinion.

Independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

Building a better
working world

Conclusion

In our opinion, at December 31, 2020, the Group had, in all material respects, an effective System of Internal Control over Financial Reporting contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of PROMOTORA DE INFORMACIONES, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report. Also, the disclosures contained in section F of the Annual Corporate Governance Report at December 31, 2020 comply, in all material respects, with the requirements established in article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 1/2020, of October 6, which amends Circular 7/2015, of December 22, which amends Circular 5/2013, of June 12, and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission (CNMV).

Other matters

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain. Nevertheless, in accordance with prevailing audit regulations in Spain, we have audited the consolidated financial statements of PROMOTORA DE INFORMACIONES, S.A. and subsidiaries for the year ended December 31, 2020, prepared by the directors in accordance with the International Financial Reporting Standards as adopted by the European Union, and other financial reporting framework provisions applicable to the PRISA Group in Spain and our report issued on March 23, 2021 on the consolidated financial statements expressed an unqualified opinion.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Vázquez Pérez

March 23, 2021

DECLARACION DE RESPONSABILIDAD SOBRE LAS CUENTAS ANUALES E INFORME DE GESTIÓN (QUE INCLUYE EL ESTADO DE INFORMACIÓN NO FINANCIERA) CORRESPONDIENTES AL EJERCICIO 2020, DE PROMOTORA DE INFORMACIONES, S.A. Y SOCIEDADES DEPENDIENTES.

AFFIDAVIT OF ASSUMPTION OF LIABILITY WITH RESPECT TO THE 2020 ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT (WHICH INCLUDE THE NON-FINANCIAL INFORMATION) OF PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES

23 de marzo de 2021

Conforme a lo dispuesto en el art. 8 del Real Decreto 1362/2007 de 19 de octubre, todos los miembros del Consejo de Administración de PROMOTORA DE INFORMACIONES, S.A. declaran que responden del contenido de las cuentas anuales e informe de gestión (que incluye el Estado de Información no financiera) del ejercicio 2020, correspondientes a PROMOTORA DE INFORMACIONES, S.A. y sociedades dependientes, que han sido formuladas con fecha 23 de marzo de 2021 siguiendo el Formato Electrónico Único Europeo (FEUE), conforme a lo establecido en el Reglamento Delegado (UE) 2019/81, en el sentido de que, hasta donde alcanza su conocimiento, han sido elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados del emisor y de las empresas comprendidas en la consolidación tomados en su conjunto, y que el informe de gestión consolidado incluye un análisis fiel de la evolución y los resultados empresariales y de la posición del emisor y de las empresas comprendidas en la consolidación tomadas en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a las que se enfrentan.

Pursuant to the provisions of Article 8 of Royal Decree 1362/2007 of October 19, the members of the Board of Directors of PROMOTORA DE INFORMACIONES, S.A. hereby declare that they are accountable for the content of the 2020 annual accounts and management reports (which include the non-financial information) of both PROMOTORA DE INFORMACIONES, S.A. and subsidiaries, which were drawn up on March 23, 2021 in the European Electronic Format (FEUE), in accordance with the provisions of Delegated Regulation (EU) 2019/815, in the sense that, to the best of their knowledge, they have been calculated according to applicable accounting principles, they offer a true and fair view of the assets, financial situation and results of the issuer and its consolidated companies as a whole, and the consolidated management report includes a true and fair analysis of the evolution, business results and position of the issuer and its consolidated companies as a whole, together with a description of the principal risks and uncertainties which they face.

D. Joseph Oughourlian

D. Rosauro Varo Rodríguez

D. Manuel Mirat Santiago

Dr. Khalid Thani Abdullah Al Thani

D. Roberto Alcántara Rojas

Amber Capital UK LLP (representado por D. Fernando Martínez Albacete)

Dª Mª Teresa Ballester Fornés

D.ª Béatrice de Clermont-Tonnerre

D. Dominique D'Hinnin

Dª.- Pepita Marín Rey-Stolle

D. Manuel Polanco Moreno

D. Javier Santiso Guimaras