

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Notes to the Interim Condensed Financial Statements for the six months ended June 30, 2021

Translation of condensed financial statements originally issued in Spanish and prepared in accordance with Spanish Law. In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX
MONTHS ENDED JUNE 30, 2021**

(1) BASIS OF PRESENTATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The interim condensed financial statements of Promotora de Informaciones, S.A. for the first half of 2021 have been prepared in accordance with Royal Decree 1514/2007, approving the Spanish National Chart of Accounts, which has been modified through Royal Decree 602/2016 and Royal Decree 1/2021, and its sectoral adaptations, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

The interim condensed financial statements for the six months ended June 30, 2021 and the notes have been prepared by the Company's Directors in accordance with the Spanish National Chart of Accounts, in compliance with RD 1362/2007, of October 19, implementing the Spanish Securities Market Law 24/1988, of July 28, as it relates to the need for transparent information on issuers whose securities are admitted to trading on an official secondary market.

These interim condensed financial statements were approved by Prisa's Directors on July 27, 2021.

These condensed financial statements are presented in thousands of euros.

The interim financial reporting is prepared in order to update the latest approved financial statements, highlighting the new activities, events and circumstances that have taken place during the first six month of the year and avoiding the repetition of information previously reported in the financial statements for 2020. Therefore, the interim condensed financial statements do not contain all the information and disclosures required for a complete set of financial statements in accordance with the Spanish National Chart of Accounts. In order to correctly understand the information included in these condensed financial statements, they must be read in conjunction with the financial statements for 2020.

The accounting principles and measurement bases applied by the Company are applied uniformly in all transactions, events and concepts, in the first half of 2021 and 2020.

a) New standards which have become effective

The application of the amendments and interpretations applicable from January 1, 2021 did not have a significant impact on the Company's condensed interim financial statements for the present period.

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

b) Estimates

Earnings and the determination of equity are subject to the accounting policies and standards, measurement bases and estimates applied by the Company's Directors in the preparation of the interim condensed financial statements. The accounting policies and standards and measurement bases are explained in notes 2 and 4 to the financial statements for 2020.

In the interim condensed financial statements, estimates were occasionally made by management of the Company to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates, based on the best information available, refer mainly to:

1. The measurement of assets to determine the possible existence of impairment losses.
2. The useful life of property, plant and equipment and intangible assets.
3. The assumptions used to calculate the fair value of financial instruments.
4. The likelihood and amount of undetermined or contingent liabilities.
5. Provisions for unissued and outstanding invoices.
6. The estimates made for the determination of future commitments.
7. The recoverability of deferred tax assets.
8. Income Tax

Although these estimates were made on the basis of the best information available to date on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) at the end of 2021 or future reporting periods. The effects of changes in accounting estimates are applied prospectively in profit and loss in the periods affected by the change.

In the six months ended June 30, 2021, there were no significant changes in the estimates made at the end of 2020.

c) Comparison of the information

In accordance with company legislation, the information of these interim condensed financial statements for the first half of 2020 is shown with the figure for the first half of 2021 for comparison purposes.

d) Materiality

The Company assessed materiality in relation to the condensed interim financial statements in determining the information to disclose in these explanatory notes regarding the different line items in the interim financial statements.

d) Correction of errors

No errors were corrected in the condensed financial statements for the six months ended June 30, 2021.

(2) EQUITY INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The transactions performed during the first half of 2021, in this category of financial assets, are summarized as follows (in thousands of euros):

	Balance at 12/31/2020	Additions	Reversals	Transfers	Disposals	Balance at 06/30/2021
Cost						
Investments in Group companies	1,133,256	100,961	-	-	(392,781)	841,436
Diario El País México, S.A. de C.V.	898	-	-	-	-	898
Prisa Noticias, S.L.	108,730	245	-	-	-	108,975
Prisa Participadas, S.L.U.	550,599	-	-	-	(210,417)	340,182
Promotora de Actividades América 2010, S.L.	10	-	-	-	-	10
Promotora de Actividades Audiovisuales de Colombia, Ltda.	4	-	-	-	-	4
Prisa Activos Educativos, S.L.	314,914	509	-	-	(182,364)	133,059
Prisa Media, S.L.	155,907	207	-	-	-	156,114
Prisa Gestión Financiera, S.L.	2,194	100,000	-	-	-	102,194
Investments in associates	1,176	-	-	-	-	1,176
Total cost	1,134,432	100,961	-	-	(392,781)	842,612
Impairment losses						
In Group companies	(241,168)	(14,021)	1	(3,587)	-	(258,775)
Diario El País México, S.A. de C.V.	(893)	-	1	-	-	(892)
Prisa Participadas, S.L.U.	(238,067)	(13,868)	-	-	-	(251,935)
Promotora de Actividades América 2010, S.L.	(10)	-	-	-	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	(4)	-	-	-	-	(4)
Prisa Gestión Financiera, S.L.	(2,194)	(153)	-	(3,587)	-	(5,934)
In associates	(1,145)	-	10	-	-	(1,135)
Total impairment losses	(242,313)	(14,021)	11	(3,587)	-	(259,910)
Net Value	892,119	86,940	11	(3,587)	-	582,702

Additions and transfers 2021

In June 2021, within the framework of the Group's corporate reorganization, the Company has made a monetary partner contribution to Prisa Gestión Financiera, S.L. (Sole proprietorship) for the amount of EUR 100,000 thousand.

Disposals 2021

As of June 2021, and also within the framework of the Group's corporate reorganization, the following operations have taken place:

1. Refund of contributions by Prisa Participadas, S.L. (Sole proprietorship) consisting of a distribution of the share premium through the assignment of the following credits:

- Participating loan granted by this entity to the Company for the amount of EUR 62,492 thousand.
- Loan granted by this entity to the Company for the amount of EUR 94,952 thousand.
- Cash pooling balance with the centralizing company of the Group's cash pooling balances, Prisa Gestión Financiera, S.L. (Sole proprietorship), for the amount of EUR 67,569 thousand.

EUR 210,417 thousand of the total share premium distributed, and in accordance with the profits generated and not distributed by the investee or any group company in which the latter has an interest, which must be considered within any distribution of available reserves as income to the shareholder, has been considered to constitute a lower cost of the investment, with the remainder corresponding to dividend income (*see note 4*).

2. Return of shareholder contributions by Prisa Activos Educativos, S.L. (Sole proprietorship) in the amount of EUR 266,825 thousand, through the assignment of the loan granted by the latter to the Company for the same amount.

In this case, after analyzing the profits generated and not distributed by the investee and its subsidiaries, it has been considered that the amount associated with a decrease in the value of the investment amounts to EUR 182,364 thousand, with the remainder corresponding to dividend income (*see note 4*).

(3) PAYABLE TO GROUP COMPANIES AND ASSOCIATES

As described in Note 2, corporate transactions have resulted in a decrease in "Non-current Payable to Group Companies and Associates" for a total amount of EUR 424,269 thousand.

(4) INCOME AND EXPENSES

Likewise, the corporate operations described in note 2, and according to the profits generated and not distributed from the date of acquisition or incorporation by the investee company and its subsidiaries, have generated a dividend income in the Company of EUR 99,057 thousand.

Report on Limited Review

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Consolidated Director's Report for six month period ended
June 30, 2021

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

To the Shareholders of Promotora de Informaciones, S.A. at the request of Board of Directors:

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, the parent) and subsidiaries (hereinafter, the Group), which comprise the balance sheet as at June 30, 2021, the income statement, the statement of other comprehensive income, the statement of changes in equity, the cash flow statement and the explanatory notes, all of which have been condensed and consolidated for the six-month period then ended. The parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by the International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements for the six-month period ended at June 30, 2021 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim financial statements.

Emphasis paragraph

We draw attention to the matter described in accompanying explanatory note 1, which indicates that the abovementioned interim financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2020. This matter does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying consolidated interim management report for the six-month period ended June 30, 2021 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which is not an integral part, as well as on the information required in article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2021. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph and does not include the review of information other than that obtained from the accounting records of PROMOTORA DE INFORMACIONES, S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Board of Directors with regard of the semi-annual financial report required by article 119 of the consolidated text of the Securities Market Law developed by Royal Decree 4/2015, of October 23.

ERNST & YOUNG, S.L.

Antonio Vázquez Pérez
(signed on the original in Spanish)

July 27, 2021

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Interim Condensed Consolidated Financial Statements together with Consolidated
Directors' Report for the six months ended June 30, 2021

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

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Interim Condensed Consolidated Financial Statements for the six months ended June
30, 2021

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET AT JUNE 30, 2021
(Thousands of Euros)

ASSETS	Notes	06/30/2021 (*)	12/31/2020	EQUITY AND LIABILITIES	Notes	06/30/2021 (*)	12/31/2020
A) NON-CURRENT ASSETS		453,942	443,259	A) EQUITY	9	(456,609)	(402,980)
I. PROPERTY, PLANT AND EQUIPMENT	3	154,901	155,464	I. SHARE CAPITAL		70,865	70,865
II. GOODWILL	4	115,022	112,501	II. OTHER RESERVES AND ACCUMULATED PROFIT FROM PRIOR YEARS		(431,782)	(516,048)
III. INTANGIBLE ASSETS	4	100,935	97,543	III. RESULT FOR THE YEAR ATTRIBUTABLE TO THE PARENT		(56,179)	89,737
IV. NON-CURRENT FINANCIAL ASSETS	5	10,045	10,493	IV. TREASURY SHARES		(1,935)	(1,530)
V. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	6	25,323	24,679	V. TRANSLATION DIFFERENCES		(80,903)	(92,275)
VI. DEFERRED TAX ASSETS	7	47,701	42,563	VI. NON CONTROLLING INTEREST		43,325	46,271
VII. OTHER NON-CURRENT ASSETS		15	16	B) NON-CURRENT LIABILITIES		1,072,903	948,543
B) CURRENT ASSETS		470,612	528,460	I. NON-CURRENT BANK BORROWINGS	10	928,827	810,568
I. INVENTORIES		51,187	45,708	II. NON-CURRENT FINANCIAL LIABILITIES	10	103,522	99,348
II. TRADE AND OTHER RECEIVABLES				III. DEFERRED TAX LIABILITIES	7	18,026	16,840
1. Trade receivables for sales and services		209,268	252,120	IV. LONG-TERM PROVISIONS	11	18,973	19,195
2. Receivable from associates		4,693	3,797	V. OTHER NON-CURRENT LIABILITIES		3,555	2,592
3. Receivable from public authorities		26,117	24,883	C) CURRENT LIABILITIES		308,260	426,156
4. Other receivables		25,128	23,698	I. TRADE PAYABLES		157,538	191,454
5. Allowances	8	(53,280)	(55,786)	II. PAYABLE TO ASSOCIATES		873	1,034
		211,926	248,712	III. OTHER NON-TRADE PAYABLES		34,786	39,656
III. CURRENT FINANCIAL ASSETS	5	3,438	7,718	IV. CURRENT BANK BORROWINGS	10	31,316	102,746
IV. CASH AND CASH EQUIVALENTS		201,021	221,879	V. CURRENT FINANCIAL LIABILITIES	10	18,652	18,558
V. ASSETS CLASSIFIED AS HELD FOR SALE		3,040	4,443	VI. PAYABLE TO PUBLIC AUTHORITIES		24,664	29,321
				VII. CURRENT PROVISIONS		8,683	9,986
				VIII. OTHER CURRENT LIABILITIES		30,089	29,967
				IX. LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		1,659	3,434
TOTAL ASSETS		924,554	971,719	TOTAL EQUITY AND LIABILITIES		924,554	971,719

(*) Non audited financial statements

The accompanying Notes 1 to 21 are an integral part of the Condensed Consolidated Balance Sheet at June 30, 2021.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Thousands of Euros)

	Notes	06/30/2021 (*)	06/30/2020 (**)
Revenues		301,810	348,603
Other income		4,405	4,551
OPERATING INCOME	12-15	306,215	353,154
Cost of materials used		(41,115)	(58,601)
Staff costs		(143,848)	(137,695)
Depreciation and amortisation charge	3-4	(30,921)	(37,090)
Outside services	12	(119,975)	(129,523)
Variation in operating allowances		1,455	(7,402)
Impairment of goodwill		0	(16,602)
Other expenses		(220)	(4,319)
OPERATING EXPENSES		(334,624)	(391,232)
RESULT FROM OPERATIONS		(28,409)	(38,078)
Finance income		9,603	1,369
Finance costs		(32,193)	(36,198)
Changes in value of financial instruments		(7,703)	(2,917)
Exchange differences (net)		1,238	622
FINANCIAL RESULT	13	(29,055)	(37,124)
Result of companies accounted for using the equity method		(306)	(6,941)
RESULT BEFORE TAX FROM CONTINUING OPERATIONS		(57,770)	(82,143)
Expense tax		(664)	(67,511)
RESULT FROM CONTINUING OPERATIONS		(58,434)	(149,654)
Result after tax from discontinued operations	14	-	(73,975)
CONSOLIDATED RESULT FOR THE PERIOD		(58,434)	(223,629)
Result attributable to non controlling interests		2,255	11,579
RESULT ATTRIBUTABLE TO THE PARENT	15	(56,179)	(212,050)
BASIC EARNINGS PER SHARE (in euros)		(0.08)	(0.30)
DILUTED EARNINGS PER SHARE (in euros)		(0.08)	(0.30)

(*) Non audited financial statements

(**) The consolidated income statement for the first half of 2020 has been restated for comparative purposes and in accordance with IFRS 5 to present the result of Santillana Spain as a discontinued operation and has not been audited (note 1d).

The accompanying Notes 1 to 21 are an integral part of the Condensed Consolidated Income Statement for the six months ended June 30, 2021

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS
ENDED JUNE 30, 2021
(Thousands of Euros)

	06/30/2021 (*)	06/30/2020 (*)
CONSOLIDATED PROFIT FOR THE YEAR	(58,434)	(223,629)
Items that may be reclassified subsequently to profit or loss	3,656	(61,993)
Translation differences	3,088	(53,455)
Profit/(Loss) for valuation	3,185	(53,903)
Amounts transferred to the profit and loss account	(97)	448
Other non-current financial assets at fair value	-	-
Profit/(Loss) for valuation	-	-
Tax effect	-	-
Entities accounted for using the equity method	568	(8,538)
TOTAL RECOGNIZED INCOME AND EXPENSE	(54,778)	(285,622)
Attributable to the Parent	(51,874)	(270,325)
Attributable to non-controlling interests	(2,904)	(15,297)

(*) Non audited financial statements

The accompanying Notes 1 to 21 are an integral part of the Condensed Consolidated Statement of Comprehensive Income for the six months ended June 30, 2021.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2021 (Thousands of Euros)

	Share Capital	Share Premium	Reserves	Prior Years' Accumulated Profit	Treasury Shares	Translation Differences	Accumulated Profit for the Year	Equity Attributable to the Parent	Non Controlling Interests	Total Equity
BALANCE AT DECEMBER 31, 2019	666,131	254,180	(521,182)	(646,207)	(2,591)	(49,393)	(182,298)	(481,360)	69,756	(411,604)
Capital reduction	(595,266)		595,266					0		0
Treasury share transactions										
- Delivery of treasury shares					58			58		58
- Sale of treasury shares					955			955		955
- Purchase of treasury shares					(1,006)			(1,006)		(1,006)
- Reserves for treasury shares			(1,670)		1,670			-		-
Distribution of 2019 result										
- Prior year losses			(209,606)	27,308			182,298	0		0
Income and expense recognised in equity										
- Translation differences				(4,211)		(54,064)		(58,275)	(3,718)	(61,993)
- Result for 2020							(212,050)	(212,050)	(11,579)	(223,629)
Other		(254,180)	252,767	811				(602)	(238)	(840)
Changes in non controlling interest										
- Dividends recognized during the Year									(550)	(550)
- Due to changes in scope of consolidation									29	29
- Due to changes in percentage of ownership									23,580	23,580
BALANCE AT JUNE 30, 2020 (*)	70,865	0	115,575	(622,299)	(914)	(103,457)	(212,050)	(752,280)	77,280	(675,000)
BALANCE AT DECEMBER 31, 2020	70,865	0	118,146	(634,194)	(1,530)	(92,275)	89,737	(449,251)	46,271	(402,980)
Treasury share transactions										
- Sale of treasury shares					596			596		596
- Purchase of treasury shares					(1,311)			(1,311)		(1,311)
- Reserves for treasury shares			(310)		310			-		-
Distribution of 2020 result										
- Reserves			(52,793)	142,530			(89,737)	0		0
Income and expense recognised in equity										
- Translation differences				(7,067)		11,372		4,305	(649)	3,656
- Result for 2021							(56,179)	(56,179)	(2,255)	(58,434)
Other			1,572	334				1,906	1,096	3,002
Changes in non controlling interest										
- Dividends recognized during the Year									(1,295)	(1,295)
- Due to changes in scope of consolidation									157	157
BALANCE AT JUNE 30, 2021 (*)	70,865	0	66,615	(498,397)	(1,935)	(80,903)	(56,179)	(499,934)	43,325	(456,609)

(*) Non audited financial statements

The accompanying Notes 1 to 21 are an integral part of the Condensed Consolidated Statement of Changes in Equity for the six months ended June 30, 2021.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED CASH FLOWS STATEMENT FOR THE SIX MONTHS ENDED JUNE
30, 2021

(Thousands of Euros)

	06/30/2021 (*)	06/30/2020 (**)
RESULT BEFORE TAX FROM CONTINUING OPERATIONS	(57,770)	(82,143)
Depreciation and amortisation charge and provisions	29,680	65,286
Changes in working capital	3,969	3,965
Inventories	(5,479)	17,877
Accounts receivable	40,370	130,609
Accounts payable	(30,922)	(144,521)
Income tax recovered (paid)	(8,884)	(11,759)
Other profit adjustments	37,360	39,765
Financial results	29,055	37,124
Gains and losses on disposal of assets	(547)	(1,292)
Other adjustments	8,852	3,933
CASH FLOWS FROM OPERATING ACTIVITIES	4,355	15,114
Recurrent investments	(17,421)	(24,597)
Investments in intangible assets	(13,578)	(17,089)
Investments in property, plant and equipment	(3,843)	(7,508)
Investments in non-current financial assets	(10,305)	(584)
Proceeds from disposals	5,693	15,221
Investments in non-current financial assets	1,608	0
CASH FLOWS FROM INVESTING ACTIVITIES	(20,425)	(9,960)
Proceeds and payments relating to equity instruments	(715)	(51)
Proceeds relating to financial liability instruments	125,569	106,515
Payments relating to financial liability instruments	(96,065)	(18,558)
Dividends and returns on other equity instruments paid	(1,443)	(1,096)
Interest paid	(15,160)	(20,753)
Other cash flow from financing activities	(19,573)	(14,657)
CASH FLOWS FROM FINANCING ACTIVITIES	(7,387)	51,400
Effect of foreign exchange rate changes	2,599	(12,037)
CHANGE IN CASH FLOWS FROM CONTINUING OPERATIONS	(20,858)	44,517
Cash flows from operating activities from discontinued operations	-	(19,788)
Cash flows from investing activities from discontinued operations	-	(10,000)
Cash flows from financing activities from discontinued operations	-	7,540
CHANGE IN CASH FLOWS FROM DISCONTINUED OPERATIONS	-	(22,248)
CHANGE IN CASH FLOWS IN THE YEAR	(20,858)	22,269
Cash and cash equivalents at beginning of year	221,879	166,580
- Cash	168,712	107,610
- Cash equivalents	53,167	58,970
Cash and cash equivalents at end of period	201,021	188,849
- Cash	195,651	157,285
- Cash equivalents	5,370	31,564

(*) Non audited financial statements.

(**) The consolidated statement of cash flow for the first half of 2020 has been restated for comparative purposes and in accordance with IFRS 5 to present the cash flow of Santillana Spain as a discontinued operation and has not been audited (note 1d).

The accompanying Notes 1 to 21 are an integral part of the Condensed Consolidated Cash Flow Statement for the six months ended June 30, 2021.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Notes to the Interim Condensed Consolidated Financial Statements for the six months
ended June 30, 2021

Translation of condensed consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

(1) BASIS OF PRESENTATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The interim condensed consolidated financial statements of Promotora de Informaciones, S.A. (the Company or Prisa) and subsidiaries (Prisa Group or Group) for the first half of 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

The interim condensed consolidated financial statements for the six months ended June 30, 2021 and the notes have been prepared by the Group’s directors are presented in accordance with the International Accounting Standard (IAS) 34 *Interim Financial Reporting* in compliance with RD 1362/2007, of October 19, implementing the Spanish Securities Market Law 24/1988, of July 28, as it relates to the need for transparent information on issuers whose securities are admitted to trading on an official secondary market.

These interim condensed consolidated financial statements were approved by Prisa’s Directors on July 27, 2021.

These consolidated financial statements are presented in thousands of euros.

In accordance with IAS 34, the interim financial reporting is prepared in order to update the latest approved consolidated financial statements, highlighting the new activities, events and circumstances that have taken place during the first six month of the year and avoiding the repetition of information previously reported in the consolidated financial statements for 2020. Therefore, the interim condensed consolidated financial statements do not contain all the information and disclosures required for a complete set of consolidated financial statements in accordance with IFRSs as adopted by the European Union. In order to correctly understand the information included in these condensed consolidated financial statements, they must be read in conjunction with the consolidated financial statements for 2020.

The IFRSs are applied in the preparation of the consolidated financial information of the Group. The financial statements of individual companies that are part of the Group are prepared and presented in accordance with accounting standards in each country.

In accordance with IAS 8, the accounting principles and measurement bases applied by the Group are applied uniformly in all transactions, events and concepts, in the first half of 2021 and 2020.

The interim condensed consolidated financial statements for the six months ended June 30, 2021 are subjected to a limited review by the external auditor of the Company.

a) Evolution of the financial structure of the Group

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

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

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

On June 29, 2020, the Prisa's General Shareholder Meeting agreed to reduce in share capital of the Parent Company in order to re-establish its equity balance. Therefore, on December 31, 2020 and June 30, 2021, the Parent Company's equity was greater than two thirds of the capital stock, which is why it was in a situation of equity balance at those dates.

On September 4, 2020, Prisa signed with a plurality of investors independent agreements for the sale of shares of Media Capital, which together represented the entire shareholding (64.47%) held by Prisa through Vertix in the Portuguese company. On November 3, 2020, the sale of shares for a price of 36.9 million euros was completed.

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

In October 2020, Prisa signed a lock-up agreement (the "Lock-up Agreement") which contained a term sheet that sets out, among other aspects, the essential terms on which the Group's syndicated financial debt restructured (the "Refinancing"). The Refinancing was conditioned on successfully completing the selling of certain Santillana K-12 and pre K-12

business assets in Spain and it was binding on all creditors owed the financial debt to be restructured. On December 31, 2020 the Refinancing came into effect, once the agreements reached with all of its creditors were concluded, among which were included, the culmination of the sale of Santillana Spain, as described above (*see note 10*).

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

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

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

Considering the complexity of the markets due to their globalization the consequences for the Group's businesses are uncertain, and will depend to a large extent on the impact of the pandemic, the effectiveness of the current medical treatments and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

Therefore, at the date of approval of these interim condensed consolidated financial statements, we have carried out an assessment and quantification of the impacts that COVID-19 had on the Group as of June 30, 2021. There is still a high level of uncertainty about its consequences in the short term.

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

- Liquidity risk: the situation in the markets has caused an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Group has in place a Super Senior debt ("*Super Senior Term & Revolving Facilities Agreement*") to meet operational needs for a maximum amount of EUR 225 million, of which EUR 145 million were drawn as of June 30, 2021. Likewise, the rest of subsidiaries of the Group have credit facilities with a limit amount of EUR 41.8 million that are undrawn as of June 30, 2021 (*see note 10*). Therefore, as of June 30, 2021, the Group had undrawn credit facilities amounting to EUR 121.8 million, together with cash available of EUR 191 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.
- Operational risk: the changing and unpredictable nature of events could lead to the emergence of a risk of interruption in the provision of services or sales. Therefore, the Group has established contingency plans aimed at monitoring and managing its operations at all times. To date, no notable incidents have been revealed.

- Risk of change in certain financial magnitudes: the factors referred to above have adversely affect the Group's advertising revenues and to sales of newspapers and magazines and sale of books and training, which can continue to lead a decrease in the relevant captions for the Group in the next consolidated financial statements, such as "Revenue", "Result from operations" or "Result before tax". In this regard, it is estimated that the decrease in income from the sale of books and training during the first half of 2021 compared to the same period of the previous year has been mainly affected by the effect of the pandemic on the Education business in Latam. However, COVID -19 has affected the Group's advertising revenue to a lesser extent during the first half of 2021 compared to the same period of the previous year.

Therefore, the Group has implemented a contingency plan with the aim of minimizing the aforementioned effects. As of June 30, 2021, this contingency plan has resulted in cost savings, and therefore an improvement in the Group's profit from operations of EUR 26 million, and fixed cost savings for 2021 are estimated to more than EUR 35 million in relation to 2019 (excluding severances and exchange rate effect). However, it is not possible at this stage to reliably quantify the impact of COVID-19 in next financial statements, given the constraints and limitations already indicated.

Likewise, COVID-19 could also have an adverse impact on key indicators for the Group, such as financial leverage ratios and compliance with financial ratios included in the financial agreements of the Group. In this sense, with the agreed Refinancing, the Group's financial debt is made more flexible and endowed with a financial structure that makes it possible to meet its financial commitments (including financial ratios (covenants)), ensuring the Group's stability in the short and medium term.

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets (goodwill, intangible assets, deferred tax assets, trade and other receivables, etc.) and on the need to recognize provisions or other liabilities. The appropriate analyses and calculations have been carried out which have allowed, where appropriate, those assets and liabilities to be re-measured with the information available to date. At June 30, 2021 there have not been significant changes in the estimates at the end of 2020 in the aforementioned magnitudes.
- Continuity risk (going concern): in the light of all the above factors, the Directors of the Group consider that the application of the going concern principle remains valid.

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

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

b) New standards which have become effective

The application of the amendments and interpretations applicable from January 1, 2021 did not have a significant impact on the Group's condensed interim consolidated financial statements for the present period.

Amendment to IFRS 16 Leases - "Rent improvements" has meant a lower lease expense in the first half 2021 of EUR 0.2 million.

The Group has elected not to early adopt other IFRSs issued but not yet effective.

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

c) Estimates

Consolidated earnings and the determination of consolidated equity are subject to the accounting policies and standards, measurement bases and estimates applied by the Group's directors in the preparation of the interim condensed consolidated financial statements. The accounting policies and standards and measurement bases are explained in notes 2 and 4 to the consolidated financial statements for 2020.

In the interim condensed consolidated financial statements, estimates were occasionally made by management of the Group to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates, based on the best information available, refer mainly to:

1. Income tax expense, which in accordance with IAS 34 is recognized in each interim period based on the best estimate of the weighted average annual income tax rate the Group expects for the full year.
2. The measurement of assets and goodwill to determine the possible existence of impairment losses.
3. The useful life of property, plant and equipment and intangible assets.
4. The assumptions used to calculate the fair value of financial instruments.
5. The likelihood and amount of undetermined or contingent liabilities.
6. Provisions for unissued and outstanding invoices.
7. Estimated sales returns received after the end of the reporting period.
8. The estimates made for the determination of future commitments.
9. The recoverability of deferred tax assets.
10. Determination of the lease term in contracts with renewal option.

Although these estimates were made on the basis of the best information available to date on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) at the end of 2021 or future reporting periods. The effects of changes in accounting estimates are applied prospectively in profit and loss in the periods affected by the change.

In the six months ended June 30, 2021, there were no significant changes in the estimates made at the end of 2020.

d) Comparison of the information

In accordance with commercial legislation, in addition to the figures for the first half of 2021, the figures for the previous year or period are presented for comparison purposes with each of the items in the condensed consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement. Comparative information for the previous year or period is also included in the notes to the financial statements, except where an accounting standard specifically states that it is not required. Therefore, the information contained in these interim condensed consolidated financial statements for the previous year and the six months ended June 30, 2020 are presented only for comparison purposes with the information relating to the six months ended June 30, 2021.

Since October 2020, as a consequence of the contract signed with Sanoma Corporation for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12, the results of Santillana Spain were reclassified as a discontinued operation under "*Result after tax from discontinued operations*".

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement and the consolidated cash flow statement for the first half of 2020 and their disclosures in the notes have been modified to present Santillana Spain as a discontinued operation (*see note 14*).

e) Seasonality of the Group

Given the different sources of revenues and activities carried out by Group companies, operations are not considered to be highly cyclical or seasonal. The evolution of the educational business results throughout the year depends on the timing of the educational campaigns in the different countries where it operates. However, this effect is mitigated by the performance of the result from other sources of revenues such as advertising.

f) Materiality

In accordance with IAS 34 the Group assessed materiality in relation to the condensed interim consolidated financial statements in determining the information to disclose in these explanatory notes regarding the different line items in the interim financial statements.

g) Correction of errors

No errors were corrected in the condensed consolidated financial statements for the six months ended June 30, 2021.

(2) CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in the first half of 2021 were as follows:

Subsidiaries

In January 2021, the companies LS4 Radio Continental S.A, Radio Estéreo, S.A. and Nostalgie Amsud, S.A. (NASA) were sold.

In March 2021, the liquidation of Málaga Altavisión, S.A.U. took place.

In May 2021, the merger of Teleradio Pres, S.L. with Sociedad Independiente de Comunicación Castilla La Mancha, S.A. took place.

These changes in the Group structure have not had a significant impact on the consolidated financial statements.

(3) PROPERTY, PLANT, AND EQUIPMENT

Additions to the Group's condensed consolidated financial statements under "*Property, plant and equipment*" during the first half of 2021 totaled EUR 3,843 thousand, corresponding mainly to the investments made for Santillana in digital developments and learning systems (EUR 2,448 thousand) as well as investments of all the business units in computer for an amount of EUR 527 thousand.

The amount of the net assets subject to IFRS 16 amounts to EUR 108,832 thousand as of June 30, 2021 and mainly corresponds with the contract leases of offices and warehouses of the Group and contracts leases of learning systems.

The expense of amortization of property, plant and equipment registered during the first half of 2021 amounts to EUR 14,960 thousand, of which EUR 8,589 thousand corresponding to the amortization of property, plant and equipment held under leases.

(4) GOODWILL AND INTANGIBLE ASSETS

Goodwill

The increase in "*Goodwill*" is due to the effect of change in exchange rate in goodwill resulting from investment in Editora Moderna, Ltda.

Impairment tests

COVID-19 has been an indication of impairment on the recoverable value of certain goodwill's, to the extent that has adversely affected the revenue generation of the Group. For these purposes, in the first half of 2021 there has been an indication of impairment associated

with COVID-19 in the goodwill of Editora Moderna, Ltda. Therefore, this test has been updated to estimate the value in use of the cash-generating unit, calculated on the basis of the estimated future cash flows based on the business plans most recently elaborated 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. These projections cover the following five years and include a residual value that is appropriate for each business. The expected growth rate that has been used in Editora Moderna, Ltda. impairment test is located in the first half of 2021 and in 2020 between 0% and 0.5%.

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 corresponding to each cash-generating unit. The rate that has been used for the impairment test of Editora Moderna, Ltda. is between 11% and 12% (11.5% and 12.5% in 2020).

Results of the impairment tests-

The result of this test has meant there is not an impairment in the goodwill of Editora Moderna Ltda. as of June 30, 2021.

Sensitivity to changes in key assumptions-

- Editora Moderna, Ltda.

To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would exceed the book value by EUR 91.5 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 93.5million.

Intangible assets

Additions to the Group's condensed consolidated financial statements under "*Intangible assets*" during the first half of 2021 amounted to EUR 13,578 thousand and are derived mainly from prototypes of the education business (EUR 8,738 thousand) and the acquisition of computer software by group entities (EUR 4,434 thousand).

The amount of the net assets subject to IFRS 16 amounts to EUR 10,318 thousand as of June 30, 2021 and corresponds with the contract leases of administrative concessions of Radio.

The amortization expense of intangible assets registered during the first half of 2021 amounts to EUR 15,961 thousand, of which EUR 2,195 thousand correspond to the amortization of intangible assets held under leases.

(5) FINANCIAL ASSETS

The detail of "Non- current financial assets" and "Current financial assets" is as follows:

	Thousands of euros					
	Non-current financial assets		Current financial assets		Total financial assets	
	06/30/21	12/31/20	06/30/21	12/31/20	06/30/21	12/31/20
Financial assets at amortized cost						
<i>Loans and receivables</i>	5,032	5,460	2,229	2,869	7,261	8,329
<i>Other financial assets at amortized cost</i>	5,013	5,033	1,209	4,849	6,222	9,882
Total	10,045	10,493	3,438	7,718	13,483	18,211

The decrease in "Current financial investments" is mainly due to the collection of indemnity deposits for the favorable resolution of the ERE lawsuits in the News segment (EUR 2,117 thousand) and the collection of part of the dividend of Sistema Radiópolis, S.A. de C.V. that was pending at December 31, 2020 (EUR 1,621 thousand).

(6) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Changes in "Investments accounted for using the equity method" in the accompanying condensed consolidated balance sheet, during the first half of 2021, are mainly due to the results participation in Sistema Radiópolis, S.A. de C.V. and by the effect of the exchange rate.

In the first half of 2021, the impairment test of net investment in Sistema Radiópolis, S.A. de C.V. was updated as a consequence of the possible negatives effects that COVID-19 could have had on the recoverable value of this investment, which value in use has been calculated based on the forecasts of the next 5 years, including a residual value in which a rate of constant expected growth of between 0.5% and 1.5% (between 0.5% and 1.5% in 2020). 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 corresponding to each cash-generating unit. Therefore, in the first half of 2021 the rates used ranged from 11% to 11.5% (between 12% to 12.5 in 2020).

The result of this test has meant there is not an additional impairment in the net investment of Sistema Radiópolis, S.A. de C.V. as of June 30, 2021.

(7) TAX MATTERS

Deferred tax assets and liabilities-

The variation in the caption "Deferred Tax Assets" amounting to EUR 5,138 thousand reflects the effect of recording of tax credits for accounting purposes as a result of the losses generated in certain companies of the Santillana and Radio business in Latin America during the year and exchange rate fluctuations.

The net change in the caption "*Deferred Tax Liabilities*" amounting to EUR 1,186 thousand mainly reflects the different accounting and tax allocation criteria for certain intangible asset amortization expenses, as well as the recording of institutional sales in Brazil.

Tax inspections-

At the date of preparation of these explanatory notes, an appeal in cassation has been filed with the Supreme Court against the dismissal of the National High Court's ruling on VAT for the period June 2007 to December 2008. There will be no additional economic impact derived from these actions.

At the date of the preparation of these explanatory notes, the partially upholding Resolution of the TEAC has been executed regarding VAT for the period from May 2010 to December 2011, which has generated a refund of EUR 8,068 thousand (*see note 13*). The company has also withdrawn the contentious-administrative appeal filed before the National High Court's regarding this inspection procedure.

At the date of preparation of these explanatory notes, a refund of EUR 229 thousand has been obtained as a result of the execution of the ruling upholding the economic-administrative claim relating to the Personal Income Tax Act for the period from May 2010 to December 2012.

As of the date of preparation of these explanatory notes at the date of preparation of these explanatory notes a contentious-administrative appeal has been filed against the decision of the TEAC partially upholding the inspection procedure relating to the fiscal years 2012 to 2015 of the Tax Consolidation Group 2/91, of which Promotora de Informaciones, S.A. is the parent company, and the Tax Authorities have received enforcement of said decision. No additional equity impact will be derived from these actions.

(8) TRADE AND OTHER RECEIVABLES

The movement in the allowances heading of the condensed consolidated balance sheet during the first half of 2021 is as follows:

Thousands of euros					
Balance at 12/31/2020	Translation adjustment	Charge for the year/Excess	Amounts used	Transfers	Balance at 06/30/2021
(55,786)	(673)	(752)	3,867	64	(53,280)

(9) EQUITY

Share capital

On January 1, 2021 and June 30, 2021, the share capital of Prisa amounts to EUR 70,865 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros, and have been fully paid up.

Non-controlling interest

The detail, by company, of the non-controlling interest at June 30, 2021 and December 31, 2020 is as follows:

	Thousands of euros	
	06/30/2021	12/31/2020
Caracol, S.A.	6,302	7,796
Diario As, S.L.	6,618	7,521
GLR Chile, Ltda.	9,471	9,382
Prisa Radio, S.L. and subsidiaries (Spain)	19,375	20,187
Other companies	1,559	1,385
Total	43,325	46,271

(10) FINANCIAL LIABILITIES

The detail of “*Non-current financial liabilities*” and “*Current financial liabilities*” is as follows:

	Thousands of euros					
	Non-current financial liabilities		Current financial liabilities		Total financial liabilities	
	06/30/21	12/31/20	06/30/21	12/31/20	06/30/21	12/31/20
Bank borrowings	928,827	810,568	31,316	102,746	960,143	913,314
Financial liabilities by leases	103,373	99,203	18,337	18,462	121,710	117,665
Other financial liabilities	149	145	315	96	464	241
Total	1,032,349	909,916	49,968	121,304	1,082,317	1,031,220

Bank borrowings

The most significant balance under financial liabilities relates to bank borrowings, the detail of which at June 30, 2021 and December 31, 2020, in thousands of euros is as follows:

	06/30/21		12/31/20	
	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa	-	752,896	-	752,896
Super Senior debt (*)	-	147,482	80,000	36,500
Credit facilities, loans, finance leases and other	31,316	14,348	22,746	15,137
Present value / Loan arrangement costs	-	14,101	-	6,035
Total	31,316	928,827	102,746	810,568

(*) Includes PIK interests

In accordance with IFRS 13, to determine the theoretical calculation of the fair value of the financial debt at June 30, 2021 we used the Euribor curve and the discount factor supplied by the financial entity and considering 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). The fair value of the syndicated loan, of the Super Senior debt and of the accrued interest pending to be paid, according to this calculation, would amount to EUR 873,121 thousand at June 30, 2021 considering a 3.73% average discount over the real principal payment obligation to the creditor entities.

Refinancing-

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

Prior to the Refinancing a syndicated debt partial repayment of EUR 417,000 thousand was made, with the funds obtained from the sale of Santillana Spain and Media Capital (*see note 1.a*).

Therefore, as part of the refinancing of its financial debt, Prisa agreed to the renewal of its syndicated loan amounting to EUR 752,896 thousand (once the previous repayment was made), which was structured in one section with the following characteristics:

- The amount of the syndicated financial debt was set at EUR 752,896 thousand and the maturity of which is extended to March 2025.
- The cost of the syndicated debt is referenced to the Euribor plus a negotiated margin.
- Adaptation of the financial conditions of the debt to the group's new position in terms of generating cash. The agreed Refinancing allows Prisa to incur further senior-ranking debt to strengthen its liquidity position in the future, and to complete certain actions of business reorganisation.
- Update of the package of debt guarantees.
- Finally, the basic terms include a relaxation of certain financial covenants and Prisa's commitment to achieving a leverage cap in September 2023 (4.25x Net Debt/EBITDA). The average cost of debt is 7.1% including the Super Senior debt.

The refinancing agreement of 2018 involved a restructuring of the debt, which included a new borrower, Prisa Activos Educativos, S.L.U., which assumed nominal debt of Prisa for an amount of EUR 685 million, which, among other aspects, allowed part of the debt to be allocated in the Education business unit, the main cash generating unit of the Group, in order to meet the payments associated with the debt. The rest of the amount of the debt remained recorded in Prisa.

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

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

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

Other aspects of debt-

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

Personal guarantees

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

Guarantees

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

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

Super senior loan –

In addition to the syndicated loan mentioned above, the company signed a Super Senior Term & Revolving Facilities Agreement for a maximum amount of EUR 86,500 thousand on June 29, 2018.

Of this sum, EUR 36,500 thousand were for the Super Senior Term Loan Facility, which was drawn down during FY 2019 to finance the purchase by Prisa Radio, S.A., a Group company, of the 3i shares in treasury stock.

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

On December 31, 2020, and within the framework of Refinancing, the Company agreed to extend the limit of the Super Senior debt corresponding to the Super Senior Term Loan Facility by EUR 108,500 thousand to cover operational needs, bringing this Super Senior debt's total to EUR 225,000 thousand. The maturity of the Super Senior debt is December 2024. On June 30, 2021, the drawn down Super Senior debt amounted to EUR 145,000 thousand.

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

Other aspects of the Refinancing

The Company has conducted an analysis of the conditions agreed upon in relation to the Refinancing of its bank debt, concluding that they did not constitute a substantial modification of the previous conditions, both from a quantitative and qualitative point of view. Therefore, and in accordance with IFRS 9, the Group has derecognised the carrying value of the debt subject to the Refinancing, recognising the debt again at the present value of future payments calculated on the basis of the Effective Interest Rate "EIR" of the original debt. The difference between the two amounts has resulted in a financial expense of EUR

37,217 thousand recognised in 2020. The difference between the nominal value of the debt and its carrying value, together with the arrangement costs incurred in carrying out the Refinancing, is presented under the "*Present value/ Loan arrangement costs*" heading by adjusting the "*Non-current bank borrowings*" heading in the accompanying condensed consolidated balance sheet, and which are recognised in the consolidated income statement for the duration of the loan using the effective interest method (*see note 13*).

Financial liabilities for leases

The application of IFRS 16 Leases implies the registered of financial liabilities associated with the leases, amounting at June 30, 2021 to EUR 103,373 thousand in the long term and EUR 18,337 thousand in the short term.

In the first half of 2021, the payment associated with financial liabilities for leases amounts to EUR 13.8 million, included in "*Other cash flow from financing activities*" of the condensed consolidated statement of cash flow (EUR 12.8 thousand in the first half of 2020).

(11) LONG-TERM PROVISIONS

Long-term provisions include those for taxes, corresponding to the estimated tax liability amount arising from inspections carried out at Group companies (*see note 7*), provisions constituted to cover employee compensation and third-party liability provisions for the estimated amount to cover probable claims and litigation against Group companies and other future obligations to employees. In addition, this section also includes Group interests in companies accounted for using the equity method, which net value is negative.

The breakdown of "Long-term provisions" at June 30, 2021 and at December 31, 2020, is as follows:

	Thousands of euros	
	06/30/21	12/31/20
For taxes	3,386	3,378
For redundancies	1,502	2,555
For third-party liabilities and other	14,085	13,262
Total	18,973	19,195

(12) OPERATING INCOME AND EXPENSES
Operating income

The breakdown of income from the Group's main business lines for the six months ended June 30, 2021 and June 30, 2020 is as follows:

	Thousands of euros	
	06/30/21	06/30/20
Advertising sales and sponsorship	132,958	110,061
Sales of books and training	127,822	203,345
Newspaper and magazine sales	25,809	23,026
Sales of add-ons and collections	4,283	3,164
Intermediation services	2,160	1,803
Other services	8,778	7,204
Revenue	301,810	348,603
Income from non-current assets	330	1,447
Other income	4,075	3,104
Other income	4,405	4,551
Total operating income	306,215	353,154

The following table shows the breakdown of the Group's incomes at June 30, 2021 and at June 30, 2020 in accordance with the geographical distribution of the entities that generated them (thousands of euros):

	Advertising sales and sponsorship		Sales of books and training		Newspaper and magazine sales		Others		Total operating income	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Europe	107,907	89,211	367	1,133	25,809	23,026	16,138	13,588	150,221	126,958
Spain	107,907	89,211	149	349	25,809	23,026	16,131	13,575	149,996	126,161
Rest of Europe	-	-	218	784	-	-	7	13	225	797
America	25,051	20,850	127,455	202,212	-	-	3,488	3,134	155,994	226,196
Colombia	14,923	12,654	14,580	19,719	-	-	447	310	29,950	32,683
Brazil	-	-	35,675	69,865	-	-	233	515	35,908	70,380
Mexico	118	68	29,747	29,380	-	-	316	806	30,181	30,254
Chile	8,191	5,932	5,283	13,622	-	-	963	1,322	14,437	20,876
Rest of America	1,819	2,196	42,170	69,626	-	-	1,529	181	45,518	72,003
TOTAL	132,958	110,061	127,822	203,345	25,809	23,026	19,626	16,722	306,215	353,154

Staff

The average number of employees at the Group and its breakdown by gender is as follows:

	06/30/21	06/30/20
Men	3,485	4,648
Women	3,300	4,158
Total	6,785	8,806

The number of employees as of June 30, 2020 included staff at Santillana Spain and Media Capital. The cost related to these employees is included under “*Result after tax from discontinued operations*” in the accompanying condensed consolidated income statement (see note 14).

Outside services

The detail of “*Outside services*” for the six months ended June 30, 2021 and June 30, 2020 is as follows:

	Thousands of euros	
	06/30/21	06/30/20
Independent professional services	36,160	36,759
Leases and fees	5,358	4,120
Advertising	9,363	13,598
Intellectual property	7,420	10,662
Transport	9,628	10,902
Other outside services	52,046	53,482
Total outside services	119,975	129,523

(13) FINANCIAL RESULT

The detail of "Financial result" for the group at June 30, 2021 and 2020 is as follows:

	Thousands of euros	
	06/30/21	06/30/20
Income from current financial assets	369	599
Income from equity investments	-	-
Other finance income	9,234	770
Finance income	9,603	1,369
Interest on debt	(26,361)	(33,884)
Adjustments for inflation	(926)	481
Loan arrangement costs	-	(250)
Other finance costs	(4,906)	(2,545)
Finance costs	(32,193)	(36,198)
Exchange gains	12,771	19,953
Exchange losses	(11,533)	(19,331)
Exchange differences (net)	1,238	622
Value variation of financial instruments	(7,703)	(2,917)
Financial loss	(29,055)	(37,124)

The heading "Other financial income" includes the income derived from the favourable resolution of the TEAC in relation to the inspection of the Value Added Tax from the period May 2010 to December 2011 for an amount of EUR 7,841 thousand, corresponding mainly to the VAT of invoices associated to loan arrangement costs (see note 7).

The heading "Other finance costs" includes EUR 3,368 thousand for the effect of updating the financial liability associated with the lease agreements (EUR 4,113 thousand as of June 30, 2020). It also includes, at June 30, 2020, the reversal of a provision of a financial credit amounting to EUR 2,623 thousand.

The heading "Value variation of financial instruments" includes the financial results accrued due to the transfer to the condensed consolidated income statement of the difference between the amount in the initial registration date of the debt associated to the Refinancing and its nominal amount along the duration of the debt and the accrued of loan arrangements costs, using the effective interest method in both (see note 10).

(14) RESULT AFTER TAX FROM DISCONTINUED OPERATIONS

As of June 30, 2020, the headline "Result after tax from discontinued operations" includes the following items, associated with Media Capital and Santillana Spain:

Media Capital

- Impairment was recorded for the loss resulting from the agreement to purchase 30.22% of Media Capital to Pluris (minus costs of the sale) in May 2020, amounting to EUR 28,769 thousand.

- An additional impairment was recorded for the loss resulting from the valuation of Media Capital at the price of the sale agreement for the remaining 64.47% of the Portuguese subsidiary (minus costs of the sale) in September 2020 amounting to EUR 48,522 thousand.
- Reversal of non-materialised sales costs associated with the non-executed transaction with Cofina and adjustments for the increase of non-controlling interests resulting from the sale of 30.22% of Media Capital, amounting to EUR 2,148 thousand.
- The contribution of the result of Media Capital to the results of the Group during the first half 2020, for a negative amount of EUR 14,415 thousand, offset by the positive effect of the decrease in the net assets of Media Capital from the same amount.

The breakdown of the result of Media Capital is as follows:

(Thousand of euros)	06/30/2020
Operating income-	55,259
Revenue	55,049
Other income	210
Operating expenses-	(71,166)
Cost of materials used	(15,634)
Staff costs	(21,304)
Depreciation and amortisation charge	(4,693)
Outside services	(28,906)
Change in allowances, write-downs and provisions	(629)
Profit from operations	(15,907)
Financial loss	(981)
Expense tax	2,473
Result after tax from discontinued operations	(14,415)

Santillana Spain

Since October 2020, as a consequence of the contract signed with Sanoma Corporation for the sale of the Spanish educational business of Santillana addressed at pre K12 and K-12, the results of Santillana Spain were reclassified as a discontinued operation under "*Result after tax from discontinued operations*".

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement for the first half of 2020 has been modified to present Santillana Spain as a discontinued operation. The contribution to each heading is as follows:

(Thousand of euros)	06/30/2020
Operating income-	39,642
Revenue	39,588
Other income	54
Operating expenses-	(29,384)
Cost of materials used	(4,993)
Staff costs	(15,811)
Depreciation and amortisation charge	(2,042)
Outside services	(6,946)
Change in allowances, write-downs and provisions	408
Profit from operations	10,258
Financial loss	(624)
Expense tax	(8,466)
Result after tax from discontinued operations	1,168

(15) BUSINESS SEGMENTS

Segment reporting is structured by geographical segment and business segment of the Group. The breakdown of the consolidated revenues of the Group based on the geographical location of the companies that gave rise to them is as follows:

	Thousands of euros	
	06/30/21	06/30/20
Europe	148,382	124,919
Spain	148,164	124,135
Rest of Europe	218	784
America	153,428	223,684
Colombia	29,732	32,455
Brazil	35,682	70,027
Mexico	30,130	29,538
Chile	13,570	19,658
Rest of America	44,314	72,006
Total	301,810	348,603

There is a new organizational structure to accelerate the operational split of the Education and Media businesses in 2021. Therefore, at June 30, 2021, Prisa's operations are divided into two main segments each of which has a person in charge:

- Education, which includes primarily the sale of educational books and the services and materials related to the education systems;

- Media, includes Radio and News (Press) businesses and its main source of revenue is advertising, as well as the sale of newspapers and magazines, digital subscriptions and, additionally, the organization and management of events.

For comparative purposes, the information of the Group for financial year 2020 has been modified to present the information in accordance with the new segmentation structure.

The column "*Others*" includes Promotora de Informaciones, S.A., Promotora de Actividades América 2010, S.L., Promotora de Actividades América 2010 México, S.A. de C.V., Prisa Participadas, S.L., Vertix, SGPS, S.A., Promotora de Actividades Audiovisuales de Colombia, Ltda., Prisa Activos Educativos, S.L.U., Prisa Gestión Financiera, S.L., Productora Audiovisual de Badajoz, S.A. and Productora Extremeña de Televisión, S.A.

Information about these segments for the six months ended June 30, 2021 and June 30, 2020 is presented below (in thousands of euros):

	EDUCATION		MEDIA		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating income	131,738	204,802	175,155	149,188	3,315	4,404	(3,993)	(5,240)	306,215	353,154
- External sales	131,733	204,802	174,209	148,007	218	184	55	161	306,215	353,154
- Advertising	0	0	132,958	110,379	0	0	0	(318)	132,958	110,061
- Books and training	127,822	203,345	0	0	0	0	0	0	127,822	203,345
- Newspapers and magazines	0	0	25,809	23,026	0	0	0	0	25,809	23,026
- Sale of audiovisual rights and programs	0	0	0	0	0	0	0	0	0	0
- Other	3,911	1,457	15,442	14,602	218	184	55	479	19,626	16,722
- Intersegment sales	5	0	946	1,181	3,097	4,220	(4,048)	(5,401)	0	0
- Advertising	0	0	0	34	0	0	0	(34)	0	0
- Books and training	0	0	0	0	0	0	0	0	0	0
- Newspapers and magazines	0	0	0	0	0	0	0	0	0	0
- Sale of audiovisual rights and programs	0	0	0	0	0	0	0	0	0	0
- Other	5	0	946	1,147	3,097	4,220	(4,048)	(5,367)	0	0
Operating expenses	(137,036)	(184,618)	(188,850)	(203,182)	(12,819)	(8,954)	4,081	5,522	(334,624)	(391,232)
- Cost of materials used	(27,475)	(43,623)	(13,650)	(14,978)	0	0	10	0	(41,115)	(58,601)
- Staff costs	(43,648)	(51,591)	(92,332)	(81,823)	(7,868)	(4,249)	0	(32)	(143,848)	(137,695)
- Depreciations and amortisation charge	(18,137)	(22,311)	(12,339)	(14,024)	(455)	(755)	10	0	(30,921)	(37,090)
- Outside services	(49,646)	(60,853)	(69,907)	(70,263)	(4,484)	(3,649)	4,062	5,242	(119,975)	(129,523)
- Change in operating provisions	1,952	(6,487)	(496)	(915)	0	0	(1)	0	1,455	(7,402)
- Changes in valuation allowances to Group companies	0	0	0	0	0	(22)	0	22	0	0
- Impairment of goodwill/assets	(82)	247	(126)	(21,179)	(12)	(279)	0	290	(220)	(20,921)
Result from operations	(5,298)	20,184	(13,695)	(53,994)	(9,504)	(4,550)	88	282	(28,409)	(38,078)
Finance income	1,491	1,001	1,825	2,324	16,440	7,085	(10,153)	(9,041)	9,603	1,369
- Interest income	455	237	1,713	2,206	8,540	7,085	(10,153)	(9,041)	555	487
- Other financial income	1,036	764	112	118	7,900	0	0	0	9,048	882
Finance costs	(7,433)	(5,107)	(5,721)	(3,552)	(29,191)	(36,580)	10,152	9,041	(32,193)	(36,198)
- Interest expenses	(4,812)	(3,989)	(2,522)	(2,708)	(29,179)	(36,129)	10,152	8,942	(26,361)	(33,884)
- Other financial expenses	(2,621)	(1,118)	(3,199)	(844)	(12)	(451)	0	99	(5,832)	(2,314)
Change in value of financial instruments	0	0	(4)	(5)	(7,699)	(2,914)	0	2	(7,703)	(2,917)
Exchange differences (net)	778	960	361	172	98	(509)	1	(1)	1,238	622
Financial result	(5,164)	(3,146)	(3,539)	(1,061)	(20,352)	(32,918)	0	1	(29,055)	(37,124)
Result of companies accounted for using the equity method	0	0	(317)	(2,901)	10	0	1	(4,040)	(306)	(6,941)
Result before tax from continuing operations	(10,462)	17,038	(17,551)	(57,956)	(29,846)	(37,468)	89	(3,757)	(57,770)	(82,143)
Expense tax	(685)	(11,916)	44	(13,508)	(23)	(40,915)	0	(1,172)	(664)	(67,511)
Result from continuing operations	(11,147)	5,122	(17,507)	(71,464)	(29,869)	(78,383)	89	(4,929)	(58,434)	(149,654)
Result after tax from discontinued operations	0	1,167	0	0	0	(73,221)	0	(1,921)	0	(73,975)
Consolidated result for the year	(11,147)	6,289	(17,507)	(71,464)	(29,869)	(151,604)	89	(6,850)	(58,434)	(223,629)
Non-controlling interests	(67)	(129)	10,534	2,127	0	0	(8,212)	9,581	2,255	11,579
Result attributable to the Parent	(11,214)	6,160	(6,973)	(69,337)	(29,869)	(151,604)	(8,123)	2,731	(56,179)	(212,050)

(16) RELATED PARTY TRANSACTIONS

The transactions performed with related parties in the six months ended June 30, 2021 and in 2020 were as follows (in thousands of euros):

	06/30/2021			06/30/2020		
	Directors and executives	Group employees, companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Finance expenses	-	-	398	-	10	9,396
Services received	-	467	2,970	-	319	3,436
Leases	-	162	629	-	184	976
Purchase of goods	-	-	61	-	-	19
Other expenses	8,419	417	116	1,498	68	125
Total expenses	8,419	1,046	4,174	1,498	581	13,952
Finance income	-	48	-	-	3,018	-
Provision of services	-	5,937	1,220	-	3,230	1,297
Leases	-	-	10	-	-	14
Other revenue	-	82	46	-	16	126
Total revenues	-	6,067	1,276	-	6,264	1,437

All related party transactions have taken place under market conditions.

Transactions with directors and executives

The aggregate amount of EUR 8,419 thousand corresponded to the remuneration received by directors and executives as detailed in note 17.

Transactions between Group employees, companies or entities

The aggregate amount of EUR 1,046 thousand is mainly includes the expense for holding events with Planet Events, S.A., the expenditure derived from the leasing of frequencies of radio with associated companies and the advertising commission expense with Wemass Media Audience Safe Solutions, S.L.

Finally, the aggregate amount of EUR 6,067 thousand mainly includes the income received for commercialization of advertising with Wemass Media Audience Safe Solutions, S.L., the income received by Radio in Spain from provision of technical assistance and advisory services and the income for sale of newspapers to Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.

Transactions with significant shareholders

The aggregate amount of EUR 4,174 thousand mainly consists of expenditure on telephony and internet by Prisa Group companies with Telefónica, S.A., the expense by the leasing of

offices in Tres Cantos with Telefónica, as well as finance costs derived from credits granted by Banco Santander, S.A. to Prisa Group companies, mainly the Refinancing interest expenses amounting to EUR 169 thousand (*see note 10*). In 2020 the financial expense with HSBC Holding, PLC was also included as it was a significant shareholder of the Company.

Meanwhile, the aggregate amount of EUR 1,276 thousand mainly consists of income of Prisa Group companies for advertising services with Banco Santander, S.A. and Telefónica, S.A.

The detail of other transactions performed with related parties in the six months ended June 30, 2021 and in 2020 is as follows (in thousands of euros):

	06/30/2021		06/30/2020	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Financing agreements: loans granted	21	-	599	-
Financing agreements: loans received	-		-	18,000

The detail of the balances receivable from and payable to associates and related parties as of June 30, 2021 and as of December 31, 2020 is as follows:

	06/30/2021		12/31/2020	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Trade receivables	4,693	1,301	3,797	669
Receivables- financial loans	2,940	-	2,343	-
Total receivables	7,633	1,301	6,140	669
Trade payables	873	2,669	1,034	2,157
Payables- financial loans	14	13,510	25	250,588
Total payables	887	16,179	1,059	252,745

Balance with Group employees, companies or entities-

Receivables- financial loans at June 30, 2021 mainly include the loans granted by Sociedad Española de Radiodifusión S.L. to Green Emerald Business Inc in the net amount of EUR 2,421 thousand (EUR 2,203 thousand at December 31, 2020).

Balance with significant shareholders-

The aggregate amount of EUR 13,510 thousand is accounted the loans granted by Banco Santander, S.A. to Prisa Group companies (EUR 15,487 thousand at December 31, 2020).

(17) REMUNERATION AND OTHER BENEFITS OF BOARD MEMBERS AND EXECUTIVES

In the six months ended June 30, 2021 and 2020, the consolidated companies registered the following amounts in respect of remuneration to Prisa's Board members and executives:

	Thousands of euros	
	06/30/2021	06/30/2020
Compensation for belonging to the Board and/ or Board Committees	522	695
Salaries	267	237
Variable compensation in cash	140	(253)
Compensation systems based on shares	322	(300)
Other	2	2
Total remuneration received by board members	1,253	381
Total remuneration received by executives	7,166	1,117

General observations concerning of the first half of 2021:

- i. The aggregated remuneration of directors and senior management reflected in the table above corresponds to the accounting expenses made in the income statement of Promotora de Informaciones, S.A. (Prisa) and other companies of its Group and consequently corresponds to the accounting provisions registered in the profit and loss account.
- ii. As previously announced to the CNMV in our "Other Material Information" releases on April 27 and March 23, 2021 (under register numbers 8888 and 8126, respectively), during the first half of 2021 our operations were split into the two Grupo Prisa business areas of Education and Media, each with an Executive Chairman who is likewise an executive director of Prisa.

Commencing on June 29, 2021 Mr. Manuel Mirat Santiago heads the Education area as its Executive Chairman, having from that moment ceased in his functions as Prisa's CEO. Likewise, from May 24, 2021 Mr. Carlos Nuñez is now the head and Executive Chairman of Prisa Media. Mr. Nuñez joined Prisa's Board of Directors on June 29, 2021.

The total compensation for Messrs. Mirat and Nuñez for their executive functions is included in the remuneration contemplated for Prisa's board members.

- i. As announced to the CNMV on July 1, 2021 ("Other Material Information" under register number 10377), Mr. Xavier Pujol Tobeña presented his resignation as Secretary to the Board of Directors, being replaced on that same date by Mr. Pablo Jiménez de Parga Maseda. Accounting expenses for Mr. Pujol's compensation until June 30, 2021 are included within the compensation contemplated for management.

Also included in management compensation is the remuneration of Messrs. Augusto Delkader, Miguel Angel Cayuela, Pedro García-Guillén and Alejandro Martínez Peón

until they ceased in their functions respectively as Editorial Director, Santillana CEO, Prisa Radio CEO and Prisa Noticias CEO.

- ii. As it was already announced through the inside information communication that Prisa sent to the CNMV in 2020, in the context of the COVID-19 crisis and in order to mitigate the negative impact of the current situation which has a special effect on the main sources of income generation of all kind of media, the Board of Directors resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, which included a reduction of 20% in the directors remuneration and around 35% in the annual remuneration of the Chief Executive Officer (Manuel Mirat) and the Senior Management. Likewise, the CEO and members of Prisa's Senior Management voluntarily renounced, in relation to the financial year 2020, the part of the annual variable remuneration that refers to quantitative objectives.

Subsequently, in January 2021, Mr. Mirat (then CEO) and Mr. Pujol (at that time General Secretary and Secretary to the Board) likewise waived part of their 2020 annual variable compensation for achieving qualitative objectives. Thus, Messrs. Mirat and Pujol voluntarily waived all annual variable compensation for 2020.

In addition, with the pandemic still rampant and no return yet foreseen to sufficient revenue levels, new temporary interim measures are needed to contribute to dealing with this complicated scenario. Consequently, toward that end, the Board of Directors resolved: i) to propose, to all employees with annual gross compensation of EUR 85 thousand or higher, a temporary salary reduction (of 10% of the fixed compensation) during 2021, including Mr. Mirat; ii) to apply a 20% reduction in the compensation of Board members during the same time period (although this would not affect the remuneration of the non-executive Chairman, whose compensation has already been cut by 50%, from EUR 400 thousand to EUR 200 thousand). These measures were announced in the Directors Compensation Report filed with the CNMV on March 24, 2021 (register no. 8132).

Remuneration of the Directors:

Regarding the first half of 2021:

- i. The overall remuneration of the Board of Directors includes that of Mr. Javier de Jaime Guijarro up to the time of his cessation as a director on February 2021.

- ii. Likewise included is compensation for Messrs. Manuel Mirat and Carlos Nuñez for their executive responsibilities.

For performance of his executive functions in the Company, Mr. Manuel Mirat's (Prisa CEO until June 29, 2021 and Executive Chairman of Santillana commencing on that date) annual fixed cash compensation is EUR 500 thousand. However, and as previously noted, given the extraordinary circumstances prompted by the COVID-19 crisis, that compensation is being reduced by 10% during 2021.

- iii. Within the variable remuneration in cash of the directors, are included the following items:

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation of Mr. Manuel Mirat and Mr. Carlos Nuñez, both executive directors of the Company, if 2021 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2021, 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 2021 annual accounts of the Group are prepared, based on the level of achievement of the objectives established by the Board of Directors. In the first half of 2021, an expense of EUR 95 thousand was recorded for this item.
- Regularization of 2020 Mr. Manuel Mirat's bonus, taking into consideration the position expressed by Mr. Mirat to waive the annual variable remuneration that may correspond to him in 2020: i) in April 2020 he renounced the part of the annual variable remuneration that refers to quantitative objectives (that is, 80% of the target amount of EUR 300 thousand) and ii) in January 2021 he has also renounced the part of the annual variable remuneration referred to qualitative objectives (based on individual performance whose weight will be 20% of the target of EUR 300 thousand). In the first half of 2021, a minor expense of EUR 60 thousand was recorded for this item.
- Medium-term Incentive Plan 2020-2023, linked to the creation of value of Santillana: the Directors Compensation Policy for 2021, 2022 and 2023 (approved at the Annual Shareholders Meeting held on June 29, 2021) provides for medium-term incentives linked to value creation in Santillana during the term commencing on September 1, 2020 and ending on December 31, 2023, whose beneficiaries include, among others, Mr. Manuel Mirat, Santillana's Executive Chairman.

The incentive plan will allow the beneficiaries to participate in the creation of value for Santillana during the reference period, provided that they exceed a minimum revaluation target for Santillana and comply with the rest of the conditions established in the regulation of the plan. The beneficiaries will be entitled to receive a percentage in cash of Santillana value creation, defined as

the positive difference between the valuation of Santillana (enterprise value) on the plan's termination date (i.e., December 31, 2023) and the commencement date (September 1, 2020), taking into account the amount of dividends distributed as well as other cash flows.

In the first half of 2021, an expense of EUR 105 thousand was recorded for this item in relation to Mr. Mirat.

- iv. 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 (Mr. Mirat) 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 it is the case.

The Board of Directors has verified the level of fulfilment of the Ebitda and Cash Flow objectives to which the Incentive Plan was pegged, and the Board has agreed the number of shares to be awarded to the Chief Executive Officer at the settlement date (471,900 shares).

It should be noted that, at the request of the beneficiaries of this compensation plan, the Board of Directors has resolved that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be made within 60 days after the 2020 accounts are prepared). This compensation plan shall therefore not be considered to end until it is settled in 2022.

In the first half of 2021, an expense of EUR 322 thousand was recorded for this item in relation to Mr. Mirat, which is included within "Compensation systems based on shares" in the previous table.

- v. No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during the first half of 2021.

Regarding the first half of 2020

i) The overall remuneration of the Board of Directors includes that of Mr. Javier Gómez Navarro up to the time of his cessation as a director on June 29, 2020, once the term for which he was appointed expired.

ii) For the performance of executive functions at the Company, the fixed annual compensation in cash of the CEO amounted to EUR 500 thousand. However, taking into account the extraordinary circumstances of the COVID-19 crisis, a 10% reduction will be applied to this remuneration on a pro rata basis for the period between April and December 2020.

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

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation of CEO Mr. Manuel Mirat, then the sole executive director of the Company, if 2020 subject to achievement of the management objectives at the end of the year 2020. Nevertheless, Mr. Mirat voluntarily renounced all of his annual variable compensation for 2020: i) in April 2020 he renounced the part of the annual variable remuneration that refers to quantitative objectives (that is, 80% of the target amount of EUR 300 thousand) and ii) in January 2021 he has also renounced the part of the annual variable remuneration referred to qualitative objectives (based on individual performance whose weight will be 20% of the target of EUR 300 thousand).
- Regularization of 2019 CEO's bonus: taking into consideration the position expressed by the CEO to waive the annual variable remuneration that may correspond to him in 2019, in order to align with the complex environment in which the group has operated and the consequences that it has had on the net result of the Company, the Board of Directors resolved to exclude said annual variable remuneration from his 2019 remuneration. A lower expense of EUR 253 thousand was recorded for this.

iv) In the first half of 2020, a lower expense of EUR 300 thousand was recorded for "Incentive Plan 2018-2020" in relation to the CEO of Prisa. This was due to the fact that, in the first half of 2020, the provision for previous years had been reversed, when evaluating the degree of achievement of the Plan's quantitative objectives, which had been adversely impacted by the COVID-19 crisis. This lower expense is included within "Compensation systems based on shares" in the previous table.

v) No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during the first half of 2020.

Senior management compensation:

The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be defined as those who were members of the Management Committee and those who were generally in attendance at its meetings who are

not executive directors and have an employment or mercantile relationship with Prisa and other companies in the Group, managers who regularly attended meetings of the Committee, and the Internal Audit Manager of Prisa (the “Managers”) and it is the accounting reflection of the overall compensation of Managers.

The aggregate compensation of the managers in the first half of 2021 amounts to EUR 7,166 thousand and in the first half of 2020 amounted to EUR 1,117 thousand.

Regarding the first half of 2021:

i) As of June 30, 2021, the managers are the following: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Jorge Bujía, Mr. Jorge Rivera, Ms. Marta Bretos and Ms. Virginia Fernández.

Likewise included is compensation for Messrs. Augusto Delkader, Miguel Angel Cayuela, Pedro García-Guillén and Alejandro Martínez Peón until they ceased in their functions respectively as Editorial Director, CEO of Santillana, CEO of Prisa Radio and CEO of Prisa Noticias.

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

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation of members of senior management if 2021 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2021, 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 2021 annual accounts of the Group are prepared, based on the level of achievement of the objectives established.
- Recalculation of the 2020 bonus paid in 2021, taking into account that: i) in April 2020 the Managers voluntary waived the part of their 2020 annual variable compensation based on achievement of their quantitative objectives and ii) in January 2021 Mr. Pujol likewise waived the part of his annual variable compensation for achieving his qualitative objectives.
- The first half of 2021 figures include a EUR 744 thousand expense entry for the “2018-2020 Incentives Plan” with regard to the Managers.
- The first half of 2021 figures include a EUR 4,644 thousand expense entry for the severance of certain managers’ contracts.

Regarding the first half of 2020:

i) As of June 30, 2020, the managers were the following: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Jorge Bujía, Mr. Augusto Delkader, Mr. Jorge Rivera, Ms. Marta Bretos, Mr. Miguel Angel Cayuela, Mr. Pedro García Guillén, Mr. Alejandro Martínez Peón, Mr. Luis Cabral and Ms. Virginia Fernández.

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 2020 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2020, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the 2020 annual accounts of the Group are prepared, based on the level of achievement of the established objectives. As already stated above, members of Prisa's Senior Management have voluntarily renounce to receive, in relation to the financial year 2020, the part of the annual variable remuneration that refers to quantitative objectives.
- Regularization of 2019 bonus paid in 2020.
- In the first half of 2020, a lower expense of EUR 694 thousand was recorded for the "Incentive Plan 2018-2020", in relation to the Managers. This is due to the fact that, in the first half of 2020, the provision for previous years has been reversed, when evaluating the degree of achievement of the Plan's quantitative objectives, which have been adversely impacted by the COVID-19 crisis.

(18) GUARANTEE COMMITMENTS TO THIRD PARTIES

At June 30, 2021, Prisa had furnished personal guarantees (including counter-guarantees) amounting to EUR 7,866 thousand.

The Company's directors do not consider that significant impacts in the financial statements of the Group will arise from the guarantees provided.

(19) ONGOING LITIGATIONS AND CLAIMS

A) Corporativo Coral

On July 17, 2019, the company Corporativo Coral, S.A. de C.V. (hereinafter "Coral") entered into a shares purchase agreement with a third party of a 50% stake in Sistema Radiópolis, S.A. de C.V. (hereinafter "Radiópolis"). On such day, Coral entered into a shareholders' agreement with Sociedad Española de Radiodifusión, S.L.U., owner of the other 50% of the capital of Radiópolis. The acquisition of the stake by Coral was completed in July 2020.

Once the stake was acquired, Coral refused to execute the agreements within the shareholders' agreement, incurring in several breaches thereof. Consequently, Sociedad Española de Radiodifusión, S.L.U. has initiated several processes, before both the judges of Mexico City and the Court of Arbitration of the International Chamber of Commerce of Paris, to claim the compliance of the shareholders agreement by Coral and defend its position as a shareholder of Radiópolis. Up to the date of approval of these condensed consolidated financial statements, the resolutions issued in the course of mentioned processes, both in court and in arbitration, have been recognizing the rights of Sociedad Española de Radiodifusión, S.L.U. and requiring Coral to adhere its conduct to the agreements signed between the two.

The Group's directors and both internal and external advisers consider that the processes initiated will most likely conclude positively for Sociedad Española de Radiodifusión, S.L.U., without deriving significant liabilities that have not been recorded in these condensed consolidated financial statements nor the need to record an additional impairment on the value of the stake in Radiópolis.

B) CNMC

On May 30, 2019, the National Markets and Competition Committee (CNMC), by Resolution declared that certain companies within Grupo Santillana -i.e. Grupo Santillana Educación Global, S.L., Santillana Educación, S.L., Ediciones Grazalema, S.L., Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L. y Grup Promotor d'Ensenyament i Difusio en Catala, S.L. (collectively, the "Affected Companies") (as well as companies belonging to other editorial groups) allegedly committed two serious infringements to Article 1 of the 15/2007 Competition Defense Law and to Article 101 of the Treaty on the Functioning of the European Union; imposing an accumulated penalty of EUR 9,214 thousand, without prejudice to the breakdown of the penalties that the Resolution applies to each society.

On July 19, 2019, an administrative contentious appeal was lodged against said Resolution before Section Six of the National Court (Audiencia Nacional) and requested the suspension of the enforceability of the Resolution for the duration of the procedure. On September 4, 2019, the National Court (Audiencia Nacional) suspended the enforceability of the Resolution subject to the guarantee submission for the amount of the penalty imposed by the Resolution.

On November 4, 2019 a bank guarantee for the said amount was submitted before the National Court (Audiencia Nacional) and by Order of November 6, 2019, the Chamber agreed to consider complete in due time and form the imposed condition and therefore to suspend the enforceability of the Resolution.

On April 16, 2020, the Affected Companies filed the corresponding lawsuit before the National Court (Audiencia Nacional) requesting the complete nullity of the Resolution and, alternatively, the complete nullity of the sanction imposed or its significant reduction. The State Attorney submitted the corresponding statement of defence properly and on time, having held the hearing to take the expert evidence (ratification) on October 26, 2020. The Affected Companies and the State Attorney deposited their closing argument memorandum on November 27, 2020 and on December 22, 2020, respectively. The procedure pending resolution.

On December 31, 2020, Grupo Santillana Educación Global, S.L. sold Santillana Educación, S.L. and its subsidiaries (Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L., Ediciones Grazalema, S.L. and Grup Promotor d'Ensenyament i Difusió en Catalá, S.L.) to Sanoma Pro Oy, so that such companies are not a part of the Group perimeter. However, and in accordance with the terms of the sale and purchase agreement entered into, Grupo Santillana Educación Global, S.L. granted an indemnity to Sanoma Pro Oy on the result of this process.

The Group's Directors and internal and external advisors, do not consider that any relevant liabilities, not recorded by the Group, will arise from the resolution of this procedure.

C) Other litigations

In addition, the Group is involved in other litigations for smaller amounts. The Directors and internal and external advisors do not consider that any relevant liabilities will arise from such litigations.

(20) EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred since June 30, 2021 until the date of approval of these interim condensed consolidated financial statements.

(21) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRSs may not conform to other generally accepted accounting principles.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Directors' Report for the six months ended June 30, 2021

**PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED DIRECTORS' REPORT FOR THE SIX MONTHS
ENDED JUNE 30, 2021**

1. BUSINESS PERFORMANCE

The Group's businesses continue to progress with its strategic roadmap focusing on digital transformation, making progress with subscription models and developing new digital formats; concentrating resources on higher value-added businesses under ongoing efficiency plans (COVID – 19 Contingency Plan in 2020 and Efficiency&Restructuring Plan in 2021).

By the end of the first half of the year, the Education business reaches 1.9 million students in its subscription models. In the Media business, El País digital subscription payment model, launched in early May 2020, has 109,099 subscribers by the end of June 2021. Every month, the Radio business has around 31 million downloads of audio content on demand and 67 million hours of listening via *streaming*.

Since mid-March 2020, the Group is working to deal with the impact of the pandemic caused by the coronavirus (COVID-19). The world is experiencing an extraordinary and unprecedented social and economic emergency. The health system has never faced such a crisis, the number of infections is counted in their millions, and the number of deaths has reached unbearable numbers. In short, this pandemic has placed everything and everyone in a critical, urgent situation.

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

During the first half of 2021, the COVID-19 pandemic has impacted mainly in Latin America, where schools, except a few exceptions, have remained physically closed to students. In this context, the summary of the Group's results compared to the results of the first half of 2020, is as follows:

- Operating income amounted to EUR 306.2 million (-13.3% vs 2020; -6.6% in local currency). The Education business has been more impacted by the pandemic in 2021, specially in private traditional sales (in 2020, most of the Southern campaigns were almost finished when the pandemic started) and the public sale of PNLD 2019 of Brazil, partially accounted in 2020. The Media business is improving its performance

in advertising and also growing the digital paywall model that partially offset the decline in the Education business.

- Operating expenses (excluding depreciation and amortization charge, impairment of goodwill and assets impairments) have dropped to EUR 303.5 million (-9.0% vs 2020; -3.3% in local currency), reflecting the impact of the Efficiency&Restructuring plan designed by the Group to continue to deal with the impact of the COVID-19 pandemic on the performance of its businesses. The Group estimates that the Efficiency&Restructuring plan, with scope for all business units across all lines of expenditure, will have an impact of more than EUR 35 million in 2021.
- EBITDA falls to EUR 2.7 million (-86.2% vs 2020; -62.8% in local currency). The Group uses EBITDA as a benchmark to monitor the performance of its businesses and establish its operational and strategic objectives. EBITDA is defined as profit from operations plus assets depreciation expenses and impairment of fixed assets, a benchmark used by the Group to monitor the progress of its business and establish its operational and strategic objectives. EBITDA is defined as profit from operations plus assets depreciation and amortization charge, impairment of goodwill and impairment of assets.

The following tables detail the reconciliation between EBITDA and the Group's profit from operations for each of the segments of the first half of 2021 and 2020 (in millions of euros):

	06/30/2021			
	Education	Media	Others	Prisa Group
PROFIT FROM OPERATIONS	(5.3)	(13.7)	(9.4)	(28.4)
Depreciations and amortization charge	18.1	12.4	0.4	30.9
Impairment of assets	0.1	0.1	-	0.2
EBITDA	12.9	(1.2)	(9.0)	2.7

	06/30/2020			
	Education	Media	Others	Prisa Group
PROFIT FROM OPERATIONS	20.2	(54.0)	(4.3)	(38.1)
Depreciations and amortization charge	22.2	14.0	0.9	37.1
Impairment of goodwill	-	16.7	(0.1)	16.6
Impairment of assets	(0.2)	4.5	(0.1)	4.2
EBITDA	42.2	(18.8)	(3.6)	19.8

- The Group's net bank debt increased by EUR 63.2 million during the first half of 2021 and amounted to EUR 742.5 million at June 30, 2021, due to the Group's cash needs during the first half of the year. This debt indicator includes non-current and current bank borrowings, excluding present value in financial instruments, diminished by current financial assets, cash and cash equivalents.

The following table shows the composition of this indicator at June 30, 2021 and at December 31, 2020:

	Million of euros	
	06/30/21	12/31/20
Non-current bank borrowings	928.8	810.6
Current bank borrowings	31.3	102.7
Present value	(14.1)	(6.0)
Current financial assets	(2.5)	(6.1)
Cash and cash equivalents	(201.0)	(221.9)
NET BANK DEBT	742.5	679.3

The Group has taken steps to maximize its liquidity, with an available cash at the end of June amounting to EUR 191 million and EUR 121.8 million of available unused credit facilities.

- Exchange rates have had a negative impact on the Group's development, mainly due to currency depreciation in Brazil, Colombia, Argentina and Peru: EUR -23.5 million in income and EUR -4.6 million in EBITDA. In this sense, Prisa defines the impact of exchange rates as the difference between the financial figure converted at the exchange rate of the current year and the same financial figure converted at the exchange rate of the previous year.

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

	2021	Exchange rate effect	2021 excluding exchange rate effect	2020	Change excluding exchange rate effect	Change (%) excluding exchange rate effect
Education (*)						
Operating income	131.7	(22.6)	154.4	204.8	(50.4)	(24.6)
EBITDA	12.9	(4.9)	17.8	42.2	(24.4)	(57.7)
Media						
Operating income	175.2	(0.9)	176.0	149.2	26.8	18.0
EBITDA	(1.2)	0.3	(1.5)	(18.8)	17.3	92.0
Prisa Group						
Operating income	306.2	(23.5)	329.7	353.2	(23.5)	(6.6)
EBITDA	2.7	(4.6)	7.4	19.8	(12.4)	(62.8)

(*) Excluding the exchange rate effect of Venezuela.

The Education business continues with its roadmap, focusing in the digital subscription model expansion. In the first half, the number of students has grown +10% up to 1,885 thousand and sales of subscription models are almost in line compared to 2020 (-1.4%), temporary effect that will be corrected in the following months. In terms of ACV*, there is a +4.2% growth in local currency. However, there has been a significant drop in traditional

*ACV is the value of annual sales linked to signed contracts. The ACV of the South campaign takes place between Q4 of the previous year and the first 3 quarters of the current year. The ACV of the northern campaign matches with the fiscal year.

private sales due to the pandemic and in public sales due to the account in Brazil of part of the 2019 PNLD in 2020, that has been partially compensated thanks to measures of efficiency and restructuring.

- Operating revenues reached EUR 131.7 million in the first half of the year, with a drop of -35.7% compared to 2020 (-24.6% decline in local currency). Decline in didactic sales (-54.2% in euros, and -49.7% in local currency), in public sales due to the account in Brazil of part of the 2019 PNLD in 2020 (-39.8% in euros, -27.7% in local currency) and in learning systems in local currency -1.4% (-18.3% in euros) despite the +10.0% increase in students (temporary decline in sales, but with ACV growth of +4.2%).
- In terms of operating expenses (excluding depreciation and amortization charge, impairment of goodwill and assets impairments), in the first half of the year they amounted to EUR 118.8 million, with a decline of -26.9% compared to 2020 (-16.0% in local currency). Savings across all key expenses accounts, due to both the decline in revenues and the implementation of the Efficiency&Restructuring Plan.
- EBITDA amounted to EUR 12.9 million in the first half, experiencing a drop of -69.4% compared to 2020 (-57.7% in local currency).
- The impact of exchange rates represents EUR -22.6 million in operating income and EUR -4.9 million in EBITDA.

The Media business (Radio and Press) continues to focus in the leadership its brands in the Spanish speaking market, in the digital transformation and in growing the subscription model. In the first half of the year, Radio achieves monthly on average 31.5 million podcast downloads, growing +34.2% compared to 2020 and 66.5 million total listening hours (TLH), growing +20.3% compared to 2020. In Press, El País and Diario As achieve an average 88 million and 110 million unique browser respectively, in line with 2020 figures (a year with significant audiences due to the pandemic). On the other hand, El País digital subscription model has reached over 109,000 subscribers at the end of June 2021. In terms of revenues, the first half of the year show a significant sales growth on the back of a strong advertising market recovery in the second quarter of the year and the continuing digital business growth. Along with the recovery in revenues, there is also a thorough cost control associated with the Efficiency&Restructuring Plan measures.

- Operating revenues amounted to EUR 175.2 million in the first half of the year, with an increase of +17.4%, linked to the advertising recovery (+20% growth). Also, the digital subscription model of El País, launched in May 2020, contributes positively to growth.
- In terms of operating expenses (excluding depreciation and amortization charge, impairment of goodwill and assets impairments), in the first half of the year they stood at EUR 176.4 million, an increase of +5% compared to 2020 (+0.2% excluding severance expenses). The increase in severance expenses due to the restructuring plans in 2021 and the adjustments in bonuses in 2020 (linked to the Contingency plan of 2020) are offset by the savings from the Efficiency&Restructuring Plan of 2021.

- EBITDA amounts to EUR -1.2 million in the first half of the year versus with a +93% growth compared to 2020, mainly due to the advertising recovery and cost savings.

2. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS

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

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

2.1. Risks relating to the financial and equity situation

Financing risk-

The Group's financial obligations are set out in note 12b "*Financial liabilities*" in the consolidated financial statements for 2020.

As of June 30, 2021, the Group's net bank debt level stood at EUR 742.5 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 note 10 of these explanatory notes, the Company reached in the fourth quarter of 2020 an agreement with the creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) and with the creditor of Super Senior debt to refinance and modify the terms of Prisa and Prisa Activos Educativos, S.L.'s current financial debt. On December 31, 2020 the Refinancing agreement came into effect, and among other aspects, it extended the maturity of the debt until March 2025, adapted the financial conditions of the debt to the Group's new position in terms of generating cash and has included a relaxation of certain financial covenants and Prisa's commitment to achieving a leverage cap in September 2023 (4.25x Net Debt/EBITDA). Therefore, the Refinancing makes more flexible the financial debt of the Group.

In addition, the contracts governing Prisa's Group debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (*covenants*). These contracts also include provisions on cross-default, which could cause, if the breach exceeds

certain amounts, the early maturity and resolution of the contract in question, including the *Override Agreement*.

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

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. In the first half of 2021, advertising revenue represented 43.4% of Group operating income.

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

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

However, and as described in note 1 of the accompanying consolidated explanatory notes, the appearance of COVID-19 (Coronavirus) has led that the situation of the markets causing a general increase in liquidity pressures in the economy and a contraction in the credit market. In this respect, the Group has a Super Senior debt ("*Super Senior Term & Revolving Facilities Agreement*") to meet operational needs for a maximum amount of up to EUR 225 million, of which EUR 145 million, were drawn as of June 30, 2021. Likewise, the rest of subsidiaries of the Group have credit facilities with a limit amount of EUR 41.8 million as of June 30, 2021, that are undrawn as of June 30, 2021 (*see note 10 of the explanatory notes*). Therefore, as of June 30, 2021, the Group had undrawn credit facilities amounting to EUR 121.8 million, together with cash available of EUR 191 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 97.51% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest

rates. A possible increase in interest rates (i.e. Euribor), would mean an increase in interest expense, which would negatively impact in the cash flow of the Group.

Exposure to exchange rate hedges-

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

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

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

Tax risks-

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

As of June 30, 2021, Prisa Group had active tax credits amounting to EUR 48 million, and they mainly correspond to temporary differences.

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

Intangible assets and goodwill-

As of June 30, 2021, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 101 million and goodwill of EUR 115 million. The analysis of the value of these assets and goodwill used estimates made to date based on the best available information. It is possible that events which could occur in the future make it necessary to modify these estimates down. In this event, the impact of these new estimates in valuing intangible assets and goodwill will be registered on the future consolidated income statement.

2.2. Strategic and operational risks

Macroeconomic risks-

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

During the first half 2021, 51% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 49% 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. During the first half 2021, advertising revenue represented 43.4% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

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

Changes occurring to the traditional media business-

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

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

Competition risk-

Prisa's businesses operate in highly competitive sectors.

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

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

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

Country risk-

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

Regulatory risk-

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

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

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

Risk of concentration of customers in the public sector-

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

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

Digital transformation process-

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

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

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

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

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

Technology risk-

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

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

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

Litigation and third-party claims risk-

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

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

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is

subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group's business.

Intellectual property-

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

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

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

2.3. Non financial risks

See section 5 of the Consolidated Directors' Report of 2020.

2.4. Reputational risks

See section 5 of the Consolidated Directors' Report of 2020.

3. OUTLOOK. BUSINESS DEVELOPMENT PROSPECTS: KEY FACTORS AND TRENDS

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

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

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

In this regard, the pandemic is having an unprecedented impact on the global economy. According to the IMF, the economy is expected to somehow recover in 2021. This source (April 2021 figures), expects a global GDP growth of +6.0%. This forecast can be modified due to the actual uncertainty. The consequences for the economies of the countries in which the Group operates will depend largely on the development of the pandemic, the efficiency in the vaccination process, the response measures implemented by Governments and cooperation between countries.

According to IMF projections for 2021 (April 2021 figures), GDP growth rates in advanced economies will be +5.1%. For Spain the growth will be +6.4%. Meanwhile, the main countries in which Prisa operates in Latin America will also recover in 2021: Brazil will grow by +3.7%, Mexico by +5.0%, Colombia by +5.1%, Chile by +6.2%, Peru by +8.5% and Argentina by +5.8%. Latin America as a whole is expected to grow by +4.6%.

In line with this development of economic indicators in Latin America, the Group's results have also been affected by exchange rate volatility. In the first half of 2021, most of the currencies of Latin American countries have depreciated.

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

Another factor that affects the future development of Prisa's business is the advertising cycle. Media businesses, mainly dependent on advertising revenues (advertising revenues represent 43.4% of total Group's revenues) have a high percentage of fixed costs. This means that significant variations in advertising revenues have a significant impact on earnings, resulting in an improvement or deterioration of the Group's margins and cash position.

In this regard, the COVID-19 pandemic led to a drastic decrease in advertising investment in 2020. However, in the first half of 2021 (specially in the second quarter), the Group's advertising revenues have recovered growing +20.8% compared to the first half of 2020. Digital advertising has grown +25%. In the press business, digital advertising accounts for 70% of advertising revenue (69% in 2020).

The i2P report of July 2021, in Spain, the advertising market in the first half of 2021 grew by +11.0% compared to 2020, in the industries in which the Group has businesses; Prisa's media in Spain grew by +19.4% in the first half, improving markets performance. Market expectations for the whole year, according i2P is +8%. Prisa also expects, like the market, a recovery in advertising revenues, in line with the economic recovery.

In Latin America, the advertising market has also suffered from the impact of the pandemic. In Colombia, according to Asomedios+Andiarios / IBOPE (March 2021), the radio market fell -1.0%. Prisa Radio in Colombia fell by -1.3% (in local currency) in line with market evolution.

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

In addition, Prisa own an Education business that is not so dependent on the economic cycle. Education accounted for 43.0% of Group's revenues in the first half of 2021. Although the Education business has been more resilient so far, the pandemic has had a significant negative impact in private traditional sales, mainly as a consequence of schools physically closed due to strict population lockdown measures adopted in many of the countries. However, subscription models, based in a more digital education methodology, are growing in 2021, despite the pandemic. This supports the importance of the digital transformation in Santillana.

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

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

Digital audiences of the Group's Media are in line with the previous (having reached a monthly average of 239 million unique browsers in the first half) and Santillana's educational platform keeps experiencing record levels of consumption, even above of last year's historic consumption levels in the worse part of the pandemic. In this regard, the pandemic has contributed to increased use of technologies for information consumption, education or entertainment, leading to the growth of the Group's digital audiences.

The Group's strategy for the coming years will therefore also continue to be committed to digital development in its both businesses, Media and Education.