Promotora de Informaciones, S.A.

Financial Statements for
the year ended
31 December 2019 and
Directors' Report, together with
Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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 31 December 2019, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2019, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2-a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations 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 pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets

Description	Procedures applied in the audit
The balance sheet as at 31 December 2019 includes a balance of EUR 50,373 thousand relating to deferred tax assets, which correspond to tax assets of the Spanish tax group of which the Company is the head. At 31 December 2019, the Company had an updated tax plan in order to assess the recoverability of the deferred tax assets recognised, taking into account new legislative developments and the most recently approved business plans for the various businesses. The updating of the tax plan gave rise to the recognition in 2019 of a net withdrawal of tax assets amounting to EUR 20,857 thousand (see Note 9). We identified this matter as key in our audit, since the preparation of the tax plan requires a significant level of judgement, largely in connection with the projections of the performance of the businesses, which affect the estimate of the recoverability of the tax assets corresponding to the Spanish tax group.	Our audit procedures included, among others, the review of the design and implementation of the controls considered relevant established by the directors for the assessment of the recoverability of the deferred tax assets recognised, as well as tests to verify that the aforementioned controls operate effectively. Additionally, we evaluated the reasonableness of the criteria followed by Company management, including the analysis of the key assumptions used, the review that they were consistent with reports from independent third parties and with market information, and the review of the consistency of the actual results obtained by the various business lines with those projected in the tax plans of previous years. We also obtained evidence of the approval by the Board of Directors of the budgeted results included in the tax plan. Furthermore, we conducted a sensitivity analysis of changes in the key assumptions, as well as an evaluation of the degree to which the recoverability of the tax assets included in the tax plan complies with the applicable tax legislation, for which we involved our tax experts. Lastly, we evaluated whether the disclosures provided in Notes 4-g and 9 to the financial statements were adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Emphasis of Matters

We draw attention to Notes 1-b and 8 to the financial statements, which indicate that at 31 December 2019 the Company had an equity deficit in connection with the obligation to reduce its share capital within one year, pursuant to Article 327 of the Spanish Limited Liability Companies Law. In this connection, the Company's Board of Directors resolved to propose to the Annual General Meeting a capital reduction which would allow the Company's equity deficit to be restored by the statutory deadline. Our opinion is not modified in respect of this matter.

We draw attention to Note 19, Events after the reporting period, to the financial statements, which describes the effects that the COVID-19 crisis is having on the Company's operations, as well as the impossibility of reliably evaluating all the potential future effects, if any, that the COVID-19 crisis might have on the determination of the recoverable amount of the assets, particularly investments in Group companies and associates, tax assets and accounts receivable, and on the periods initially envisaged for their recovery, given the relatively short period of time that has elapsed and the numerous uncertainties arising from this extraordinary health emergency situation. Our opinion is not modified in respect of this matter.

Other Information: Directors' Report

The other information comprises only the directors' report for 2019, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the directors' report and that the other information in the directors' report was consistent with that contained in the financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit, Risk and Compliance Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors 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 have no realistic alternative but to do so.

The audit, risk and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

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 the audit regulations in force 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.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit, Risk and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit, risk and compliance committee dated 30 April 2020.

Engagement Period

The Annual General Meeting held on 3 June 2019 appointed us as auditors for a period of one year from the year ended 31 December 2018, i.e., for 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and, therefore, since the year ended 31 December 2000, the year in which the Company became a Public Interest Entity.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Jesús Mota Robledo
Registered in ROAC under no. 21342

30 April 2020

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism 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 entity's internal control.

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

- Conclude on the appropriateness of the use by the directors 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 entity's audit, risk and compliance committee 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 entity's audit, risk and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit, risk and compliance committee, 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.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Financial Statements and Directors' Report for 2019, 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 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements for 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
BALANCE SHEET AT DECEMBER 31, 2019
(in thousands of euros)

ASSETS	Year 2019	Year 2018
A) NON-CURRENT ASSETS	**935,074**	**923,762**
I. INTANGIBLE ASSETS (Note 5)	207	230
1. Computer software	207	230
II. PROPERTY, PLANT AND EQUIPMENT (Note 6)	1,034	847
1. Other fixtures and furniture	137	166
2. Other items of property, plant and equipment	612	681
3. Tangible fixed assets in progress	285	-
III. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)	883,451	851,835
1. Equity instruments	883,451	851,835
IV. NON-CURRENT FINANCIAL ASSETS (Note 7.1)	9	581
1. Equity instruments	-	572
2. Other financial assets	9	9
V. DEFERRED TAX ASSETS (Note 9)	50,373	70,269
B) CURRENT ASSETS	**174,324**	**71,305**
I. NON CURRENT ASSETS HELD FOR SALE (Note 7.2)	110,445	-
II. TRADE AND OTHER RECEIVABLES	4,194	4,234
1. Trade receivables for services (Note 7.1)	17	-
2. Receivable from Group companies and associates (Notes 7.1 and 15)	535	1,339
3. Employee receivables (Note 7.1)	-	1
4. Tax receivables (Note 9)	857	2,889
5. Other receivables (Note 7.1)	2,785	5
III. CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Notes 7.1 and 15)	49,010	59,303
1. Loans to companies	40,510	59,303
2. Other financial assets	8,500	
IV. CURRENT FINANCIAL INVESTMENTS (Note 7.1)	-	6,500
1. Other financial assets	-	6,500
V. CURRENT PREPAYMENTS AND ACCRUED INCOME	266	77
VI. CASH AND CASH EQUIVALENTS (Note 7.5)	10,409	1,191
1. Cash	10,409	1,191
TOTAL ASSETS	**1,109,398**	**995,067**

EQUITY AND LIABILITIES	Year 2019	Year 2018
A) EQUITY (Note 8)	**345,369**	**356,162**
A-1) Shareholders' equity	**345,369**	**356,386**
I. SHARE CAPITAL	666,131	524,902
II. SHARE PREMIUM	254,180	201,512
III. RESERVES	132,743	117,345
1. Legal and bylaw reserves	18,070	53,923
2. Other reserves	114,673	63,422
IV. LOSS FROM PREVIOUS YEARS	(495,537)	(594,718)
V. TREASURY SHARES	(2,591)	(2,856)
VI. PROFIT (LOSS) FOR THE YEAR	(209,557)	110,201
A-2) Value adjustments	-	(224)
I. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 7.1)	-	(224)
B) NON-CURRENT LIABILITIES	**641,681**	**613,643**
I. LONG-TERM PROVISIONS (Note 12)	4,016	2,258
II. NON-CURRENT PAYABLES (Note 7.3)	470,235	423,905
1. Bank borrowings	470,235	423,905
III. NON-CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Notes 7.3 and 15)	167,430	187,480
C) CURRENT LIABILITIES	**122,348**	**25,262**
I. SHORT-TERM PROVISIONS (Note 12)	-	230
II. CURRENT PAYABLES (Note 7.3)	16,303	532
1. Bank borrowings	6,303	532
2. Other financial liabilities	10,000	-
III. CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Notes 7.3 and 15)	100,017	14,589
IV. TRADE AND OTHER PAYABLES	6,028	9,911
1. Payable to suppliers (Note 7.3)	42	42
2. Payable to suppliers, Group companies and associates (Notes 7.3 and 15)	488	230
3. Sundry accounts payable (Note 7.3)	4,293	4,928
4. Remuneration payable (Note 7.3)	910	1,059
5. Tax payables (Note 9)	295	3,652
TOTAL EQUITY AND LIABILITIES	**1,109,398**	**995,067**

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the balance sheet at December 31, 2019

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 2019
(in thousands of euros)

	Year 2019	Year 2018 (*)
A) CONTINUING OPERATIONS		
1. Revenue		
a) Services *(Note 15)*	6,518	6,464
b) Income from equity investments *(Note 15)*	15,853	587,593
2. Other operating income	1	123
3. Staff costs		
a) Wages, salaries and similar expenses	(6,774)	(6,425)
b) Employee benefit costs *(Note 10)*	(657)	(531)
4. Other operating expenses		
a) Outside services *(Note 10)*	(10,236)	(9,473)
b) Taxes other than income tax	(42)	(42)
c) Impairment and other losses	281	1
5. Depreciation and amortization charge *(Notes 5 and 6)*	(69)	(82)
6. Losses and Gains from disposals of assets		
a) Losses and Gains from disposals and other	367	-
7. Ohter results (Note 10)	-	2,313
PROFIT/LOSS FROM OPERATIONS	**5,242**	**579,941**
7. Finance income		
a) From loans to Group companies and associates (*Note 15*)	69	164
b) Other finance income	12	2,152
c) Fair value of financial instruments	(2,087)	9,733
8. Finance costs and similar expenses:		
a) On debts to Group companies *(Note 15)*	(4,716)	(2,070)
b) On debts to third parties and similar expenses	(24,759)	(73,506)
9. Exchange differences	(12)	34
10. Impairment of financial instruments		
a) Impairment and other losses (*Notes 7.1 and 12*)	(43,284)	(197,765)
NET FINANCIAL RESULT *(Note 11)*	**(74,777)**	**(261,258)**
PROFIT / LOSS BEFORE TAX	**(69,535)**	**318,683**
11. Income tax *(Note 9)*	(8,205)	(132,693)
PROFIT/ LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(77,740)**	**185,990**
B) DISCONTINUED OPERATIONS *(Note 7.2)*	(131,817)	(75,789)
PROFIT/ LOSS FOR THE YEAR	**(209,557)**	**110,201**

(*) The income statement for the year 2018 has been modified for comparative purposes in order to present the results of Vertix SPGS, S.A. as "*Discontinued operations*" and has not been audited.

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the income statement for year 2019

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 2019

A) STATEMENT OF COMPREHENSIVE INCOMES AND EXPENSES FOR YEAR 2019

(in thousands of euros)

	Year 2019	Year 2018
A) Profit/(Loss) per income statement	**(209,557)**	**110,201**
Income and expense recognized directly in equity		
Arising from revaluation of financial instruments (*Note 7.1*)	(18)	(409)
Other income and expenses charged directly to equity (*Note 8*)	-	(17,145)
Tax effect	5	102
B) Total income and expense recognized directly in equity	**(13)**	**(17,452)**
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	(209,333)	92,749

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 2019

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 2019

B) TOTAL STATEMENT OF CHANGES IN EQUITY FOR YEAR 2019
(in thousands of euros)

(in thousands of euros)	Share capital	Share premium	Other Equity Instruments	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 2017 (*) (Note 8)	**83,498**	**95,002**	**46,408**	**7,050**	**694**	**(85,639)**	**(18,819)**	**(463,120)**	**83**	**(559,751)**	**(694)**	**(123,591)**	**(459,128)**
I. Total recognized income and expense													
1. Profit (Loss) for the year		(17,145)								-		110,201	93,056
2. Valuation of finacial instruments									(307)	(307)			(307)
II. Transactions with shareholders or owners													
1. Capital Increases / Decreases													
- *Share Capital*	441,189	122,031											563,220
- *Share Premium*													
2. Conversion of financial liabilities into equity	215	1,624	(1,770)										-
3. Issuance of equity instruments													
4. Conversion of equity instruments into shareholder´s equity													
5. Distribution of 2017 profit													
- *Loss from previous years*							8,007	(131,598)		(123,591)		123,591	-
6. Treasury share transactions													
- *Delivery of treasury shares*					(95)		95			-	95		95
- *Purchase of treasury shares*					2,709		(2,709)			-	(2,709)		(2,709)
- *Sales of treasury shares*													
- *Provision for treasury shares*					(452)					(452)	452		-
III. Other changes in equity													
- *Other*			(44,638)				206,504			206,504			161,866
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. Conversion of financial liabilities into equity													-
3. Issuance of equity instruments													
4. Conversion of equity instruments into shareholder´s equity													
5. Distribution of 2018 profit													
- *Loss from previous years*				11,020				99,181		110,201		(110,201)	-
6. 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													
- *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**

(*) The statement of changes in equity for the year 2017 has been restated for comparative purposes in accordance with the applicable regulations, not presenting the balances and transactions of Vertix SPGS, S.A. as "Non-current Assets Held for Sale" and "Interrupted Operations" and has not been audited.

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 2019

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CASH FLOW FOR YEAR 2019
(in thousands of euros)

	Year 2019	Year 2018 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit / Loss before tax	**(69,535)**	**318,683**
2. Adjustments for	**60,460**	**(327,663)**
a) Depreciation and amortization charge (+)	69	82
b) Impairment of non-current financial assets (+/-)	42,963	197,765
Impairment losses recognised for financial assets	42,963	195,104
Period provisions for contingencies and charges	-	2,661
c) Finance income (-)	(120)	(12,155)
d) Finance costs (+)	31,613	75,647
e) Dividends received	(15,853)	(587,593)
f) Results due to disposals and disposals of financial instruments	321	-
g) Impairment losses and gains	(281)	-
h) Other income and expenses	1,748	(1,409)
3. Changes in working capital	**694**	**(9,696)**
a) Trade and other receivables (+/-)	801	2,193
b) Current prepayments and acrrued income	(189)	(45)
c) Trade and other payables (+/-)	82	(11,844)
4. Other cash flows from operating activities	**(10,176)**	**590,180**
a) Interest paid (-)	(25,832)	(24,266)
b) Dividends received (+)	7,353	587,580
c) Interest received (+)	83	154
d) Income tax recovered (paid) (+/-)	11,047	26,338
e) Other amounts received (paid) relating to operating activities (+/-)	(2,827)	374
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	**(18,557)**	**571,504**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments due to investment (-)	(313,333)	(3,677)
7. Proceeds from disposal (+)	15,019	4
8. Cash flows from investing activities (7-6)	**(298,314)**	**(3,673)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds and payments relating to equity instruments	192,053	545,099
10. Proceeds and payments relating to bank borrowings	50,048	(1,165,000)
11. Proceeds and payments relating to borrowings from Group companies	86,359	74,832
12. Proceeds and payments relating to other financing activities	(2,371)	(23,103)
13. Cash flows from financing activities (+/-9+/-10-11-12)	**326,089**	**(568,172)**
D) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C)	**9,218**	**(341)**
Cash and cash equivalents at beginning of year	1,191	1,532
Cash and cash equivalents at end of year	10,409	1,191

(*) The statement of cash flow for the year 2018 has been modified for comparative purposes in order to present the results of Vertix SPGS, S.A. as "Discontinued operations".

The accompanying Notes 1 to 20 and Appendix I and II are an integral part of the statement of cash flows for year 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2019

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 1,572,164 thousand, EUR 411,604 negative thousand and EUR 1,065,349 thousand respectively in 2019.

The Group's consolidated financial statements for 2018 were approved by the shareholders at the Annual General Shareholders' Meeting held on June 3, 2019 and deposited in the Mercantile Register of Madrid.

The consolidated financial statements for 2019 were authorized for issue by the Company's Directors on April 30, 2020 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 2017, 2018 and 2019, 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.

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

On January 22, 2018, the Company signed with all the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) an agreement to refinance and modify the terms of Prisa's current financial debt (the Refinancing). On June 29, 2018, the Refinancing came into effect, once the agreements reached with all of its creditors were concluded. On this same date, and as one of the preconditions for the agreement to come into force, the Company cancelled a debt amounting EUR 480,000 thousand with the proceeds from the cash capital increase described above (EUR 450,000 thousand) and cash available from the Company (EUR 30,000 thousand). The basic terms of the Refinancing agreement include the extension of the debt maturity date to November and December 2022 and no redemption obligation until December 2020. With the entry into force of the Refinancing agreement, the Company's financial debt had become a long-term maturity which has led to an improvement in the working capital and the Company's financial structure (*see note 7.3*).

Likewise, the agreement has involved a restructuring of the debt, which has included a new borrower, Prisa Activos Educativos, S.L. (Sole proprietorship), which has assumed nominal debt of Prisa an amount of EUR 685.000 thousand. In the context of the process of refinancing the Group's debt at June 29, 2018, Prisa Activos Educativos, S.L. (Sole proprietorship) acquired 75% of the share capital of Grupo Santillana Educación Global, S.L. (Santillana), of which Prisa Participadas, S.L. (Sole proprietorship) was the holder. This acquisition has been financed through the assumption by Prisa Activos Educativos, S.L. (Sole proprietorship) of financial debt of Prisa with the new conditions agreed in the mentioned Refinancing, related to terms, costs and guarantees. The rest of the amount of the debt remains recorded in Prisa (*see note 7.3*).

This purchase has been made in accordance with the general rules for transactions between companies of the same group contained in the General Accounting Plan in relation to the valuation of the operation, which has meant assessing it at fair value, based on the valuation report of the participation issued by an independent expert. Once the sale of Santillana was recorded, Prisa Participadas distributed to Prisa a dividend on account of the result of the 2018 financial year amounting to EUR 570,000 thousand.

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 (*see note 11*). This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. *(see note 7.1).*

In addition, and in order to strengthen the financial structure of the Group, in September, 2019, the Board of Directors of Prisa agreed to sell to Cofina SGPS, S.A. ("Cofina") its 100% stake in Vertix SGPS, S.A. ("Vertix"), owner of a 94.69% interest in the Portuguese listed company Grupo Media Capital SGPS, S.A. ("Media Capital"), based on an Enterprise Value of EUR 255,000 thousand, which implied a purchase price, for the 94,69% of Media Capital, of EUR 170,636 thousand. On December 23, 2019 the Board of Directors agreed to amendment the share purchase agreement establishing a final price of the transaction of EUR 123,290 thousand, based on Enterprise Value of EUR 205,000 thousand.

The completion 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. In this regard, the Company has initiated and will continue to pursue all measures and actions against Cofina in defence of its interests, those of its shareholders and of any others affected by the situation created by Cofina. To this extent, on 14 April 2020 the Company filed an arbitration request before the *Centro de Arbitragem Comercial da Câmara do Comércio e Indústria Portuguesa* in accordance with the sale and purchase agreement. This request does not preclude the exercise of any additional measures and actions against Cofina.

The above meant an accounting loss at the Company for EUR 132,549 thousand in 2019 (*see note 7.2*). The value of the investment of Vertix are classified since September 2019 and as of December 31, 2019 as *"Non-current assets held for sale"* in the accompanying balance sheet. The impairment of this investment is presented in the income statement as "*Profit (or loss) from discontinued operations, net of taxes*" (*see note* 7.2).

As of December 31, 2019, the equity of the Company (including participating loans outstanding at year-end) stood at EUR 407,861 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year, according to Article 327 of Spain's Corporate Enterprises Act. This situation was due mainly to the losses recognised by the Company in 2019 because of (i) the impairment of the investment in Vertix described above and (ii) the impairment of its investment in Prisa Participaciones, S.L.U. resulting from the unfavourable court ruling against Audiovisual Sport, S.L. (subsidiary of Prisa Participadas) due to the conflict with Mediapro described in note 18. In this regard, the Company's Board of Directors has agreed to propose to the shareholders at the Annual General Meeting a reduction in share capital in order to restore the equity balance of the Company within the set legal period.

As a consequence of 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 2019, 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 April 30, 2020, 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 2018 financial statements were approved by the shareholders at the Annual General Shareholders' Meeting held on June 3, 2019.

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 2019 is shown with the figure for 2018 for comparison purposes. The notes to the financial statements also include quantitative information of the previous year, unless an accounting standard specifically establishes otherwise.

Since September 2019, as a consequence of the agreement with Cofina, S.P.G.S. S.A. for the sale of Vertix S.P.G.S., S.A *(see notes 1b y 7.2)* the results of Vertix were reclassified to the caption "Discontinued operations". For comparative purposes, the accompanying income statement as of December 31, 2018 has been modified to present Vertix as a discontinued operation.

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 accompanying financial statements for 2019 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 2019, there were no significant changes in the accounting estimates made at the end of 2018 and no items have been added to the main financial statements 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*).

With regard to Vertix, as a result of the agreement reached for the sale of Vertix *(see notes 1b and 7.2)* has been valued at the transaction price less costs to sale, registering the corresponding adjustment for impairment loss in *"Loss after tax from discontinued operations"*.

3.- ALLOCATION OF RESULT

The proposal for the distribution of the Company's profit for 2019 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	(209,557)
Distribution-	
Loss from previous years	(209,557)

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 Other items of property, plant and equipment	10 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 taxes*" relates to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfillment of certain conditions.

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.

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, taking into account 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 2019 and 2018 the Company has not recorded any expense in this respect.

n) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

o) 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.

p) 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.

q) 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 2019 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

2019

	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**

At December 31, 2019, the Company's fully amortized intangible assets in use amounted to EUR 20,764 thousand (EUR 20,754 thousand at December 31, 2018).

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

2018

The transactions performed in 2018 in the various intangible asset accounts and the related accumulated amortization was summarized as follows (in thousands of euros):

	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Cost				
Industrial property	60	-	-	60
Computer software	21,175	-	(191)	20,984
Total cost	**21,235**	**-**	**(191)**	**21,044**
Accumulated amortization				
Industrial property	(60)	-	-	(60)
Computer software	(20,921)	(24)	191	(20,754)
Total accumulated amortization	**(20,981)**	**(24)**	**191**	**(20,814)**
Total intangible assets, net	**254**	**(24)**	**-**	**230**

6.- PROPERTY, PLANT AND EQUIPMENT

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):

2019

	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**

At December 31, 2019, the Company's fully depreciated property, plant and equipment in use amounted to EUR 618 thousand (EUR 534 thousand at December 31, 2018).

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.

2018

The transactions performed in 2018 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Cost				
Other fixtures and furniture	481	42	(4)	519
Other items of property, plant and equipment	1,043	19	-	1,062
Total cost	**1,524**	**61**		**1,581**
Accumulated depreciation				
Other fixtures and furniture	(320)	(33)	-	(353)
Other items of property, plant and equipment	(356)	(25)	-	(381)
Total accumulated depreciation	**(676)**	**(58)**	**-**	**(734)**
Total property, plant and equipment, net	**848**	**3**	**(4)**	**847**

7. FINANCIAL INSTRUMENTS

7.1- FINANCIAL ASSETS

The detail of "*Financial assets*" in the balance sheets at December 31, 2019 and 2018, 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			
Categories	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**
Group companies and associates	883,451	851,835	-	-	49,545	60,642	932,996	912,477
Held-to-maturity investments	-	-	9	9	-	6,500	9	6,509
Loans and receivables	-	-	-	-	2,802	6	2,802	6
Financial assets available for sale	-	572	-	-	-	-	-	572
Total	**883,451**	**852,407**	**9**	**9**	**52,347**	**67,148**	**935,807**	**919,564**

Equity investments in Group companies and associates

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

2019

	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 main 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 2019 which gave rise to the aforementioned changes are as follows:

Additions and transfers

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") (see notes 1.b and 7.2), the Company has reclassified its share to the category of “Non-current assets held for sale".

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) (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

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.

2018

The transactions performed in 2018, in this category of financial assets, were summarized as follows (in thousands of euros):

	Balance at 12/31/2017	Additions	Reversals	Transfers	Disposals	Balance at 12/31/2018
Cost						
Investments in Group companies	**1,461,120**	**202,861**	**(10)**	**-**	**(215,915)**	**1,448,056**
Prisa Brand Solutions S.L.U.	48,080	-	-	-	(48,080)	-
Promotora de Emisoras, S.L.	52,242	3,748	(10)	-	(55,980)	-
Promotora de Emisoras de Televisión, S.A.	106,516	-	-	-	(106,516)	-
Diario El País México, S.A. de C.V.	898	-	-	-	-	898
Prisa Noticias, S.L.	96,126	4,341	-	-	-	100,467
Promotora General de Revistas, S.A.	3	-	-	-	-	3
Prisa Audiovisual, S.L.U.	1,789	1,578	-	-	(3,367)	-
Prisa Gestión de Servicios, S.L.	3	1,969	-	-	(1,972)	-
Prisa Participadas, S.L.U.	516,388	35,383	-	-	-	551,771
Promotora de Actividades América 2010, S.L.	10	-	-	-	-	10
Promotora de Actividades Audiovisuales de Colombia, Ltda.	4	-	-	-	-	4
Vertix, SGPS, S.A.	639,061	-	-	-	-	639,061
Prisa Activos Educativos, S.L.	-	589	-	-	-	589
Prisa Activos Radiofónicos, S.L.	-	155,190	-	-	-	155,190
Prisa Gestión Financiera, S.L.	-	63	-	-	-	63
Investments in associates	**1,176**	**-**	**-**	**-**	**-**	**1,176**
Total cost	**1,462,296**	**202,861**	**(10)**	**-**	**(215,915)**	**1,449,232**
Impairment losses						
In Group companies	**(499,141)**	**(270,786)**	**-**	**(3,540)**	**177,209**	**(596,258)**
Prisa Brand Solutions S.L.U.	(38,835)	(1,529)	-	-	40,364	-
Promotora de Emisoras, S.L.	(28,661)	(82)	-	-	28,743	-
Promotora de Emisoras de Televisión, S.A.	(102,766)	(4)	-	-	102,770	-
Diario El País México, S.A. de C.V.	(863)	(40)	-	-	-	(903)
Prisa Noticias, S.L.	-	-	-	-	-	-
Promotora General de Revistas, S.A.	(2)	-	-	-	-	(2)
Prisa Audiovisual, S.L.U.	(1,789)	-	-	(1,575)	3,364	-
Prisa Gestión de Servicios, S.L.	(3)	-	-	(1,965)	1,968	-
Prisa Participadas, S.L.U.	(5,931)	(193,279)	-	-	-	(199,210)
Promotora de Actividades América 2010, S.L.	(10)	-	-	-	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	(4)	-	-	-	-	(4)
Vertix, SGPS, S.A.	(320,277)	(75,789)	-	-	-	(396,066)
Prisa Activos Educativos, S.L.	-	-	-	-	-	-
Prisa Activos Radiofónicos, S.L.	-	-	-	-	-	-
Prisa Gestión Financiera, S.L.	-	(63)	-	-	-	(63)
In associates	**(1,139)**	**-**	**-**	**-**	**-**	**(1,139)**
Total impairment losses	**(500,280)**	**(270,786)**	**-**	**(3,540)**	**177,209**	**(597,397)**
Net Value	**962,016**	**(67,925)**	**(10)**	**(3,540)**	**(38,706)**	**851,835**

The most significant operations that took place in 2018 which gave rise to the aforementioned changes are as follows:

Additions and transfers

In March 2018, Prisa Activos Educativos, S.L. (Sole proprietorship) was established through the contribution of EUR 3 thousand.

In March 2018, Prisa Gestión Financiera, S.L. (formerly Santillana Canarias, S.L.) was purchased to other Group company for the amount of EUR 63 thousand.

In April 2018, a partner contribution was made for the amount of EUR 1,578 thousand to Prisa Audiovisual, 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 March and April 2018, partner contributions were made for the amount of EUR 355 and EUR 1,614 thousand to Prisa Gestión de Servicios, S.L. with the aim of re-establishing this company's equity balance.

In May 2018 the partial spinoff from Prisa Participadas, S.L. (Sole propietorship) took place, of its stake in Prisa Radio, S.A. to the new company Prisa Activos Radiofónicos, S.L. (Sole proprietorship), constituted at that time by the Company as sole partner, and of its stake in Prisaprint, S.L. 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 154,860 thousand and EUR 4,005 thousand, respectively.

In December 2018, the stake was increased in Prisa Activos Radiofónicos, S.L. (Sole proprietorship) (EUR 330 thousand), Prisa Activos Educativos, S.L. (Sole proprietorship) (EUR 586 thousand), Prisa Participadas, S.L. (Sole propietorship) (EUR 78 thousand) and Prisa Noticias, S.L. (Sole proprietorship) (EUR 336 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

In May 2018, a non monetary contribution was made to Promotora de Emisoras, S.L. involving 100% of the shares owned by Prisa in the company Promotora de Emisoras de Televisión, S.A., with a carrying amount of EUR 3,746 thousand. The contributions have been posted at consolidated values.

In May 2018, a non monetary contribution was made to Prisa Participadas, S.L. (Sole proprietorship) involving 100% of the shares owned by Prisa in the company Prisa Brand Solutions, S.L. (Sole proprietorship), with a carrying amount of EUR 7,716 thousand; in the company Promotora de Emisoras, S.L. with a carrying amount of EUR 27,237 thousand; in the company Prisa Gestión de Servicios, S.L with a carrying amount of EUR 0 thousand and in the company Prisa Audiovisual, S.L (Sole proprietorship), with a carrying amount of EUR 0 thousand.

The contributions were posted at consolidated values, as set out in applicable accounting regulations, which has generated a positive impact of EUR 816 thousand to reserves.

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 cash flow forecasts attributable to the different cash generating units allow the net book value recorded as of December 31, 2019 to be recovered.

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 6.5% to 10% (from 8.5% to 11% in 2018).

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.

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: the Management has considered that it will continue with the adjustments made to business expenses reviewing the operations model and simplifying the structures.

The discount rate used is from 8% to 10% and the growth rate used is from (0.5)% to 1.5% (from 8.5% to 10.5% and from 0% al 1% respectively in 2018).

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 Activos Radiofónicos, S.L. (Sole proprietorship)

In order to determine the value in use of the business of Prisa Activos Radiofónicos, 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 takes into account growth opportunities in each of the countries where Prisa Radio operates.

The discount rate used for Prisa Radio is from 7% to 9.5% (from 8.5% to 10.5% in 2018). The growth rate used is from 2.5% to 4.5% (from 2% to 4% in 2018).

In accordance with these assumptions and the analysis of sensivity carried out the recoverable value of Prisa Activos Radiofónicos, 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 taken into account 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 6.5% to 8% (from 8.5% to 11% in 2018). The growth rate used is from 2.0% to 4.0% (from 3.5% to 5.5% in 2018).

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.

Vertix SPGS, S.A.

In 2018 the Vertix SPGS, S.A. impairment was the result of increasing the applicable discount rate, and decreasing the long term growth rate, of Media Capital, due to developments that took place in 2018, especially during the second half. Among them we saw increased Portugal country risk due to rising geopolitical uncertainty in Europe, and increased market volatility and lower long term growth prospects in the free-to-air television industry in Europe, all of which had negatively impacted the valuation of comparable companies. Taking these adjustments into account in our impairment test, an impairment of EUR 75,789 thousand was recorded in the attached income statement in 2018 that is presented in the heading *"Profit (or loss) from discontinued operations, net of tax"*.

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. 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 described in note 18.

Available-for-sale financial assets

This heading included at December 31, 2018 Prisa's stake in Mediaset España Comunicación, S.A., which represented 0.032% of this company's equity for a value of EUR 572 thousand.

In August 2019 the Company has sold its Mediaset España Comunicación, S.A. stake.

The Company recognised its stake in Mediaset España Comunicación, S.A. at fair value. The changes in fair value were recognised directly in the Company's equity net of tax. As a result of the sale before mentioned the Company has obtained a negative result in its income statement for amount of EUR 321 thousand.

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 2,334 thousand at December 31, 2019 (EUR 2,329 thousand at December 31, 2018). This heading also included at December 31, 2018 EUR 13,588 thousand of balances and interest payable for Prisa Gestión Financiera, S.L., centralizing company of the Group's cash pool balances, arising from cash pooling.

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 38,176 thousand at December 31, 2019 (EUR 43,386 thousand at December 31, 2018).

It also includes the balances with Group companies derived from the services provided by the Company to them for the amount of EUR 535 thousand at December 31, 2019 (EUR 1,339 thousand at December 31, 2018).

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

Held-to-maturity investments

At December 31,2018, Promotora de Informaciones, S.A. recognised an amount of EUR 6,500 thousand under this heading corresponding to constituted banks deposits.

These bank deposits were cancelled in 2019 as a consequence of the execution of the transactional agreement and the execution of the guarantee of Audiovisual Sport, S.L., as part of the procedure followed against Mediaproduction, S.L. before examining magistrate's court no. 36 of Madrid *(see note 18)*.

7.2. NON-CURRENT ASSETS HELD FOR SALE

At December 31 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., insofar as the requirements of the Spanish National Chart of Accounts were met at the date so that those assets are classified as non -current assets held for sale.

	Thousand euros
Vertix S.G.P.S., S.A.	110,445
Total	**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 has 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 represents 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 has considered a net cost fair value (agreement's sale price) of EUR 110,445 thousand. For this reason, the Company has 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 is 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.

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	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**
Loans and payables	470,235	423,905	-	-	6,303	532	15,245	6,029	491,783	430,466
Group companies and associates	-	-	167,430	187,480	-	-	100,505	14,819	267,935	202,299
Total	**470,235**	**423,905**	**167,430**	**187,480**	**6,303**	**532**	**115,750**	**20,848**	**759,718**	**632,765**

Bank borrowings

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

2019

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Sindicated Loan Tranche 2	nov-2022	383,791	5,806	377,985
Sindicated Loan Tranche 3	dec-2022	62,350	-	62,350
Super Senior Credit Facilities	-	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**

2018

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Sindicated Loan Tranche 2	nov-2022	370,242	-	370,242
Sindicated Loan Tranche 3	dec-2022	62,350	-	62,350
Pólizas de Crédito	-	86,500	-	-
Interest and others	2019	-	532	-
Fair Value of financial instruments	dec-2022	-	-	(8,687)
Total		**519,092**	**532**	**423,905**

The changes in bank borrowings in 2019 and 2018 were as follows:

	Thousand euros	
	2019	**2018**
Bank borrowings at beginning of year	**424,437**	**1,572,606**
Amortization / debt disposition (*)	50,049	(1,165,000)
Accrual / Cancellation of loan arrangement costs	-	17,275
Fair value in financial instruments	2,087	(8,688)
Capitalizable fixed cost (PIK)	-	7,852
Others	(35)	392
Bank borrowings at the end of year	**476,538**	**424,437**

(*) Movement that generates cash flow

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 Prisa's financial debt amounts to EUR 485,167 thousand at December 31, 2019, according to this calculation, as a result of apply a -0.42% average discount over the real principal payment obligation to the creditor entities.

Refinancing-

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

The Refinancing agreement was a first repayment of EUR 480,000 thousand made on June 29, 2018, which were intended to amortise debt.

Therefore, as part of the refinancing of its financial debt, the Company agreed to the renewal of its syndicated loan amounting to EUR 1,117,592 thousand (once the previous repayment was made), which is structured in two sections with the following characteristics:

- The amount of the debt of Tranche 2 is set at EUR 370,242 thousand and the maturity of which is extended to November 2022.
- The amount of the debt of Tranche 3 is set at EUR 62,350 thousand and with a maturity that is extended to December 2022.
- The cost of the debt of Tranches 2 and 3 is referenced to the Euribor plus a negotiated margin, equal for both tranches.
- The payment schedule establishes two partial and obligatory debt repayments on December 31, 2020 and 2021 for EUR 15,000 and 25,000 thousand respectively that correspond to Prisa and Prisa Activos Educativos, S.L. (Sole proprietorship) in solidarity, as well as additional partial amortisations in 2021 and 2022 conditioned on the cash generation of the Prisa Group.
- The financial creditors have agreed that Tranche 2 is preferred over Tranche 3.
- The partial modification of the package of debt guarantees.

The Company's Refinancing agreement contemplates the mechanism of automatic conversion of Tranche 3 debt to Tranche 2 as the aforementioned Tranche 2 is reduced by forced or voluntary amortization debt. On June 30, 2018 the Profit Participating Loans (PPL) conversed to Tranche 2 and 3.

Likewise, the Refinancing agreement involved a restructuring of the debt, which included a new borrower, Prisa Activos Educativos, S.L. (Sole proprietorship), which assumed nominal debt of Prisa for an amount of EUR 685,000 thousand, within the framework of a reorganisation of the Prisa Group, which, among other aspects, allows 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 remains recorded in Prisa.

EUR 13,549 thousand of Tranche 2 debt, included in the Refinancing, was drawn down in September 2019 to settle the payment of the unfavourable ruling in the Mediapro dispute of 29 March 2019 *(see note 18).*

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. 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.

The Company carried out an analysis of the conditions agreed upon in the framework of the refinancing carried out, concluding that they constituted a substantial modification of the previous conditions, for which reason the original financial liability cancelled and a new liability derived from the refinancing recognised. The initial recognition of the financial liability made at fair value of the debt. A financial income amounting to EUR 9,733 thousand recognised in "*Fair value of financial instruments*" in the accompanying income statement, for the difference between the nominal value of the debt and its fair value at the date it was initially recorded. To determine the fair value a credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market used (level 2 variables, estimates based on other observable market methods). The fair value of the Refinancing debt, according to this calculation, amounted to EUR 422,859 thousand at June 30, 2018. All of the expenses and commissions corresponding to the financial indebtedness were recognised in "*Financial costs on debt with third parties*" of the accompanying income statement.

Other aspects of debt-

The guarantee structure for Tranches 2 and 3 is as follows:

Personal guarantees

Tranches 2 and 3 of Prisa's debt, which correspond to the debt refinanced in June 2018, are jointly and severally guaranteed by Prisa and the companies Diario El País, S.L. (Sole proprietorship), Distribuciones Aliadas, S.A. (Sole proprietorship), Grupo de Medios Impresos y Digitales, S.L. (Sole proprietorship), Prisa Activos Educativos, S.L. (Sole proprietorship), Prisa Activos Radiófonicos, S.L. (Sole proprietorship), Prisa Noticias, S.L. (Sole proprietorship), Prisaprint, S.L. (Sole proprietorship), Prisa Gestión Financiera, S.L. (Sole proprietorship) and Grupo Santillana Educación Global, S. L. (Sole proprietorship).

In addition, Vertix, SGPS, S.A.U. guarantees Tranches 2 and 3 limited to a maximum amount of EUR 600,000 thousand.

Guarantees

As a consequence of the Refinancing of June 2018, Prisa pledged on certain owned bank accounts and, furthermore, Distribuciones Aliadas, S.A.U. pledged on credit rights derived from certain material contracts, all in guarantee of the aforementioned creditors.

Part of Prisa's investment in Grupo Santillana Educación Global, S.L. (100% share capital), in Prisa Radio, S.A. (80% share capital) and Grupo Media Capital SGPS, S.A. (84.69% share capital) and the 100% of the investments (100% share capital) in Prisa Activos Educativos, S.L. (Sole proprietorship)U., Prisa Activos Radiofónicos, S.L. (Sole proprietorship)U., Prisa Noticias, S.LU., Prisaprint, S.L.U. and Prisa Gestión Financiera, S.L.U. was also pledged, thereby insuring Tranches 2 and 3.

Other aspects

Grupo Media Capital, SGPS, S.A. assume certain restrictions in relation to financing contracts, thus restricting the actions and operations that can be carried out.

Super Senior Credit facilities-

On June 29, 2018, and within the framework of Refinancing the debt, the Company established a Super Senior credit policy for a maximum amount of up to EUR 86,500 thousand, of which EUR 50,000 thousand have the objective of financing the Company's operating needs. In April 2019, as a result of the acquisition of 25% of Santillana, the policy was increased by EUR 30,000 thousand, up to a maximum amount of EUR 116,500 thousand. As of December, 31 2019, the Company has EUR 36,500 thousand available to finance the acquisition by Prisa Radio, S.A., a Group company, of 3i's treasury shares. 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) has cancelled said credit with the Company.

The guarantee structure of this Super Senior credit policy is the same as the one mentioned above relating to Tranche 2 and 3 of the debt of Prisa, in such a way that the creditors of said credit policy and those of Tranche 2 and 3 have the same guarantees. However, the Super Senior credit policy has a preferential rank with respect to Tranches 2 and 3 in relation to said guarantees. Also, Grupo Media Capital, SGPS, S.A. assume certain restrictions in relation to this credit policy.

Payable to Group companies and associates

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

2019

	Non-current	Current
Investment tax credits	9,986	-
Other payables	157,444	100,505
Total	**167,430**	**100,505**

2018

	Non-current	Current
Investment tax credits	9,988	-
Other payables	177,492	14,819
Total	**187,480**	**14,819**

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, 2019 and 2018 with maturity date January 1, 2023. In addition, at December 31, 2019 includes the loan granted by this same company for the amount of EUR 94,952 thousand (EUR 115,000 thousand at December 31, 2018) with maturity date January 1, 2023. The decrease during 2019 is due to its compensation with the loan granted by the Company to Prisa Participadas, S.L. (Sole proprietorship) as a consequence of the litigation of its subsidiary company AVS *(see note 18)*.

Other current payables-

At December 31, 2019 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 6,808 thousand (EUR 14,336 thousand at December 31, 2018).

This heading also included at December 31, 2019 EUR 93,041 thousand of balances and interest payable to Prisa Gestión Financiera, S.L. (Sole proprietorship), centralizing company of the Group's cash pool balances, arising from cash pooling (balances and interest payable for Prisa Gestión Financiera, S.L. (Sole proprietorship) at December 31, 2018) and interest pending payment related to the loans mentioned in the previous section for an amount of EUR 168 thousand (EUR 253 thousand a December 31, 2018). This amount has increased in 2019 as a consequence of the purchase of the remaining 25% of the share capital of Grupo Santillana Educación Global, S.L. *(see note 7.1).*

It also includes the balances with Group companies derived from the services received by the Company from them for the amount of EUR 488 thousand at December 31, 2019 (EUR 230 thousand at December 31, 2018).

Investment tax credits-

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.

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.

	2019	2018
	Days	*Days*
Average payment period to suppliers	83	61
Ratio paid operations	85	61
Ratio of outstanding payment transactions	49	33
	Amount (thousands of euros)	
Total payments	22,099	58,839
Total outstanding payments	1,364	741

According to the ICAC Resolution, the calculation of the average period of payment to suppliers has taken into account 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.

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

7.4- NATURE AND RISK OF THE FINANCIAL INSTRUMENTS

Liquidity and Credit Risk-

The adverse macroeconomic situation, with significant drops in advertising and circulation has had a negative impact on the ability of the Company's cash generation through its subsidiaries in the last years, mainly in Spain. 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, 2019, the Company still maintains a net bank debt level of EUR 472,729 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 2019 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 2019.

Maturity	Thousand of euros	Floating euro rates
Within 6 months	11,945	0,00%
6-12 months	12,205	0,00%
From 1 to 3 years	554,019	0,00%
From 3 to 5 years	-	0,00%
After 5 years	-	0,00%
Total	**578,169**	

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 consolidated balance sheet at December 31, 2019 amounts to EUR 10,499 thousand and it includes EUR 10,000 thousand received under the "escrow agreement" related to the Vertix purchase agreement described in note 1b, and that once Cofina has terminated the agreement, its availability will be subject to the conditions established in said contract (EUR 1,191 thousand in 2018).

8- EQUITY

The detail of the transactions recognized under "*Equity*" at December 31, 2019 and in 2018 is summarized in the attached statement of changes in equity.

Share capital

On January 1, 2019, the share capital of Prisa amounted to EUR 524,902 thousand represented by 558,406,896 ordinary shares all of which belong to the same class and series, with a nominal value of EUR 0.94 each, fully paid up and have the same rights.

In April 2019 the Company has increased its share capital, with preemption rights, for an amount of EUR 141,229 thousand, through the issuance and subscription of 150,243,297 new ordinary shares at a nominal value of EUR 0.94 each, of the same class and series as the shares outstanding. The issue price of the shares was EUR 1.33 each (EUR 0.94 nominal value and EUR 0.39 share premium each).

Consequently, total effective amount of the capital increase, considering the nominal value of the total shares (EUR 141,229 thousand) and share premium (EUR 58,595 thousand), which has been recorded net of issue costs, amounted to EUR 199,824 thousand.

This capital increase has been executed under the delegation approved by the General Shareholders Meeting held on April 25, 2018.

On December 31, 2019, 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. Share capital is fully subscribed and paid up.

On December 31, 2019, 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)	-	211,174,916	29.80%
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)	36,400,079	-	5.14%
GHO NETWORKS, S.A. DE CV	-	35,570,206	5.02%
INVERSORA CARSO, S.A. DE CV (5)	-	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ (6)	-	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	101,837,224	14,37%
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	22,169,209	3,13%
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%
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, 2019 (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) HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holdings Plc.

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

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

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

(6) 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.

In addition to the voting rights that are reflected in the above tables, it is noted that according to information published on the CNMV´s website, as of February 2017 Banco Santander, S.A. directly owned 1,074,432 voting rights and indirectly owned 2,172,434 Prisa voting rights, through the following companies: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A. and Suleyado 2003, S.L.

It is also noted that some companies whose dominant entity is Santander, S.A. subscribed in 2017, 1,001,260 shares, within the framework of the capital increase for the conversion of Prisa bonds mandatorily convertible into new ordinary shares, which were issued in 2016, and which carried the same number of voting rights as those corresponding to the ordinary shares of the company.

Notwithstanding the foregoing, Banco Santander has not updated its stake in Prisa on the CNMV´s website taking into account the current figure of Prisa's share capital.

Additionally, as of December 31, 2019 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
MELQART ASSET MANAGEMENT (UK) LTD (1)	18,341,219	2.59
POLYGON EUROPEAN EQUITY OPPORTUNITY MASTER FUND (2)	7,090,807	1,00
HSBC HOLDINGS PLC (3)	286,000	0,04

(1) Melqart Asset Management (UK) holds its stake through Melqart Opportunities Master Fund Ltd.

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

(3) HSBC HOLDINGS PLC holds its stake through HSBC Bank Plc.

Share premium

The Recast Text of the Cap9ital 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.

In April 2019, as a consequence of the capital increase described above, the share premium was increased at EUR 58,595 thousand. Associated costs to this capital increase were recognized as a reduction of share premium.

At December 31, 2019 the amount of the share premium is EUR 254,180 thousand and is available in full (EUR 201,512 thousand at December 31, 2018).

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 2019, as a result of the distribution of the 2018 financial year profits, the legal reserve has been increased for the amount of EUR 11,020 thousand.

This way the balance of this account at December 31, 2019 amounts to EUR 18,070 thousand (EUR 7,050 thousand at December 31, 2018).

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 2,591 thousand (at December 31, 2018, EUR 2,856 thousand).

Voluntary reserves-

In the financial year 2019 the changes in this account were mainly as follows:

- Decrease of EUR 250 thousand due to operations carried out in the year with treasury shares (*see section "Treasury shares").*

- In addition, in 2019 the Company recognised other reserves related to the Medium-Term Incentive Plan (*see note 13*) expense provision for the year amounting to EUR 4,893 thousand.

The balance at December 31, 2019 of this item amounts to a positive amount of EUR 197,721 thousand (EUR 193,078 thousand positive at December 31, 2018).
Other reserves-

The Company has a "Merger Reserve" for a negative amount of EUR 85,639 thousand at Decembrer 31, 2019 and 2018 arising as a result of the merger by absorption in 2013 between the Company and Prisa TV, S.A.U..

The "*Result from previous years*" have decrease during 2019 as a result of the distribution of the 2018 financial year profits. At December 31, 2019 amounts to EUR 495,537 thousand (EUR 594,718 thousand at December 31, 2018).

Treasury shares

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

	Year 2019		Year 2018	
	Number of shares	Amount (thousand of euros)	Number of shares	Amount (thousand of euros)
At beginning of year	**1,622,892**	**2,856**	**270,725**	**694**
Purchases	1,143,560	1,553	1,370,839	2,709
Sales	(967,473)	(1,303)	-	-
Deliveries	-	-	(18,672)	(95)
Reserve for treasury shares	-	(515)	-	(452)
At end of year	**1,798,979**	**2,591**	**1,622,892**	**2,856**

At December 31, 2019, Promotora de Informaciones, S.A. held a total of 1,798,979 treasury shares, representing 0.254% of its share capital.

Treasury shares are valued at market price at December 31, 2019, EUR 1.440 per share. Their total cost is EUR 2,591 thousand.

At December 31, 2019, 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. Within the framework of this contract the Company has executed purchases for the amount of 1,143,560 shares and sales for the amount of 967,473 shares in 2019, and therefore net purchases during 2019 have been 176,087 shares and EUR 250 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 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. This agreement enables the maturity schedule of bank debt to be adapted to the cash generation profile of the Group's businesses, allowing the maturity of the 2018 and 2019 debt to be extended to 2022, with there being no repayment obligations until December 2020. 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 (*see note 8*). This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. *(see note 7.1).*

As of December 31, 2019, the equity of the Company (including participating loans outstanding at year-end) is below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year, according to Article 327 of Spain's Corporate Enterprises Act. In this regard, the Company's Board of Directors has agreed to propose to the shareholders at the Annual General Meeting a reduction in share capital in order to restore the equity balance of the Company within the set legal period.

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	
	2019	**2018**
Sum of individual tax bases	**(21,565)**	**(20,616)**
Offset of tax losses arising prior to inclusion in the Group	-	-
Offset of Group tax losses	-	-
Consolidated taxable profit	**(21,565)**	**(20,616)**
Consolidated gross tax payable	**-**	
Double taxation tax credits generated	-	(536)
Investment tax credits	-	-
Donations tax credits	-	-
Net tax payable		
Withholdings from tax group	**(11)**	(162)
Advance payments	-	
Income tax refundable	**(11)**	**(162)**

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 2019 and 2018 is as follows (in thousands of Euros):

	2019			2018		
	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	**(209,557)**	**-**	**(209,557)**	**110,201**	**-**	**110,201**
Income tax *	(11,598)	-	**(11,598)**	(11,075)	-	**(11,075)**
Adjustment of prior years' income tax *	(488)	-	**(488)**	(9,863)	-	**(9,863)**
Derecognition of tax credits *	20,291	-	**20,291**	153,631	-	**153,631**
Individual permanent differences *	154,958	-	**154,958**	(307,811)	-	**(307,811)**
Individual temporary differences *	(186)	**-**	**(186)**	1,002	**-**	**1,002**
Taxable profit	**(46,580)**	**-**	**(46,580)**	**(63,915)**	**-**	**(63,915)**

*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, which are not tax deductible and generate an increase of EUR 176,895 thousand, (ii) a negative adjustment of the exemption of dividends, for EUR 15,853 thousand, to which article 21 of the Spanish Corporation Tax Law applies, (iii) a negative adjustment of the tax merger difference corresponding to 2019 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 positive adjustment for the tax loss generated as a result of Mediaset's stake sale for the amount of EUR 321 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 12,714 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 for previous years mainly reflects the effect of the presentation of the final IS settlement corresponding to the year 2018 for the positive amount of EUR 488 thousand and the derecognition of the tax credits referred to below, for an amount of EUR 20,291 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):

	2019			2018		
	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 *	**(201,352)**	**-**	**(201,352)**	**242,894**	**-**	**242,894**
Rate os 25%	(50,338)	-	**(50,338)**	60,723	-	**60,723**
Individual permanent differences on consolidation	38,740	-	**38,740**	(76,952)	-	**(76,952)**
Impact of temporay differences	(47)	-	(47)	251	-	251
Current Income tax	**(11,645)**	**-**	**(11,645)**	**(15,978)**	**-**	**(15,978)**
Deferred income tax	**47**	**-**	**47**	**(251)**	**-**	**(251)**
Adjustment of prior yearsíncome tax	**(488)**	**-**	**(488)**	**(9,863)**	**-**	**(9,863)**
Adjustment no generation of DTA by NOLs	**-**		**-**	**5,154**		**5,154**
Loss of tax credits	**20,291**	**-**	**20,291**	**153,631**	**-**	**153,631**
Withholdings	**-**	-	**-**	**-**	-	**-**
Total income tax	**8,205**	**-**	**8,205**	**132,693**	**-**	**132,693**

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

Tax receivables and tax payables

The detail of the balances with Tax Receivables at December 31, 2019 is 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**	**-**

The detail of the balances with Tax Authorities at December 31, 2018 was as follows (in thousands of Euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable/payable	2,519	-	-	-
Deferred tax assets arising from unused tax credits	-	18,731	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	5,878	-	-
Deferred tax assets arising from temporary differences	-	45,660	-	-
VAT, personal income tax withholdings, social security taxes and other	370	-	3,652	-
Total	**2,889**	**70,269**	**3,652**	**-**

Deferred tax assets and liabilities

Deferred tax assets-

The pending long-term credit vis-à-vis the Tax Authorities for an amount of EUR 50,373 thousand at December 31, 2019, recorded under "*Deferred tax assets*" corresponds mainly:

- (i) The amount of the deductions for double taxation and investments (other than deductions for export activities) generated by the tax Group which, even though they have not been applied, are registered in the accounting records. Net variation in this respect for the year has entailed a net withdrawal of EUR 3,595 thousand. The balance at December 31, 2019 amounts to EUR 15,136 thousand.

- (ii) The taxable losses of the Consolidated Tax Group for the financial years 2011-2019 (exception, 2016), which are partially capitalized and pending application. Net variation in this respect for the year has entailed a net withdrawal of EUR 1,027thousand. The balance at December 31, 2019 amounts to EUR 4,852 thousand.

- (iii) The tax credit arising from the limitation of the deductibility of financial expenses, in accordance with the provisions of article 16 of the Corporation Tax Law, in the part corresponding to the Company. Net variation in this respect for the year has entailed a withdrawal of EUR 16,235 thousand. The balance at December 31, 2019 amounts to EUR 4,852 thousand.

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

Year of generation	ACTIVATED	NON-ACTIVATED	TOTAL
	Amount (thousand of euros)	Amount (thousand of euros)	Amount (thousand of euros)
2011	4,625	133,495	138,120
2012	8,498	213,222	221,720
2013	859	41,899	42,758
2014	3,325	51,744	55,069
2015	1,701	630,004	631,705
2017	400	154,065	154,465
2018	-	68,019	68,019
2019	-	21,565	21,565
TOTAL	**19,408**	**1,314,013**	**1,333,421**

The detail of the maturity of the Tax Group's tax deductions, differentiating between activated and non-activated (except the balance of the export tax credit) is as follows:

Year of statute of limitation	ACTIVATED	NON-ACTIVATED	TOTAL
	Amount (thousand of euros)	Amount (thousand of euros)	Amount (thousand of euros)
2022	-	2,213	2,213
2023	-	6,378	6,378
2024	-	7,803	7,803
2025	-	31,564	31,564
2026	-	10,956	10,956
2027	-	4,174	4,174
2028	1,469	5,597	7,066
2029	912	11,093	12,004
2030	32	5,282	5,314
2031	349	1,991	2,341
2032	18	997	1,015
2033	-	835	835
2034	-	53	53
2035	-	834	834
No limits	12,356	41,415	53,771
TOTAL	**15,136**	**131,185**	**146,320**

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, 2019: (i) deductions for investments for a total amount of EUR 942 thousand; (ii) deductions for double taxation for the amount of EUR 2,653 thousand; (iii) tax credits derived from the non-deductibility of the net financial expense for the amount of EUR 16,235 thousand; and (iv) credits for negative tax bases for the amount of EUR 1,027 thousand, generating a higher tax expense for the amount of EUR 20,291 thousand.

These reductions are due to higher estimated annual financial costs in the medium term as a result of lower estimated debt repayment derived mainly from (i) lower estimated debt repayment derived mainly from a lower valuation of Media Capital, and (ii) the funds required to resolve our dispute with Mediapro.

The business plans, on which the recovery of the deferred tax assets of the Group is based, are updated taking into account the operational performance of the companies, the development of the 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.

Santillana in Spain predicts an increase in revenue as a result of content renewals pursuant to education cycles, digital developments and growth initiatives in the area of extra-curricular activities.

Projections take into account 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 News, projections include progress of businesses towards a fundamentally digital model with a higher contribution margin. Furthermore, decreases in costs are expected as a result of the adjustment plans carried out in the business structure, mainly in printing and distribution.

Finally, efficiency processes on corporate services will continue, which will be decreased in coming years.

Once carried out the aforementioned adjustment, the companies' business plans, together with determined tax planning actions, allow for the recovery of deferred tax assets and liabilities recorded in the balance sheet as of December 31, 2019 according to the criteria laid down in the accounting regulation.

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 National 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 administrative resource that is pending resolution. 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. No additional equity impact will be derived from any of these actions. No additional equity impact will be derived from these actions.

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, which is now under appeal before the TEAC. No additional equity impact will be derived from these actions.

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.

The audits related to withholdings of Personal Income Tax for the period from 2013 to December 2015 and withholdings of Non-Resident Income Tax corresponding to the same tax periods were completed in 2018, without any regularisation being derived from them.

Similarly in 2018 the audits related to Value Added Tax For the years 2012-2015 had also been completed with the signing of a Notice of agreement for the amount of EUR 3,182 thousand, which has been paid in 2019, but which did not have any impact on equity since it was provided for in previous fiscal years.

During 2019 the audits related to Corporate Tax for 2012 to 2015 have been 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, has presented the corresponding economic/administrative claim before TEAC, which is pending resolution.

On the date of formulation of these annual statements, 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.

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 2019 and 2018 is as follows (thousands of euros):

	2019	2018
Employer social security costs	581	462
Other employee benefit costs	76	69
Total	**657**	**531**

The average number of employees in 2019 and 2018 was 40 and 37, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2019		2018	
	Men	Women	Men	Women
Executives	5	5	5	4
Middle management	3	5	3	6
Qualified line personnel	5	12	4	10
Other	-	5	-	5
Total	**13**	**27**	**12**	**25**

The number of employees at December 31, 2019 was 43 and at December 31, 2018 was 38 all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	12/31/19		12/31/18	
	Men	**Women**	**Men**	**Women**
Executives	6	5	4	5
Middle management	3	6	3	6
Qualified line personnel	6	12	5	10
Other	-	5	-	5
Total	**15**	**28**	**12**	**26**

In 2019 and 2018, there were no people employed with disabilities equal or greater than 33%.

External services

The detail of *"External services"* in 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Leases and fees	1,001	1,027
Repairs and maintenance	148	125
Independent professional services	7,272	6,470
Other outside services	1,815	1,851
Total	**10,236**	**9,473**

The "*Other external services*" includes an expense of EUR 240 thousand corresponding to the liability insurance of Managers and Directors (EUR 232 thousand at December 31, 2018).

Leases

Different assets used by the Company are under operating lease arrangements, the most significant corresponding to the building of Avenida de los Artesanos, 6 (Tres Cantos), with maturity April 30, 2020. The minimum future payments derived from the lease of this property are as follows:

Exercise	Thousand of euros
2020	185
	185

The expense recognized by the Company in the income statement for the year 2019 and corresponding to this operating lease amounts to EUR 555 thousand. (EUR 543 thousand for the year 2018).

Other results

In 2018 this item referred to income amounting to EUR 2,313 thousand as a result of the inspections referred to VAT for the period from 2012 to 2015, which were completed.

Fees paid to auditors

The fees for financial audit services relating to the 2019 financial statements of Prisa provided by Deloitte, S.L. and by other entities related to the auditor, amounted to EUR 297 thousand (EUR 294 thousand at December 31, 2018).

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)	
	2019	**2018**
Other verification services	649	383
Other services	-	8
Other professional services	**-**	**391**

11.- FINANCIAL LOSS

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

	Thousands of Euros	
	2019	**2018 (*)**
Income from temporary financial investments	7	11
Income from loans	69	164
Other financial income	5	2,141
Fair value of financial instruments	-	9,733
Financial income	**81**	**12,049**
Interest on debts with Group companies	(4,716)	(2,070)
Interest on debts with third parties	(21,203)	(30,600)
Loan arrangement costs	-	(41,861)
Fair value expenses	(2,087)	(1,045)
Other financial expenses	(3,556)	-
Financial expenses	**(31,562)**	**(75,576)**
Positive exchange differences	39	106
Negative exchange differences	(51)	(71)
Net exchange differences	**(12)**	**34**
Impairment and losses of financial instruments	**(43,284)**	**(197,765)**
Financial outcome	**(74,777)**	**(261,258)**

(*) The financial loss for the year 2018 has been modified for comparative purposes in order to present the results of Vertix SPGS, S.A. as "Discontinued operations".

In 2018, the income recorded in the item "F*air value of financial instruments*" corresponded to the difference between the nominal value of the debt associated with the Refinancing and its fair value on the initial recording date.

The loss recorded under "*Fair value expenses*" corresponds to the financial expense accrued in 2019 and 2018 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*).

In 2018 the item "*Debt arrangement expenses*" included, in addition to the expenses and fees corresponding to the previous financial indebtedness pending allocation, those corresponding to the expenses associated with the 2018 Refinancing (*see note 7.3*).

In 2018, the "*Other finance income*" mainly included an income of EUR 2,094 thousand as a result of the inspections referred to VAT for the period from 2012 to 2015, which were completed (*see note 9*).

12.- PROVISIONS AND CONTINGENCIES

The changes in "*Provisions and contingencies*" in 2019 are 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*" correspond basically to the increases in the provisions established to cover the negative equity that at Decemer 31, 2019, presents 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 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.

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 2019 is EUR 1,815 thousand and is recorded in the personnel expenses item (EUR 1,678 thousand) and outside services item (EUR 137 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.

14.- GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2019, Prisa had furnished bank guarantees amounting to EUR 399 thousand.

Additionally, and within the context of the legal proceedings currently under way between Audiovisual Sport S.L. ("AVS")- company of Prisa's Group until its liquidation in December 2019- and Mediapro concerning the agreement to exploit the rights relating to the "La Liga" football league for the 2006/07 and successive seasons, referred to in note 18, the Company was the counter-guarantor under the bank guarantee of EUR 50,000 thousand posted by AVS in compliance with the court ruling issued by Court of First Instance number 36 of Madrid, upholding the interim relief requested by the Company. This guarantee was executed in September 2019 due to the out-of-court settlement, in the terms indicated in Note 18. As a result of this, the Company granted a loan for the amount of EUR 20,048 thousand to its subsidiary Prisa Participadas, S.L. (Sole proprietorship), parent company of AVS, amount that was cancelled later in 2019 (see note 7.3).

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 2019 and 2018 are as follows in thousands of euros:

	12/31/2019		12/31/2018	
	Group companies or entities	Significant shareholders	Group companies or entities	Significant shareholders
Receivables	535	378	1,339	7
Financial credits	49,010	-	59,303	-
Total receivable accounts	**49,545**	**378**	**60,642**	**7**
Trade payables	488	2,185	230	116
Financial loans	267,447	146,662	202,069	146,662
Total payable accounts	**267,935**	**148,847**	**202,299**	**146,778**

The aggregate amount of EUR 148,847 thousand mainly includes the loans granted to the companies of the Company for:

- Banco Santander, S.A. for the amount of EUR 4,367 thousand at December 31, 2019 and 2018.

- HSBC Holding, PLC for the amount of EUR 142,295 thousand at December 31, 2019 and 2018.

The transactions performed with Group companies, associates and related parties in 2019 and 2018 are as follows in thousands of euros:

	2019			2018		
	Directors and executives	Group companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Services received	-	4,716	5,819	-	2,070	13,661
Finance expenses	-	2,075	1,178	-	1,796	1,254
Other expenses	5,964	-	-	5,728	-	-
Total expenses	**5,964**	**6,791**	**6,997**	**5,728**	**3,866**	**14,915**
Finance income	-	69	-	-	164	-
Dividends received	-	15,820	-	-	587,530	-
Other income	-	6,500	733	-	6,455	-
Total revenues	**-**	**22,389**	**-**	**-**	**594,149**	**-**

All related party transactions have taken place under market conditions.

The amount of EUR 5,964 thousand relates to the accrued salaries of directors for the amount of EUR 3,228 thousand *(see Note 16)* and executives for the amount of EUR 2,736 thousand.

Remuneration of Senior Management:

The total aggregate compensation of members of senior management and the Internal Audit Manager (the "Managers") in 2019, of Promotora de Informaciones, S.A. amounts to EUR 2,736 thousand (EUR 2,589 thousand in 2018).

These compensation is the accounting reflection of the overall compensation of managers and therefore do not match with the remuneration accrued in 2019 that will be included in the Annual Report of Corporate Governance 2019 in which is followed the criteria required by the CNMV in the "Circular 2/2018 of the CNMV", which is not the accounting provision basis.

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. Specifically, as at December 31, 2019, it is that of the following executives: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Augusto Delkáder, Mr. Jorge Rivera, Ms. Marta Bretos, Ms. Virginia Fernández and Mr. Jorge Bujía (who has joined the management team in June 2019).

Regarding fiscal year 2019:

i) The compensation 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 are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2019, 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 2019 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- Regularization of 2018 bonus paid in April 2019.

- 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 objectives, 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 2019, an accounting expense of EUR 851 thousand was recorded for this item in relation to the senior management. 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 year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

Regarding fiscal year 2018:

i) It was included the remuneration of Mr. Augusto Delkáder, Mr. Jorge Rivera and Ms Marta Bretos from their appointment in 2018 as Chief Editor, Chief of Communication and Institutional Relations and Head of Talent Management, respectively.
The remuneration of Ms Bárbara Manrique de Lara was that until she ceased in 2018 as Chief of Communication and Institutional Relations, and was also included within the total compensation of senior management.

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

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if 2018 management objectives was achieved.

- Regularization of 2017 bonus paid in April 2018 of those who were members of senior management at December 31, 2017.

- An accounting expense of 904 thousand euros in relation to the "Incentive Plan 2018-2020".

iii) Finally, it is noted that Mr. Fernando Martinez Albacete, the representative of the director Amber Capital, was a member of Prisa's senior management until June 2017 and, due to the termination of his contract with the Company, he received amounts in the form of non-competition agreement, until May 2018. These amounts was not included in the above tables (2,589 thousand euros) since they do not refer to payments received for having the status of member of senior management in 2018.

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 2019 and 2018 is as follows in thousands of euros:

	2019	2018
Mediaset España Comunicación, S.A.	33	63
Total Related	**15,820**	**587,530**
Prisa Participadas, S.L. (Sociedad Unipersonal)	-	570,000
Prisa Activos Educativos, S.L.	8,500	-
Prisa Activos Radiofónicos, S.L.	7,300	-
Promotora de Emisoras, S.L.	-	10
Vertix, S.G.P.S.	-	17,500
Canal Club, S.A.	20	20
Total	**15,853**	**587,593**

Operations between Group companies, associates and related parties-

During 2019 the loan granted by the company Prisa Participadas, S.L. (Sole proprietorship) has been partially cancelled for the amount of EUR 20,048 thousand (*see note 7.3 and 14*).

Transactions between with significant shareholders -

The aggregate amount of EUR 6,997 thousand during 2019 (EUR 14,815 thousand during 2018) mainly consists of interest accruing 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..

Transactions with significant shareholders –

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

2019

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

This amount corresponds 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 have been recorded under the "Share premium" item for the amount of EUR 5,375 thousand, and the other hand, estimated costs associated to sale of Vertix, S.G.P.S., S.A for the amount of EUR 2,000 thousand (see note 7.2).

In addition to the foregoing, the capital increase described in note 8 was subscribed, among others, by some significant shareholders of the Company as of April 2019, as shown in its statements to the CNMV.

Likewise and according to information published on the website of the Comisión Nacional del Mercado de Valores ("CNMV"), the capital increase was subscribed by the following Prisa directors:

Directors' Name	Number of Direct Voting Rights suscribed	Number of Indirect Voting Rights suscribed
Francisco Javier Monzón de Cáceres	25,007	-
Joseph Oughourlian (a través del también consejero Amber Capital UK LLP*)	-	45,741,645
Manuel Mirat Santiago	21,131	-
Manuel Polanco Moreno	9,010	-
Francisco Javier Gómez Navarro- Navarrete	2,278	-
Shk. Dr. Khalid Thani Abdullah Al-Thani	-	8,266,811 (through International Media Group, S.A.R.L.)

* The transactions performed by Amber Capital UK LLP have been carried out, in turn, by the following entities: Oviedo Holdings SARL, Amber Active Investors Limited y Amber Global Opportunities Limited.

2018

	12/31/2018
	Significant shareholders
Finance agreement: loans received (see note 7,3)	146,662
Other transactions	8,810

The aggregate amount of EUR 146,662 thousand included the loans granted by Banco Santander, S.A. and HSBC Holding, PLC within the framework of the Refinancing *(see note 7.3).*

The amount of EUR 8,810 thousand 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 February 2018 which have been recorded under the "*Share premium*" item.

In addition to the foregoing, the capital increase was subscribed, among others, by some significant shareholders of the Company as of February 2018, as shown in its statements to the CNMV.

Likewise and according to information published on the website of the Comisión Nacional del Mercado de Valores ("CNMV"), the capital increase was subscribed by the following Prisa directors:

Directors' Name	Number of Direct Voting Rights suscribed	Number of Indirect Voting Rights suscribed
Manuel Mirat Santiago	65,879	-
Manuel Polanco Moreno	45,580	126,405 (through Olnacasco, S.L.)
Francisco Javier Monzón de Cáceres	60,049	-
Joseph Oughourlian	-	131,022,714 (through Amber Capital UK LLP)
Francisco Javier Gómez Navarro- Navarrete	7,102	-
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	-	33,920,000 (through International Media Group, S.A.R.L.)

16.- REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Remuneration of Board of Directors

In 2019 and 2018, the company registered the following amounts in respect of remuneration to Prisa's Board members:

	Thousands of euros	
	2019	**2018**
Compensation for belonging to the Board and/ or Board Committees	1,458	1,413
Salaries	500	653
Variable compensation in cash	300	326
Compensation systems based on shares	964	508
Indemnification	-	230
Other	6	9
Total	**3,228**	**3,139**

Regarding the 2019 financial year:

i) The aggregated remuneration of Pisa directors reflected in the table above corresponds to the expense recorded by Prisa and consequently it corresponds to the accounting provisions registered in the profit and loss account.

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 2019 (IR) and in the Annual Report on Corporate Governance 2019 (IAGC), in which it is followed the criteria required by the "Circular 2/2018 of the CNMV, whereby the model of annual report remuneration of directors is established", which is not the accounting provision basis.

ii) 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 a directors in June and July 2019, respectively.

The remuneration of Ms. Beatrice de Clermont –Tonerre and Ms Maria Teresa Ballester is that from their appointment as directors at 3 June and 30 July 2019, respectively.

iii) 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, has 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 has been 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.

iv) Within the variable remuneration in cash of the directors are included the following items (which amounts in some cases differ from those that are included in the IR and in the IAGC, for the reasons that have already been explained in relation to the different criteria followed by CNMV Circular 2/2018):

- 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 2019 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2019, 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 2019 annual accounts of the Group are prepared, based on the level of achievement of the objectives established by the Board of Directors.

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

v) 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 objectives, 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 2019, an accounting expense of EUR 964 thousand was recorded for this item in relation to the CEO of Prisa. This expense is included within "Compensation systems based on shares" in the previous table. 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 year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

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

<u>Regarding the 2018 financial year</u>:

i) The overall compensation of the Board of Directors includes the remuneration of Mr. John Paton, who ceased as directors in April 2018.

ii) In accordance with the Directors 'Remuneration Policy for the period 2018-2020, which was approved at the Ordinary Shareholders' Meeting held on April 25, 2018 and which was applicable with retroactive effect as of January 1, 2018 (the "Remuneration Policy"), Mr Manuel Polanco Moreno was entitled to receive a gross fixed annual remuneration of EUR 500 thousand in his capacity as a director and as the non-executive Board Chairman, which should be paid in cash on prorated monthly basis. The remuneration corresponding to 2018, that was, EUR 500 thousand, was recorded as follows: i) until the approval of the Remuneration Policy, Mr. Manuel Polanco continued to receive the remuneration that corresponded to him for the mercantile service lease contract that he had with the Company, for a total amount of EUR 153 thousand which were registered within "salaries"; ii) the difference of up to EUR 500 thousand, that is, EUR 347 thousand, were registered under " Compensation for belonging to the Board and/ or Board Committees".

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

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of CEO Mr Manuel Mirat, sole executive director of the Company, in the achievement of 2018 objectives.

- Regularization of 2017 bonus paid in April 2018 to the CEO.

iv) In 2018, an accounting expense of 508 thousand euros was recorded for the "Incentive Plan 2018-2020 in relation to the CEO of Prisa

v) No other credits, advances or loans have been made, nor were pension obligations incurred, in respect of the Board of Directors during 2018.

17.- INFORMATION REGARDING CONFLICT OF INTEREST SITUATIONS OF DIRECTORS

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 2019, 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	Vice Chairman de Dar Al Sharq Printing Publishing & Distribution Co. Vice Chairman de Dar Al Arab Publishing & Distribution Co.		
Dominique D´Hinnin	0.1% interest in the share capital of Lagardère SCA.		
Javier Monzón de Cáceres		Spouse	His spouse is manager and held a shareholding of 75% of the share capital of the company Derecho y Revés, S.L., with publishing activity.

(*) 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.

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, 2019, 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

As shown in Note 14, the Company was counter-guarantor of a guarantee for an amount of EUR 50,000 thousand that its subsidiary AVS submitted before the Court of First Instance no. 36 of Madrid, as a guarantee for an incident of damage assessment caused by the precautionary measures urged against Mediaproducción, S.L.("Mediapro").

On April 12, 2019, the Provincial Court of Madrid notifies Audiovisual Sport, S.L. ("AVS") an order dated on March 29, 2019, by which it partially estimates the appeal filed by Mediaproduction, S.L.U. ("Mediapro") against the order of the Court No. 36 of December 5, 2017, condemning AVS to pay EUR 51,036 thousand in compensation for damages (against which there was no ordinary recourse.

On 4 September 2019, AVS, on the one hand, and Mediapro e Imagina Media Audiovisual, S.A.U. ("Imagine") (Mediapro and Imagina, jointly, the "Mediapro Group"), on the other hand, signed a transactional agreement whereby they agreed, in addition to other matters, to pay the compensation of EUR 51,036 thousand, through, among others, the execution of the guarantee of EUR 50,000 thousand referred to in Note 14. As a result of this, the Company granted a loan for the amount of EUR 20,048 thousand to its subsidiary Prisa Participadas, S.L. (Sole proprietorship), parent company of AVS, amount that was cancelled later in 2019 (see note 7.3).

In addition, the Company has other litigation for smaller amounts. The Directors, internal and external advisors do not consider that any relevant liabilities will arise from this litigation.

19.- SUBSEQUENT EVENTS

Regarding of the purchase agreement of Vertix between Prisa and Cofina described in note 1b of the notes on March 11, 2020 Cofina voluntarily waived to continue with the share capital increase approved by Cofina's shareholders on 29 January 2020 to partially finance the price of the agreement, which implied a breach of the share purchase agreement and its termination. In this regard, the Company has initiated and will continue to pursue all measures and actions against Cofina in defence of its interests, those of its shareholders and of any others affected by the situation created by Cofina. To this extent, on 14 April 2020 the Company filed an arbitration request before the *Centro de Arbitragem Comercial da Câmara do Comércio e Indústria Portuguesa* in accordance with the sale and purchase agreement. This request does not preclude the exercise of any additional measures and actions against Cofina.

In April 2020, Prisa and Pluris Investments, S.A. (Pluris), a Portuguese company, whose ultimate beneficial owner is Mr. Mario Ferreira, have subscribed a Memorandum of Understanding ("MoU") in relation to a potential transaction involving the acquisition by Pluris of shares amounting up to thirty point twenty two percent (30.22%) of the issued share capital of Prisa's Portuguese listed subsidiary Grupo Media Capital SGPS, S.A. It is envisaged to formalise the transaction by executing a block trade agreement under standard terms and conditions for this kind of transactions.

The purpose of the MoU is to set out the initial terms and conditions under which the parties would be willing to carry out the transaction; and the steps to be taken for the completion of the mentioned transaction, including preliminary contacts before the Portuguese regulatory authorities and the prior obtainment of a waiver from certain lenders of Prisa, establishing for those purposes an exclusivity period until 15 May 2020. In this regard, the aforementioned MoU is not binding to carry out the transaction without the final agreement of the parties, and therefore is subject to the formalisation of the respective purchase agreement ("Block Trade Agreement"), among other aspects.

Finally, the Prisa Board of Directors continues to asses several alternatives to continue to reduce its investment in Media Capital.

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

Considering the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Company's businesses are uncertain, and will depend to a large extent on the development and extent of the pandemic in the coming months and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

At the date of preparation of these financial statements, therefore, it is too early to make a detailed assessment or quantification of the impact that COVID-19 might have on the Company in the coming months, due to uncertainty in the short, medium and long term.

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

- Liquidity risk: The situation in the markets may lead to an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Company has in place, among others, a Super Senior credit facility to meet operational needs for a maximum amount of 80 million euros. At December 31, 2019, no amount of the facility had been drawn down to cover operating requirements (*see note 7.3*). We have 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 minimise the impact of such risk.

- Risk of change in certain financial magnitudes: the factors referred to above could adversely affect the Company's advertising revenues and, to a lesser extent, sales of newspapers and magazines and sale of books, which could lead to a decrease in the relevant captions for the Company in the next consolidated financial statements, such as "Revenue", "Operating income" or "Profit before tax". In this regard, the Company has made an estimation of the impact of COVID-19 in the first quarter of 2020, without being significant in the above magnitudes. At March 31, 2020, the pandemic would not have had a significant impact in its net debt either. The Company will work along 2020 in a contingency plan with the aim of minimizing the possible adverse effects derived from this situation. However, it is not possible at this stage to reliably quantify the impact, given the constraints and limitations already indicated.

  This 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 Company. In this sense, in April 2020, Prisa has agreed with the financial creditors of the Override Agreement and the Super Senior Credit facility, among other aspects, a flexibilization to compliance with the financial ratios (covenants) to which the Company is subject and for a period extending until March 2021. Therefore, this agreement allows Prisa more flexibility to compliance with its financial obligations.

- 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, tax credits, receivables, etc.) and on the need to recognise provisions or other liabilities. As soon as adequate and reliable information is available, analyses and calculations will be made to remeasure those assets and liabilities as necessary.

- Continuity risk (going concern): in the light of all the above factors, the Directors consider that the conclusion detailed in note 1b on 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.

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

APPENDIX I

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros) CARRYING AMOUNT	% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Prisa Activos Educativos, S.L.	Gran Vía, 32. Madrid	The realization of all activities inherent to the publishing business in its broadest sense and, especially, the edition marketing and distribution of all kinds of publications and the provision of editorial, cultural, educational, leisure and entertainment services	314,769	100.00%	2/91	3	8,868	315,260	39,967
Prisa Activos Radiofónicos, S.L.	Gran Vía, 32. Madrid	The provision, on its own behalf or by third parties, of any kind of services related, directly or indirectly, to broadcasting. The advice and provision of services to communication companies in the field of advertising, programming, administration, marketing and technical, computer and commercial issues and any other related to their activity. The production, exploitation and management on their own or by others, by any means, of all kinds of programs and radio and audiovisual products.	155,881	100.00%	2/91	15,486	8,247	156,828	8,116
Prisa Gestión Financiera, S.L. *(Antes Santillana Canarias, 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	(1,594)	(1,533)	(1,838)
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Rent of commercial and industrial premises and constitution and management of companies	310,407	100.00%	2/91	71,362	(40,576)	310,406	(52,619)
Promotora de Actividades América 2010, S.L. *(En liquidación)*	Gran Vía, 32. Madrid	Production and organization of activities marking the bicentenary of American independence	-	100.00%	2/91	10	(401)	(2,183)	(366)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Audiovisual and communication activities	-	99,00% 1,00%		420	-	69	-
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Holding company	-	100.00%		268,041	(90)	246,793	(117)
Canal Club de Distribución de Ocio y Cultura, S.A. [1]	Calle Hermosilla, 112. Madrid	Catalogue sales	32	25.00%		60	61	128	61
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	15	98,18% 1,82%		15,344	(2,662)	575	(2,637)
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Management and operation of the media	102,346	100.00%	2/91	38,596	(10,193)	64,827	(6,392)

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

(1) Information to November 2019

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
EDUCACIÓN							
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing	100.00%		612	411	263
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		1,426	389	113
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	100.00%		113	1,879	1,122
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing	100.00%	2/91	60	137	(6)
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	100.00%		1,788	10,543	639
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	100.00%		1,842	8,697	2,364
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	100.00%		165	842	249
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Publishing	100.00%	2/91	60	82	(2)
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing	100.00%	2/91	60	98	(1)
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		21,119	63,949	27,152
Editora Pintangua, LTDA	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brasil	Publishing	100.00%		25	233	216
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		1,278	568	55
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	100.00%		72	7,647	5,287
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	100.00%		20	3,026	2,185
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	100.00%		118	8,626	6,854
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	100.00%		359	499	87
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		24,019	16,159	4,667
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	3,498	1,649
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	100.00%		1,676	3,919	344
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		801	(583)	(1,442)
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	100.00%		70	663	121
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	100.00%		16,527	(83)	(15)
Educactiva, S.A.C. (Perú)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Perú	Publishing	100.00%		904	1,900	96
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	100.00%		4,543	5,608	2,219
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	100.00%	2/91	60	106	(1)
Grupo Santillana Educación Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	12,018	95,982	1,533

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros) % OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distribution	100.00%	2/91	408	822	(832)
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	100.00%		132	1,315	121
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	9,475	-
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Computer consulting and consultancy, software development and sale	70.00%		1	(189)	47
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		25	3,027	1,371
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		4	13,956	5,157
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	100.00%		25	266	265
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	100.00%		302	3,053	2,438
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	100.00%		427	9,530	6,007
Santillana Editores, S.A.	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing	100.00%		50	1,551	2,180
Santillana Educación Pacífico, S.L. *(Antes Grupo Pacifico, S.A. (Panamá))*	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	100.00%	2/91	269	13,330	(1)
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	7,747	87,233	15,260
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online training	100.00%	2/91	300	(1,921)	(402)
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	2,276	1,435	817
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	65	3,280	796
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Consultancy services for the obtainment of quality certification by schools	100.00%		63	4,387	2,123
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	220	25,271	(3)
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	100.00%		465	(256)	(380)
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	100.00%		978	5,016	5,414
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	100.00%		162	426	291
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Perú	Publishing	95.00%		3,275	5,026	1,548
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		11,746	6,515	6,525
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC) *(Antes Uno Educação Ltda.)*	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		36,767	16,952	3,661
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		3	917	1,784
Zubia Editoriala, S.L.	Polígono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing	100.00%	2/91	60	98	-

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

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	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%		135	334	34
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	77.62%		66	4,565	62
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	40.00%		216	4,014	732
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of musical services	80.00%	2/91	100	2,113	(37)
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	72.00%		61	145	23
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	37.00%		70	285	12
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of services to radio companies	64.00%	2/91	1,870	146,172	(7,978)
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	79.95%		373	3,704	764
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	76.00%		480	1,813	1,655
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	79.46%		364	893	64
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	53.20%		50	209	76
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	66.66%		120	1,654	688
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	70.43%		183	4,144	1,528
Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	80.00%	2/91	6,959	148,181	24,496
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	59.68%		379	768	398
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	40.00%		230	1,319	435
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	60.08%		150	408	(2)
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	63.28%		75	116	7
Laudio Irratia, S.L.	Pol.Industrial Ed.Cermámica 1.Alava	Operation of radio broadcasting stations	21.14%		93	254	35
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organization of shows and events	32.00%		120	(82)	(516)
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	28.79%		563	1,090	(2)

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

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
RADIO INTERNACIONAL						
Abril, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	749	3,705	130
Aurora, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	361	3,460	69
Blaya y Vega, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	1,721	18,184	90
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	80.00%	215	(10)	(701)
Caracol Estéreo, S.A.S.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	61.63%	3	1,804	61
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	61.64%	11	29,564	8,717
Comercializadora de Eventos y Deportes, S.A.S. *(Antes Prisa Música América, S.A.S.*	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	80.00%	903	1,829	809
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Prodution and sale of CD's, advertising, promotions and events	80.00%	18,609	33,187	2
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	931	125
Compañía de Radios, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	80.00%	261	1,407	(156)
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	80.00%	400	7,484	3,787
Comunicaciones Santiago, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	80.00%	398	6,390	954
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Advisory services and commercialisation of services and products	80.00%	8	315	-
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	1,578	443	(858)
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	61.44%	-	627	76
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	60.58%	-	138	28
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	2	(2,052)	259
GLR Chile, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	39,261	76,052	9,214
GLR Colombia, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	80.00%	263	84	(3)
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Provision of services to radio broadcasting companies	80.00%	4	2,683	(40)
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	23,899	37,262	4,329
Iberoamericana de Noticias Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	80.00%	2,818	-	-
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	23,899	37,262	4,329
La Voz de Colombia, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	60.52%	1	333	17
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	80.00%	4,123	1,681	(1,926)
Multimedios GLP Chile SPA	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	80.00%	1,823	601	261
Nostalgie Amsud, S.A.	Marcelo T. de Alvear 636, 6ª planta . Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	1,455	57	(1,017)
Promotora de Publicidad Radial, S.A.S	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	61.63%	1	641	48
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	804	4,517	331
Radio Estéreo, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	80.00%	275	14	(183)
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Holding	80.00%	10,489	26,598	(3)

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Radio Mercadeo, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	36.92%	7	-	(4)
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Rental of equipment and advertising sales	80.00%	6	3,657	164
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	230	3,833	(20)
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	(1,254)	(30)
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%	1,172	5,721	7,430
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Provision of all types of public telecommunications and broadcasting services	80.00%	5,663	6,024	(83)
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the Latin radio market in the US	20.00%	196	(1,534)	(1)
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the Latin radio market in Panama	27.96%	3,986	(8,227)	(844)
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Commercial radio broadcasting services	35.41%	1	62	14
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	30.82%	120	(224)	31
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogotá, Colombia	Operation of radio broadcasting stations	39.99%	1,042	1,336	546
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	39.60%	589	759	253
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	39.60%	717	988	374
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	40.00%	390	567	184
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	40.00%	14	96	583
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	39.60%	2	74	78
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%	9,393	55,452	10,582
Sistema Radiópolis, S.A. de C.V. (**)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	26.40%	249	314	(3)
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	20.00%	587	(4,996)	161
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	39.60%	87	206	138

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
PRENSA							
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile	75.00%		1,490	460	(168)
Diario AS Colombia, SAS	Cl 98, nª 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia	75.00%		385	91	(204)
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA	75.00%		-	2,273	1,056
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper	75.00%	2/91	1,400	45,884	4,672
Diario Cinco Días, S.A (Antes Estructura, Grupo de Estudios Económicos, S.A.)	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper	100.00%	2/91	60	267	276
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina	100.00%		414	72	(302)
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	106	(1,142)
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	98,18%		15,344	575	(2,637)
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Holding	100.00%	2/91	4,200	(3,009)	(5,361)
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of editorial products	100.00%	2/91	2,100	1,660	(1,575)
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper	100.00%	2/91	3,306	8,994	6,584
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and explotation of Huffinton Post digital for Spain	100.00%	2/91	8,501	11,451	339
Factoría Prisa Noticias, S.L. *(Antes Agrupación de Servicios de Internet y Prensa, S.L.)*	Valentín Beato, 44. Madrid	Provision of administrative, technological and legal services, as well as the distribution of written and digital media	100.00%	2/91	1,726	1,476	(348)
Fullscreen Solutions, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito JuarezCiudad de México 03100	Video advertising marketing	85.00%		0	(574)	321
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Holding	100.00%	2/91	990	10,848	(27)
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation services	100.00%	2/91	6	(42)	(63)
Mobvious Corp.	2600 Douglas Road Suite 502 Coral GablesMiami Florida USA 33134	Contracting of digital media advertising exclusives	60.00%		55	(182)	(483)
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%		1,385	295	(427)
Prisa Brand Solutions MÉXICO, S.A. de C.V	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito JuarezCiudad de México 03100	Contracting of digital media advertising exclusives	100.00%		77	(2,212)	(780)
Prisa Brand Solutions USA, Inc. (Antes Prisa Digital Inc.)	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU.	Contracting of advertising exclusives	100.00%		6,833	1,042	(407)
Prisa Brand Solutions, S.L.U.	C/ Valentín Beato, 48. Madrid	Contracting of advertising exclusives	100.00%	2/91	150	(1,280)	(390)
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia	100.00%		1	1	-
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Management and operation of press	100.00%	2/91	38,596	64,827	(6,392)
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of Internet services	100.00%	2/91	1,260	(35)	(1,044)
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of companies dedicated to printing	100.00%	2/91	3,000	15,634	(8,982)
Promotora General de Revistas, S.A.	Valentín Beato, 48. Madrid	Publication, production and operation of magazines	100,00%	2/91	1,500	(313)	-
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	As on line newspaper marketing in Arabic in the countries of the Middle East and North Africa	49.00%		12	(833)	(139)
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. (¹)	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format	50.00%		53	(416)	112
Le Monde Libre Societé Comandité Simple (²)	17, Place de la Madeleine. París	Holding	20.00%		38	(17,636)	-
Zana investment 2018,S.L.	Calle Juan Ignacio Luca de Tena, nº7.	Media advertised contracting. Designing, organization, management and operation of all type of cultural, sport, promotion and leisure activities and events	33.00%		3	134	(2,119)

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91
(¹) Information to November 2019
(²) Information to December de 2018
(³) Information to October 2019

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
MEDIA CAPITAL						
CLMC-Multimedia, Unipessoal, Ltda.	Rua Mário Castelhano, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Distribution of film activities, video, radio, television, audiovisual and multimedia	94.69%	5	196	22
COCO-Companhia de Comunicação, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting	94.69%	50	95	46
DRUMS - Comunicações Sonoras, Unipessoal LDA	Rua Sampaio e Pina, n.ºs 24-26 1070 249 Lisboa. Portugal	Activity of radio broadcasting in the fields of production and broadcasting of programs	94.69%	5	55	40
Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting	94.69%	110	874	1,007
Empresa de Meios Audiovisuais, Lda. (EMAV)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Purchase, sale and rental of audiovisual media (cameras, videos, special filming and lighting equipment, cranes, rails, etc.)	94.69%	50	296	302
Empresa Portuguesa de Cenários, Lda. (EPC)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Design, construction and installation of decorating accessories	94.69%	50	(1,714)	(548)
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40. Queluz de Baixo. Portugal	Holdings	94.69%	89,584	81,550	(506)
Leirimedia, Produçoes e Publicidade, LDA	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Production and realization of radio programs and shows, advertising, promotions and representations	94.69%	5	(37)	92
Media Capital Digital, S.A	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consultancy, sales (mail order, telephone and other) of goods and services as well as the acquisition, supply, preparation and dissemination of journalism by any means	94.69%	2,055	1,563	(788)
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic arts and the reproduction of recorded media: magazines, audio publication, video reproduction and the provision of services related to music, the radio, television, film, theatre and literary magazines	94.69%	3,050	(691)	(4)
Media Capital Produçoes, S.A. (MCP)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Design, development, production, promotion, sale, acquisition, exploitation rights, recording, distribution and dissemination of audiovisual media	94.69%	45,050	(45,393)	(3,269)
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Provision of services in the areas of accounting and financial consultancy; performance of radio broadcasting activities in the areas of the production and transmission of radio programmes	94.69%	200	13,105	-
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Holdings	94.69%	37,098	26,510	(23,292)
Moliceiro, Comunicacao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070 249. Lisboa. Portugal	Broadcasting activity	94.69%	5	22	17
NOTIMAIA-Publicações e Comunicações, S.A.	Rua Sampaio e Pina, nºs 24/26 1099 044 Lisboa. Portugal	Radio broadcasting	94.69%	5	49	42
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	94.69%	6,000	16,077	(155)
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. EE.UU.	Production and distribution of audiovisual content	94.69%	109	(3,798)	(30)
Plural Entertainment Portugal, S.A.	Rua Mário Castelhano, nº 40, Queluz de Baixo 2730 120 Barcarena. Portugal	Production of video and film, organisation of shows, rental of sound and lighting, advertising, sales and representation of registered videos	94.69%	36,650	(923)	(35,641)
PRC Produçoes Radiofonicas de Coimbra,Lda.	Rua Sampaio e Pina, nºs 24-26 1070 249 Lisboa. Portugal	Cinema production, video and television programs	94.69%	7	21	27
Produçao de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic art and reproduction of recorded media: magazines, audio publication, video reproduction; and provision of services related to music, radio, television, film, theatre and literary magazines	94.69%	5	(248)	275

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1º Izquierda. 28010. Madrid	Inactive	94.69%		60	13	-
R 2000 - Comunicaçao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Radiodifusión en los ámbitos de producción y transmisión de programas.	94.69%		5	20	14
R. Cidade – Produções Audiovisuais, unipessoal, LDA	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting, production of audio or video advertising spots. Advertising, production and recording of discs. Development and production of radio programmes			50	264	232
R.C. - Empresa de Radiodifusão, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		5	21	14
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		500	6,058	5,119
Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Rua Sampaio e Pina, 24-2 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		5	16	8
Rádio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		5	20	14
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Advisory services, guidance services and operational assistance to public relations companies and organisations	94.69%		5	14	79
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Services, publication and sale of electronic goods and services	94.69%		100	(93)	(193)
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mário Castelhano, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Production of multimedia, audiovisual and phonogram storage media	94.69%		100	664	671
Sociedade de Produçao e Edição Audiovisual, Lda (FAROL MÚSICA)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Production of multimedia, audiovisual and phonogram storage media	94.69%		5	(2,073)	(17)
Televisao Independente, S.A. (TVI)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Performance of any TV-related activity such as the installation, management and operation of any TV channel or infrastructure	94.69%		15,926	52,867	27,749
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	94.69%	2/91	1,034	5,851	(18)

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
OTROS							
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia	Operation and advertising marketing	100.00%		49	-	(322)
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	100.00%	2/91	60	72	-
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of all types of administrative, accounting, financial, personnel selection, human resources and legal	100.00%	2/91	3	67	104
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	61.45%		498	(1,719)	(2)
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Provision of local television services	70.00%		1,202	799	(2)
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 related to the commemoration of the Bicentennial of the Independence of the American nations	100.00%		3	(1,030)	-
Productora Canaria de Programas, S.A. (1)	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	40.00%		601	1,045	136
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV	40.00%		910	1,582	122

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91
(1) Information to October 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Directors' Report for 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

DIRECTOR'S REPORT FOR 2019

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 uses EBITDA to monitor the performance of its businesses and establish operational and strategic objectives for Group companies.

During 2019, the Group has redefined EBITDA by incorporating changes in operating allowances, so the definition of EBITDA is as follows: EBITDA is defined as profit from operations plus assets depreciation expense, impairment of goodwill and impairment of assets.

For the comparability of the information, the figures for 2018 have been modified.

The following tables detail the reconciliation between EBITDA and the Group's profit from operations for each of the segments of 2019 and 2018 (in millions of euros):

	2019				
	Education	Radio	Press	Other	Prisa Group
PROFIT FROM OPERATIONS	**112.9**	**43.2**	**0.4**	**(61.0)**	**95.5**
Depreciation and amortization	58.4	17.6	9.9	1.4	87.3
Impairment of goodwill	-	0.9	-	-	0.9
Impairment of assets	3.9	1.7	1.8	-	7.4
EBITDA	**175.2**	**63.4**	**12.1**	**(59.6)**	**191.1**
Mediapro rulling	**-**	**-**	**-**	**51.0**	**51.0**
EBITDA excluding Mediapro rulling (*)	**175.2**	**63.4**	**12.1**	**(8.6)**	**242.1**

	2018				
	Education	Radio	Press	Other	Prisa Group
PROFIT FROM OPERATIONS	**104.0**	**43.1**	**(7.2)**	**(12.9)**	**127.0**
Depreciation and amortization	45.6	8.2	4.8	0.2	58.8
Impairment of goodwill	-	-	2.9	-	2.9
Impairment of assets	1.8	0.2	0.4	0.2	2.6
EBITDA	**151.4**	**51.5**	**0.9**	**(12.5)**	**191.3**
IFRS 16	**13.2**	**12.7**	**5.5**	**1.3**	**32.7**
EBITDA with estimated IFRS 16 effect (*)	**164.6**	**64.2**	**6.4**	**(11.2)**	**224.0**

(*) For a comparable basis the expense of Mediapro rulling has been excluded in EBITDA 2019 (EUR 51 million), and the estimated effect of IFRS 16 has been included in EBITDA 2018.

For a comparable basis, the EBITDA 2019 does not include Mediapro rulling impact, and EBITDA 2018 has been adjusted considering the estimated effect of IFRS 16.

Consolidated Group performance for 2019 was as follows:

- Group operating income amounted to EUR 1,095.5 million (-0.3%) and EBITDA excluding Mediapro rulling to EUR 242.1 million (+8.1%). Both figures were negatively affected by the foreign exchange rate performance.

  The Group's adjusted operating revenue and EBITDA in local currency grew 2% and 12%, respectively.

- Key highlights in 2019 include:

- A lot of focus on Education, which is showing a constant currency EBITDA growth of 12%.

  - Education sales growth of 9.2% in local currency with good performance for both private and public campaigns.
  - Focus on transformation and on growth of learning systems.
  - Good performance in private campaigns, with a focus on transformation and on the growth of the subscription models, and extraordinary performance in Spain, which grew revenue 16.3% because to new additions to primary this year. Subscription models grew revenue 21.4% in local currency, up to EUR 142 million with a growth in students of 16%, up to more than 1,435,000 students.
  - Extraordinary performance in public (institutional) campaigns, which grew revenue 13.1% in local currency, due to the share reached with Brazil's new order and good repeat business.

- Radio remained stable as a whole in spite of the difficulties that were experienced by businesses in Latin America during the last part of the year (crisis in Chile). Results were affected by a perimeter effect due to the difficult environment in Chile and a 2018 comparison that was conditioned by the impact of the World Cup and politics.

  - In Spain, total revenue remained stable with (above-market) growth of 1.9% in advertising revenue and a drop in other revenue due to a perimeter effect.
  - In Latin America, total revenue dropped 2.6% due to the impact that the World Cup and Politics had in 2018, the sale of assets, and the uprising in Chile in 2019. Without impact, growth of 4.7%.
  - The EBITDA is slightly below in comparison with previous year (EUR 63.4 million versus EUR 64.2 million). Without impact, growth of 3%, driven by Spain (+6%) and Latin America (+2%).

- Press improves operations substantially, driven by the growth of its digital business and improved efficiencies.

  - Advertising revenue remained stable in spite of the impact that the World Cup had in 2018, driven by the performance of digital advertising, which grew 6%

and now represents 31% of total Press revenue (57% of total advertising revenue).

- Improvements of 22% in distribution margins, the result of agreements and efficiency measures achieved the previous year.
- Press showed EBITDA growth of EUR 5.7 million, due to business growth and improved efficiencies with better KPIs for business in spite of the positive impact that the World Cup and the sale of assets had in 2018. Without impact, EBITDA growth of EUR 9.6 million.

Business performance for FY 2019 was as follows:

- In the **Education** division, operating income came in at EUR 628 million (+4.6% above the 2018 figure). Without the negative exchange effect (EUR -18.7 million), revenue grew +7.7% in comparison with 2018, in spite of the impact of the sale of assets in 2018 (Santillana USA and sale of Argentina building), thanks to the new items campaign in Spain, to the growth of institutional sales in Brazil and to the expansion of learning systems. Without the impact of property sales, Santillana revenue would have grown +10% in local currency compared to 2018.

  EBITDA reached EUR 175.2 million. If we excluded the exchange rate effect (-EUR 9.5 million) and the effect of applying IFRS 16, the EBITDA would grow 12.2% compared to 2018.

  - Campaigns for the South have developed as expected, with growth of subscription models based on learning systems and on institutional sales. In local currency, both revenue and EBITDA grew (adjusting the impact of IFRS 16), basically due to the performance of Brazil and Colombia, compensating worse performance in Argentina (due to the sale of property in 2018).

  - Campaigns for the North (mainly Spain and Mexico), performed well in 2019. In Spain, there were educational changes in 2019, which allowed revenue to grow +18.5% and the EBITDA 21.4%. Mexico has also developed favourably, due to growth in the learning systems and educational sales. These impacts compensated the impact caused by the sale of Santillana USA.

  - The digital education systems (UNO, Compartir, Farias Brito, Educa, Kepler, Creçemos, Pitangua and Sistemas de Ingles) continued to expand in Latin America, with 16.3% growth in the number of students, up to 1.4 million students.

- In the area of **Radio**, operating revenue amounted to EUR 273.8 million, dropping -4.8% compared to 2018. Constant-currency revenue (negative exchange rate of EUR -5.6 million) dropped -2.8% due to significant effects: Politics and Football World Cup in 2018, the impact of the social uprising in Chile and property sales. Music was also abandoned in 2019. Excluding these effects, revenue grew +3.9%.

  The EBITDA amounted to EUR 63.4 million. Excluding IFRS 16 impact and in local currency, the EBITDA is practically in line with 2018 (-EUR 0.5 million). If we also isolate the effects of the Football World Cup, of politics and the impact of the social uprising in Chile since October, growth would have been +3.5% in local currency.

- Prisa Radio advertising in Spain has dropped -0.8%, due to the impact of the cyberattack in November, which affected both local and on-air advertising. Therefore, local advertising was in line with 2018 (it was growing +3.6% until October, before the impact of the cyberattack). On-air advertising dropped -1.6% (without the effect of the cyberattack, it would have been in line with 2018).

- In Latin America, advertising dropped -1.3% in local currency (-7.6% in EUR), due to the effect of the elections and the World Cup in Colombia in 2018 and the impact of the social uprising in Chile. Without these effects and in constant currency, Prisa Radio would have grown +6% in Latin America.

- According to the last EGM, Prisa Radio in Spain maintained its leadership in both generalist and music radio.

• In the area of **Press**, as of FY 2019, the cross-departmental advertising sales units (PBS) and Technology have become part of the Press area. Operating revenue amounted to EUR 210.8 million, which means an overall drop of -4.7%, partly due to the effect of the Football World Cup in 2018 and the sale of assets that year (without these impacts, revenue would have dropped -2.8%). The drop in traditional advertising (hard-copy advertising and distribution) explains this decrease. The increase in digital advertising, improved distribution margins and costs savings as the result of agreements and efficiency measures achieved in 2018 compensated for this drop in revenue.

  The EBITDA amounted to +EUR 12.1 million. With the impact of IFRS 16, the EBITDA improved +EUR 5.7 million. The activity, without including PBS and Prisa Technology, performed as follows:

  - Advertising revenue in the period dropped by -1.0%, due to the impact of the Football World Cup in 2018. Without this effect, advertising would have grown 0.9%, thanks to the increase in digital advertising, which rose 8.7% (without taking the World Cup into account). Digital advertising represents 57% of total advertising revenue for the division (that weighting is 45% for the market), compensating the drop in traditional advertising of -8.9%.

  - Circulation revenue dropped -10.4%, partly due to doing away with block sales in Latin America throughout 2018. Without this impact, the drop in sales of issues was -8.3%. In spite of this drop in revenue, the issue margin grew +24.6%.

  - Promotional revenue increased by 15.5%, and the result is still positive.

  - An average of 131 million unique browsers was recorded in 2019 (+4.2%).

  - El País strengthened its position as the top Spanish-language newspaper in world media rankings and As maintained its digital leadership in America.

• **Media Capital** operating income reached EUR 165.1 million (-9.2%) and EBITDA amounted to EUR 16.9 million (-58.0%). Without the impact of IFRS 16, EBITDA has fallen by -60.3%.

- Advertising revenues in 2019 fell by -10.0% (especially in television, which fell by -14.5%, partly offset by an increase of +12.9% in radio).

- TVI ranks second for both 24-hour and prime time, hitting average daily audiences of 16% and 20% respectively for total Television audiences.

- Media Capital radio maintained its number one position in listeners in the last wave of 2019 (Radio Comercial had a 24% share).

Prisa defines the **exchange rate effect** as the difference between the financial magnitude converted using the exchange rate of the current fiscal year and the same financial magnitude converted using the exchange rate on the previous fiscal 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):

	2019	**Exchange rate effect**	**2019 excluding exchange rate effect**	**2018(*)**	**Change excluding exchange rate effect**	**Change (%) excluding exchange rate effect**
Education (**)						
Operating income	628.0	(18.7)	646.7	600.5	46.2	7.7
EBITDA	175.2	(9.5)	184.7	164.6	20.0	12.2
Radio						
Operating income	273.8	(5.6)	279.4	287.6	(8.2)	(2.8)
EBITDA	63.4	(0.3)	63.7	64.2	(0.5)	(0.7)
Prisa Group						
Operating income	**1,095.5**	**(24.1)**	**1,119.7**	**1,098.6**	**21.1**	**1.9**
EBITDA	**191.1**	**(9.8)**	**200.9**	**224.0**	**(23.1)**	**(10.3)**
EBITDA excluding Mediapro rulling	**242.1**	**(9.8)**	**251.9**	**224.0**	**27.9**	**12.5**

(*) Estimated IFRS16 effect included in 2018 EBITDA for a comparable basis
(**) Excluding the exchange rate effect of Venezuela.

The Group's **net bank debt** increased by EUR 132.5 million for the year and came in at EUR 1,061.1 million to December 2019.

This debt indicator includes non-current and current bank borrowings, excluding fair value, diminished by current financial assets, cash and cash equivalents.

The following table shows the composition of this indicator as of December 31, 2019 and December 31, 2018:

	Million of euros	
	12/31/19	12/31/18
Non-current bank borrowings	1,164.9	1,149.7
Current bank borrowings	50.2	76.1
Loan arrangement costs/Fair value	17.4	22.8
Current financial assets	(4.7)	(24.9)
Cash and cash equivalents	(166.6)	(295.1)
NET BANK DEBT	**1,061.1**	**928.6**

1.2. Market environment and trends

1.2.1 Economic situation in Spain and Portugal.

Spain

The wake of growth continued in 2019, with positive growth rates for Spain, although there are symptoms of deceleration.

So, while growth of the GDP in Spain was 2.4% in 2018, it rose to 2.0% in 2019, growing for the sixth consecutive year since the end of the recession in 2013.

The improvement in the economic environment has had a positive impact on private consumption. Private consumerism in Spain grew +2.4% in 2014, +3.6% in 2015 and 2016, 0.8% in 2017 (slowing down due to the events in Catalonia) and 0.7% in 2018. According to FUNCAS, retail-sale consumerism was +2.3% for 2019.

In quarterly terms, according to FUNCAS data, retail sales performed positively in 2019: growing 1.4% in Q2 2019, by +2.2% in Q2, +3.4% in Q3 and 2.2% in Q4.

Portugal

As for Portugal, in 2019 GDP growth is 2.0% according to the Bank of Portugal. It has been growing for six consecutive years, although for the second year, it is growing at a slower rate than the previous year.

1.2.2 Evolution of the advertising market

Group business is directly exposed to the Spanish advertising market through its Radio and Press divisions.

In 2014 advertising investment in Spain grew for the first time since 2010. This trend continued during 2015 (+6.6%), according to public sources (i2P). This improvement continued in 2016, although growth began to slow down (+4.1%) and this slowing down was confirmed by growth of +2.0% in 2017 and growth of 1.3% in 2018. This slowing down of the market meant that, for the first time since 2013 and according to the i2P report in February 2020, the market dropped -1.5% in 2019 compared to 2018.

The evolution by sector shows that the market has had an uneven performance in 2019: growth has continued in Internet, Radio, Foreign, Cinema and Social Media. In Press (-1.7%), digital growth (+10.8%) could not compensate for the drop in traditional format (-9.9%). In the press market, the weighting for the traditional format makes up 55% of total press advertising. Separately, there has been a noteworthy drop in Television (-5.5%) and magazines and Sunday supplements have continued to fall.

In the case of Portugal, according to the estimates of advertising agencies (APAME), the overall market of free-to-air TV advertising has dropped by up to an estimated -2.0% in 2019. The radio market has grown an estimated +8.5% with regard to 2018, while growth in the Internet market reached +9.2%.

1.2.3 Economic situation in Latin America

According to the IMF projections (October 2019), in general, the countries where the Group is exposed, have shown growth in 2019 (except for Venezuela, Argentina, Ecuador, Puerto Rico and Nicaragua). In spite of the social uprising in October 2019, Chile is expected to grow 1.9% in 2019 (data from Chile Central Bank, November 2019), with growth slowly slowing down compared to 2018, where there was +4% growth. Other countries are continuing to show growth. According to IMF projections (October 2019), Colombia will grow +3.4% (2.6% in 2018), Mexico +0.4% (+2.0% in 2018) and Peru 2.6% (+4.0% in 2018). Growth will continue in general in 2020 and will be faster than in 2019, according to IMF projections (October 2019) except for in Argentina (-1.3%), Venezuela, Nicaragua and Puerto Rico. Brazil will see a higher growth rate (it is expected to grow 2%) while it is worth noting the upswing in Colombia (+3.6%), Chile (+2.3%), Mexico (+1.3%) and Peru (+3.6%).

Group results in Latin America have been negatively impacted by the weak exchange rate, especially in Argentina, Brazil and Colombia. The negative impact led the group to report EUR 24.1 million revenue and EUR 9.8 million EBITDA in 2019. As a result, the Group's recurrent revenue in Latin America grew by +0.2%, in comparison with the rise of +4.3% that would have been obtained with a fixed exchange rate. The EBITDA for Latin America grew by +1.0% (adjusting the impact of IFRS 16 in 2018) compared to the +7.2% that it would have obtained with a fixed exchange rate.

The effect of the volatility in exchange rates for the main Latin American currencies, was less significant during the first half of the year (negative effect due to currency devaluation of -EUR 6.7 million in revenue and -1.4 million in EBITDA), while throughout the second half of the year, the effect was even more negative: effect of -EUR 17.5 million in revenue and -EUR 8.4 million in EBITDA.

In 2019 the currencies of Argentina, Brazil and Colombia made up 119% of the impact on the EBITDA.

2. OUTLOOK: FACTORS AND TRENDS THAT AFFECT TO THE EVOLUTION OF BUSINESS UNITS

2.1. Macroeconomic environment

The media industry is highly sensitive to trends in the main macroeconomic variables (i.e. GDP), consumption and, especially, the advertising cycle. Furthermore, businesses such as Education and Radio with an international presence are affected by changes on the exchange rates of the countries in which they operate. The economic management of these businesses will also be affected by predictable changes in these variables.

In turn, Prisa's activities and investments in Latin America are exposed to the performance of the different macroeconomic inputs in every country, including changes in consumer demand due to a higher or lower growth rate in some countries or the performance of their economies.

Group business performance will be affected by economic growth. Group earnings will also be affected by the performance of exchange rates. Depreciation is expected to continue for most Latin American currencies for 2020 compared to 2019.

The emergence of COVID-19 (coronavirus) in China in January 2020 and its recent global expansion to a large number of countries has led to the viral outbreak, classified as a pandemic by the World Health Organization on March 11, 2020. Considering the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Spanish economy and the rest of the countries in which the Group operates are uncertain, and will depend to a large extent on the development and extent of the pandemic in the coming months and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

2.2. Advertising market

Another factor which affects future developments is the advertising cycle. Nevertheless, Prisa Group's exposure to the performance of the advertising market is limited due to its diversified revenue mix (advertising revenues accounted for 32.1% of the total in 2019).

Businesses that rely heavily on advertising have a high percentage of fixed costs, and consequently any increase in advertising revenue has major implications for earnings, improving the Group's margins and its cash position.

Digital advertising continues to see growth. Effectively, Group´s advertising rose by 6.3% in 2019, with press increasing its share of total advertising revenue to 57% (from 53% in 2018). According to data from i2P (February 2020), growth is predicted to continue in 2020.

The advertising market in Spain dropped -1.5% in 2019, according to the i2P report (February 2020).

In Spain, the Group's advertising revenue, excluding the impact of the cyberattack on Radio, grew by +1% in 2019, thanks to the performance of advertising in Radio (with growth, without the impact of the cyberattack, in local, while on-air is online) and to digital advertising in Press. These effects offset the fall that continues to occur in paper advertising. Group´s advertising revenue in Spain is expected to perform in line with the market evolution.

In Portugal, the performance of the advertising market in 2019 has fallen in the free-to-air TV sector (-2.0% according to estimates by advertising agencies, APAME). In this context, Media Capital's advertising revenues fell by -10.0% compared to 2018, due to the drop in television (-14.5%), partly offset by the increase in radio (+12.9%). In this sense, growth at Media Capital is not expected to outstrip market forecasts.

In Latin America, according to market research (in Colombia, Asomedios+Andiarios/IBOPE, October 2019; in Chile, internal projections), the Radio advertising sector in Colombia dropped -3.3% in 2019, while the Radio market in Chile dropped -10.0% (affected by the outbreak of the social uprising in October). For 2020, this same market research projects growth of 0.5% in Colombia and a flat market in Chile, with no growth. Prisa Radio in Latin America dropped -1.3% at constant-currency rates in 2019, affected by the drop in the advertising market in Colombia and by the impact of the outbreak of the social uprising in Chile. For 2020, Prisa Radio is expected to perform in line with market, in Chile and Colombia.

However, the appearance of COVID-19 (Coronavirus) since January 2020, will adversely impact to the Group's advertising revenue, and in the first quarter of 2020 it would have meant lower advertising revenues (excluding Media Capital) of approximately 13% compared to the same period of the previous year. At the date of authorization of these consolidated financial statements it is not yet possible to estimate reliably the future impact of COVID -19 in the Group's advertising revenues *(see note 19)*.

2.3. Education sector

Prisa has other, less cyclical businesses that do not depend on advertising but still show scope for growth, especially in Latin America. One example is Education, which in 2019 contributed 57.3% of the Group's total revenue and 72.3% of its EBITDA (adjusting the impact of the Mediapro ruling). In Latin America, Santillana revenue has grown, in constant currency, +5.6% for the same period (+1.7% in euros), essentially due to the growth of learning systems, as regards both students and revenue (highlighting Brazil and Colombia) and greater institutional sales in Brazil (a mid-cycle year for the PNLD and higher sales to Prefeituras).

This growth compensated Argentina's Sale & Lease Back operations and the effect of the sale of the business in the USA in 2018. 2020 performance will mainly depend on signing up students for Systems, institutional sales, fluctuation in the exchange rate (currencies are forecast to continue to depreciate) and growth in most countries.

Likewise, at the date of authorization of these consolidated financial statements it is not yet possible to estimate the impact of the COVID-19 (Coronavirus) in the education business of the Group.

Likewise, the appearance of COVID-19 (Coronavirus) since January 2020, will adversely impact to the Group's books and training revenue, and in the first quarter of 2020 it would have meant lower books and training revenues of approximately 8% compared to the same period of the previous year. At the date of authorization of these consolidated financial statements it is not yet possible to estimate reliably the future impact of COVID -19 in the Group's education sector *(see note 19)*.

2.4. Digital environment

Part of Group growth for 2020 will rely on digital expansion. Digital audience numbers rose sharply (168 million unique browsers by mid-2019, which represented 19% growth compared to 2018). In 2020, the Company will continue efforts to boost digital growth in all its business lines. Specifically, in Press the focus will remain on fully leveraging the leadership positions of the El País and As newspapers, not only in Spain, but also in the American market.

In addition, the Group will remain active in strengthening its balance sheet structure, reducing debt and focussing on cash generation during FY 2020.

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

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 Group's financial obligations are set out in note 7.3 "*Financial liabilities*" in the attached financial statements for 2019.

As of December 31, 2019, the Group's net bank debt level stood at EUR 1,061.1 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 financial statement for the year 2019, the Company reached in 2018 an agreement with the creditors of the *Override Agreement* (agreement to refinance the Company's debt signed in December 2013) to refinance and modify the terms of Prisa's current financial debt. This agreement came into force on June 29, 2018. The Refinancing agreement extended the debt maturity to the year 2022, being the first obligation of amortization in December 2020 (EUR 15.000 thousand).

In addition, the contracts governing Prisa's 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.

Equity situation of the Company-

As of December 31, 2019, the equity of the Company (including participating loans outstanding at year-end) stood at EUR 407,861 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year, according to Article 327 of Spain’s Corporate Enterprises Act. This situation was due mainly to the losses recognised by the Company in 2019 because of (i) the impairment of its investment in Vertix as a consequence of the transaction described in note 1b of the notes and (ii) the impairment of its investment in Prisa Participadas, S.L.U. resulting from the unfavourable court ruling against Audiovisual Sport, S.L. (subsidiary of Prisa Participadas) due to the conflict with Mediapro described in note 18 of the notes. In this regard, the Company's Board of Directors has agreed to propose to the shareholders at the Annual General Meeting a reduction in share capital in order to restore the equity balance of the Company within the set legal period.

In general, the evolution of Prisa's net equity will depend, among other factors, on the performance of the Prisa Group's businesses, the recoverability of financial assets and investments, the cost of debt financing, possible contingencies and other operating costs of the Company. In this respect, a future unfavourable evolution of the Company's net equity could lead to a new situation of equity imbalance as concerns commercial legislation. This situation could entail the need to propose, to the competent corporate bodies, the implementation of new capital decreases or increases; or, in the event of a cause for dissolution that is not resolved as provided by law, the dissolution of the Company.

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, 2019, advertising revenue represented 32.1% 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 this respect, in 2018, within the framework of debt refinancing, the Company established a Super Senior credit facility until June 2023, in the amount of EUR 50 million, to finance the Company's operating needs, that was increased by EUR 30 million in April 2019, as a result of the acquisition of 25% of Santillana. As of December 31, 2019, no drawdowns of the aforementioned credit facility have been made to finance operating needs.

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 19 of the Notes, the appearance of COVID-19 (Coronavirus) is expected to lead that the situation in the markets may lead to an increase in liquidity pressures in the economy and a contraction in the credit market. In this respect, in 2018, within the framework of debt refinancing, the Company established a Super Senior credit facility until June 2023, in the amount of EUR 50 million, to finance the Company's operating needs, that was increased by EUR 30 million in April 2019, as a result of the acquisition of 25% of Santillana. As of December 31, 2019, no drawdowns of the aforementioned credit facility have been made to finance operating needs. Likewise, Santillana and its subsidiaries have credit facilities with a limit amount of EUR 44 million as of December 31, 2019, of which, EUR 14 million were drawn on that date. Therefore, at the end of 2019 financial year, the Group had undrawn credit facilities amounting to EUR 110 million, together with cash available of EUR 157 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 98.63% 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.

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, 2019, the consolidated Group had active tax credits amounting to EUR 116.3 million; of these, EUR 66.2 million corresponded to the tax consolidation group whose parent company is Prisa.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that changes in tax rules or the ability to generate positive tax bases may not suffice to recover the active tax credits arising from the negative tax bases from previous financial years, from limiting the deductible nature of financial expenses and amortizations, as well as from tax deductions.

3.2. Strategic and operational risks

Macroeconomic risks-

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

During 2019, 53.6% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 46.4% 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 (excluding Media Capital). As of December 31, 2019, advertising revenue represented 32.1% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

If macroeconomic figures worsen in the countries where the Group operates (especially GDP), 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 assets.

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.

4. NON- FINANCIAL INFORMATION

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".

5. 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 2019, **Prisa Noticias** has continued to promote multimedia content, relating to AS with the launch of daily newsletters in Google assistant, Apple Podcasts and Spotify and to El País with the integration of the Youtube Player in native applications, which provides a better user experience and encourages the development and discovery of new audiences. Furthermore, AS reached an agreement with beIN Sports to include La Liga videos in the USA.

Another commitment of the press is towards interactive formats, seeking the participation of readers with initiatives such as the "Foro de Educación" in El País, in which a question is asked every week to the educational community involved. Several messages are then selected and published in the digital edition, thereby opening a new channel of debate and enrichment.
Also with the aim of boosting participation and interactivity, AS has reached an agreement with Twitter to encourage user interactions for sports events, which have also been redesigned. In this sense, the Meristation community, the AS video game site, has also been redesigned with the aim of attracting new users and building loyalty among existing ones.

Content distribution continues to be another key part of Prisa News's media strategy and one of the innovations incorporated over the past year was the integration of Echobox, an artificial intelligence tool that helps to boost presence on social networks in an automated way using algorithms and predictive models. In addition, the El País application has also been updated,

incorporating new features such as registration to be able to read offline and read exclusive content or the printed edition in PDF format for subscribers.
Another of the distribution channels that were promoted during 2019 are email newsletters. El País launched the newsletter of Kiko Llaneras, one of the newspaper's best-known analysts, who comments every week on the results of election polls and analyses current affairs, sports or technology from a personal point of view. AS has redesigned the daily newsletter, with a selection of the day's most relevant news and has also launched the newsletter "Agenda fin de semana", so as not to forget any sporting event.

Also during 2019, efforts have continued to improve technical performance, reader experience and advertising quality with initiatives such as the progressive loading of advertising on the front page of El País and also in some sections of AS, where the length of the front page has also been reduced to optimise usability. In addition, during this year usability tests have been strengthened with the implementation of a new tool, Adobe Target, which allows multivariate testing in a very adaptable way, therefore substantially improving the user experience.

Better knowledge of the audience is also one of the areas that is being developed. In El País, this has been addressed during 2019 by encouraging registration and navigation identified as a requirement for reading exclusive articles, marked with a star. The identification of users during their navigation allows us to establish a direct communication channel with the readers, to get to know them better and to be able to optimise the value propositions that we will offer in the future.

The year ended with the start of one of the biggest challenges in the press area, the integration of the new content editor ARC, the same one used by media outlets such as the Washington Post, which will allow more efficient and versatile management of the news publication process for the digital editions. During 2020 the migration process to this new editor will be completed at El País and will also start at AS.

During 2019, **Prisa Radio** focused on the development of "*audio first*" products, which encourage users to consume the audio content that Prisa Radio is generating through its stations and its podcast production company on digital channels. The main lines of progress were the following:

Mobility. Updating of the Apps range

Several applications were launched with audio as the main feature, in products such as Podium Podcast, W Radio, Cadena Dial, Radiolé, Radioaktiva and Ke Buena. In order to achieve the necessary speed and flexibility, the developments were made by leading technology providers, instead of them being internal developments.

Audio players

A change was made in the group's music players, updating and standardising the player of both Los40 in the different countries where this brand operates: Spain, Colombia, Argentina, Mexico, Chile, Paraguay, Panama, Dominican Republic and Costa Rica, and other music stations, Tropicana, Oxígeno, Radioaktiva, Ke Buena, Vox FM, FM Dos, Corazón and Futuro. The new music player enhances streaming of local radio stations and podcast consumption.

Smart speakers

In 2019, specific products for audio consumption in smart speakers were also implemented. Applications were launched, mainly for Amazon's Alexa, for all audio products in Spain: Cadena SER, Los40, Cadena Dial, Podium Podcast and Radiolé. In this way, audio consumption is boosted through new distribution channels that are already implemented in Spanish households. This was added to the automation of the extraction of national and local bulletins for distribution via Google Assistant, achieving a very noticeable increase in consumption of digital bulletins. We also worked on vertical marketed products linked to noteworthy audio content such as comedy or history.

Recommendation algorithm. Tailorcast

From an innovation point of view, we worked hand in hand with Google on an audio personalisation project, with the implementation of the Tailorcast project, a real time audio recommendation engine.

Radio aggregator. Radioplayer

Finally, the agreement reached within the Spanish Association of Commercial Broadcasting (AERC) made the implementation of Radioplayer possible, which is a radio aggregator that facilitates the distribution of the signal through a standard tool on the market.

During 2019, in **Education**, Santillana focuses on matters related to:

Educational innovation

In the R&D+i department, **SantillanaLAB** is used to house experts, institutions, education professionals and students, with the aim of advancing in the identification of master routes towards transformation. Sessions have been held with them whose highlights are shared through *social channels* and the *innovation blog*. The potential of new educational narratives is being explored through the podcast. Attempts are being made to avoid the most disruptive classroom practices around evaluation. To this end, there is an alliance with two entities specialised in recognising and promoting creativity - the Creative Industries Network and the Juan March Foundation.

Three initiatives were implemented in 2019 to support teachers:

- An audiovisual space has been created on the SantillanaLAB blog called **Educators around the world** with experiences from the most innovative educational centres in Spain and Latam.

- Inevery Crea launched its own tool: the **GPS of Teaching** Innovation, which geolocates education professionals with the pedagogical projects with the highest impact in their professional environment, as a means to facilitate and strengthen our networks and projects.

- Inevery Crea created the initiative **#EmpoderamientoFemenino** [#Feminine Empowerment].

Meanwhile, this year **SET VEINTIUNO** received the QIA-CEX Award from a demanding and rigorous international organisation that recognises the effort to achieve innovation and excellence with a pioneering proposal in the development of 21st-century skills.

And in relation to analysis and research, the **Outlook of innovation in evaluation** is noteworthy, which has made it possible to deepen the knowledge and analysis of innovation in evaluation and examine the great issues that surround it (what does it mean to evaluate, when, how, who and what we evaluate for); and **Study scenarios**, a quantitative and qualitative research on how young people (10-16 year-olds) study today, what tools they use, what role technological devices play in studying and in communicating with other students, or how they use their textbooks once they finish their school day.

Finally, we would like to point out the knowledge management work carried out through the **Brújula de las Matemáticas** [Mathematics Compass] and the **Brújula de Lengua** [Language Compass], which are tools that make it possible to have all the reports, analysis and aspects covered by the R&D department in the investigation of products or services from these areas; or the **Observatory tool**, which helps manage everything that passes through different analyses and zooms.

Educational Technology

2019 was a year in which the Educational Technology area gained special relevance in the company's growth strategy as a lever for the progressive transformation of the business, enabling and energising the company's transition to subscription educational models that guarantee better learning

In line with the company's commitment to put customers at the centre of our strategy, we continue to work on two relevant objectives with a high innovation component for both internal and external customers: the data and its modelling to improve company decision-making and the implementation of learning analytics to have a detailed breakdown of not only what content our students consume, but of how they learn, which allows us to improve the personalisation of the teaching-learning processes.

In this regard, an important step was taken in 2019 in this new line of innovation for Santillana with the start-up in 8 countries of the progress panel for teachers (**Learning Dashboard**) with relevant information on the learning process of the students who consume Libroweb 3.0: smart content with a trace that collects the individual interactions of students.

This platform (Learning Dashboard) is the technological base on which new subscription models have been built for each subject, specifically **WeMaths**, which will be put into production in 8 countries during 2020, and **Milenguaje**, which will be marketed in the next campaign for Santillana Compartir México and will be sent to production in August 2020.

The greatest advances in digital business analytics in 2019 were carried out through 3 lines:

- **Commercial Management System (CRM) integrated to BI platform**
  In 2019, the roadmap for the implementation of the Commercial Management System (CRM) was consolidated and the analytical layer was added, integrating the CRM in more businesses and countries with the BI platform. Commercial teams have increasingly incorporated the use of this tool, which is key to the

business by allowing us to have a 360º view of our customers and configuring personalised educational solutions for schools.

- **Dashboard for headmasters**
  The fact of providing detailed and daily visibility of the use of the digital ecosystem has been verified as an important loyalty factor, as well as being a fundamental pillar in the process of the technological adoption and maturity of schools. This dashboard is also a competitive advantage for Santillana, whose coaches advice schools based on real data, contributing to better use and optimisation of the contracted solution.

- **Detailled file on the use of digital content**
  Having real-time digital content usage data allows us to better guide the investment around our most valuable asset: content.

6. LIQUIDITY AND CAPITAL RESOURCES

6.1. Financing

Note 7.3 *"Financial Liabilities"* of the accompanying notes to the financial statements of Prisa for 2019 provides a description of the use of financial instruments by the Company.

6.2. Contractual commitments

Note 10 "Operating Expenses- Operating leases" to the financial statements provide information on firm commitments giving rise to future cash outflows and associated with purchases and services received.

6.3. 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.

7. TREASURY SHARES

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

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

The operations of treasury shares, don´t realize on the basis of privilege information, nor respond to an intervention purpose in the free process of price formation.

At December 31, 2019, Promotora de Informaciones, S.A. held a total of 1,798,979 treasury shares, representing 0.254% of its share capital.

Treasury shares are valued at market price at December 31, 2019 (1.44 euros per share). The total amount of the treasury shares amounts to EUR 2,591 thousand.

At December 31, 2019, the Company did not hold any shares on loan.

8. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

Prisa's share capital at January 1st 2019 consisted of EUR 524,902 thousand and was represented by 558,406,896 ordinary shares all of which belong to the same class and series, each with a par value of EUR 0.94.

In April 2019, a capital increase with preferential subscription rights took place amounting EUR 141,229 thousand through the issuance of 150,243,297 new shares at a nominal value of EUR 0.94 each. The issuance price of shares was EUR 1.33 (EUR 0.94 of nominal value and a share premium of EUR 0.39 each).

As a result of this, as of December 31 2019, Prisa´s share capital 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 EUR 0.94, and have been fully paid up and have the same 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 2019 were Amber Capital, HSBC, Telefónica, Rucandio, International Media Group, Consorcio Transportista Occher S.A, Inversorea de Carso S.A, Carlos Fernandez, Bank Santander, Melqart Opportunities Master Fund Ltd and Polygon European Equity Opportunity Master Fund . Free float stood at around 21%.

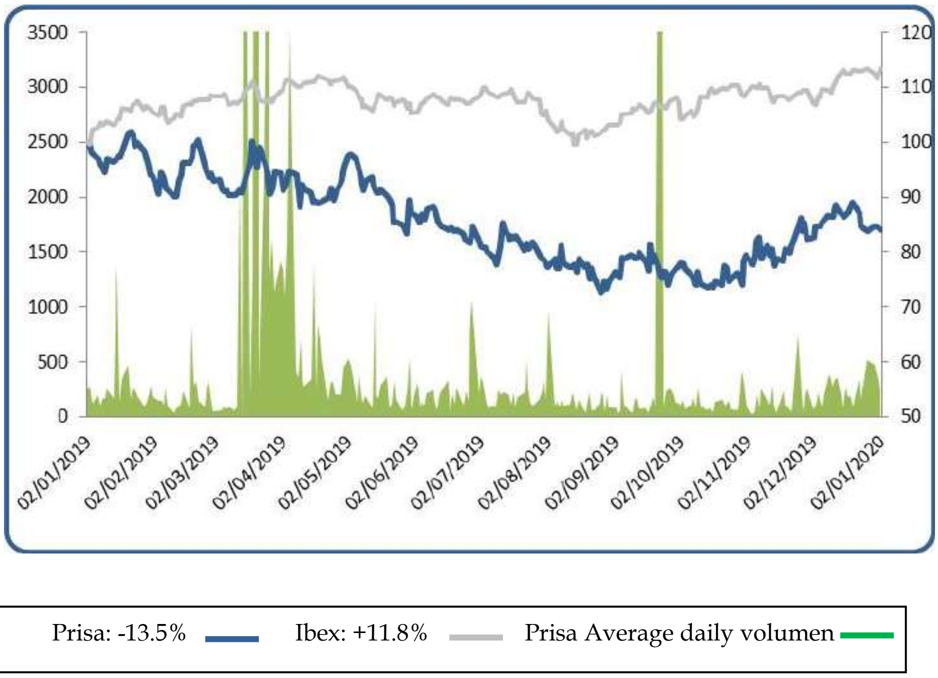
Share price performance

Prisa ordinary shares ended 2018 trading at a price of EUR 1.66 per share (December 31, 2018) and ended the year 2019 at EUR 1.44 per share (December 31, 2019), implying a devaluation of 13.3%.

Prisa's share price performance in 2019 has been conditioned by the Company capital structure and financial structure, by the execution of a capital increase to repurchase Santillana Minority, by Politic uncertainty in Spain and main countries were the company operates and by an irregular behavior of Latam currencies.

During 2019, the Company's Directors have continued taking a series of measures to strengthen the Group's financial and equity structure, with focus on profitable growth and value creation such as the repurchase of Santillana minority or the disposal of small non-strategic assets.

The following chart shows the performance of the Prisa Group's shares relative to the IBEX35 index in 2019, indexed in both cases to 100:



Source: Bloomberg (31st December 2018- 31st December 2019)

9. 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 2019, to 83 days.

The maximum legal period of payment applicable in 2019 and 2018 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers.

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

10. EVENTS AFTER THE BALANCE SHEET DATE

Regarding of the sale and purchase agreement of Vertix between Prisa and Cofina described in note 1b of the consolidated notes on March 11, 2020 Cofina voluntarily waived to continue with the share capital increase approved by Cofina's shareholders on 29 January 2020 to partially finance the price of the agreement, which implied a breach of the share purchase agreement and its termination. In this regard, the Company has initiated and will continue to pursue all measures and actions against Cofina in defence of its interests, those of its shareholders and of any others affected by the situation created by Cofina. To this extent, on 14 April 2020 the Company filed an arbitration request before the *Centro de Arbitragem Comercial da Câmara do Comércio e Indústria Portuguesa* in accordance with the sale and purchase agreement. This request does not preclude the exercise of any additional measures and actions against Cofina.

In April 2020, Prisa and Pluris Investments, S.A. (Pluris), a Portuguese company, whose ultimate beneficial owner is Mr. Mario Ferreira, have subscribed a Memorandum of Understanding ("MoU") in relation to a potential transaction involving the acquisition by Pluris of shares amounting up to thirty point twenty two percent (30.22%) of the issued share capital of Prisa's Portuguese listed subsidiary Grupo Media Capital SGPS, S.A. It is envisaged to formalise the transaction by executing a block trade agreement under standard terms and conditions for this kind of transactions.

The purpose of the MoU is to set out the initial terms and conditions under which the parties would be willing to carry out the transaction; and the steps to be taken for the completion of the mentioned transaction, including preliminary contacts before the Portuguese regulatory authorities and the prior obtainment of a waiver from certain lenders of Prisa, establishing for those purposes an exclusivity period until 15 May 2020. In this regard, the aforementioned MoU is not binding to carry out the transaction without the final agreement of the parties, and therefore is subject to the formalisation of the respective purchase agreement ("Block Trade Agreement"), among other aspects.

Finally, the Prisa Board of Directors continues to asses several alternatives to continue to reduce its investment in Media Capital.

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

Considering the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Company's businesses are uncertain, and will depend to a large extent on the development and extent of the pandemic in the coming months and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

At the date of preparation of these consolidated financial statements, therefore, it is too early to make a detailed assessment or quantification of the impact that COVID-19 might have on the Company in the coming months, due to uncertainty in the short, medium and long term.

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

- Liquidity risk: The situation in the markets may lead to an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Company has in place, among others, a Super Senior credit facility to meet operational needs for a maximum amount of 80 million euros. At December 31, 2019, no amount of the facility had been drawn down to cover operating requirements (see note 7.3). We have 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 minimise the impact of such risk.

- Risk of change in certain financial magnitudes: the factors referred to above could adversely affect the Company's advertising revenues and, to a lesser extent, sales of newspapers and magazines and sale of books, which could lead to a decrease in the relevant captions for the Company in the next consolidated financial statements, such as "Revenue", "Operating income" or "Profit before tax". In this regard, the Company has made an estimation of the impact of COVID-19 in the first quarter of 2020, without being significant in the above magnitudes. At March 31, 2020, the pandemic would not have had a significant impact in its net debt either. The Company will work along 2020 in a contingency plan with the aim of minimizing the possible adverse effects derived from this situation. However, it is not possible at this stage to reliably quantify the impact, given the constraints and limitations already indicated.

  This 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 Company. In this sense, in April 2020, Prisa has agreed with the financial creditors of the Override Agreement and the Super Senior Credit facility, among other aspects, a flexibilization to compliance with the financial ratios (covenants) to which the Company is subject and for a period extending until March 2021. Therefore, this agreement allows Prisa more flexibility to compliance with its financial obligations.

- 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, tax credits, receivables, etc.) and on the need to recognise provisions or other liabilities. As soon as adequate and reliable information is available, analyses and calculations will be made to remeasure those assets and liabilities as necessary.

- Continuity risk (going concern): in the light of all the above factors, the Directors consider that the conclusion detailed in note 1b on 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.