PROMOTORA DE INFORMACIONES, S.A.
2ND HALF 2023

ANNEX I

GENERAL

2ND	STATISTICAL INFORMATION REPORT FOR YEAR	2023

CLOSING DATE OF PERIOD 12/31/2023

I. IDENTIFICATION DATA

Registered Company name:	PROMOTORA DE INFORMACIONES, S.A.
Registered address:	**Tax ID no. (CIF)**
GRAN VÍA, 32	A28297059

II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

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

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

Observations on the above statement/(s):

Person/(s) assuming responsibility for this information:

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

Individual/Corporate name	Office
D. JOSEPH MARIE OUGHOURLIAN	CHAIRMAN
D. FERNANDO CARRILLO FLÓREZ	1ST DEPUTY CHAIRMAN
Dª. MARIA PILAR GIL MIGUEL	2ND DEPUTY CHAIRMAN
Dª. BÉATRICE DE CLERMONT-TONNERRE	DIRECTOR
D. FRANCISCO ANTONIO CUADRADO PEREZ	DIRECTOR
Dª. CARMEN FERNÁNDEZ DE ALARCÓN ROCA	DIRECTOR
Dª. MARGARITA GARIJO GÓMEZ	DIRECTOR
Dª. MARIA JOSÉ MARÍN REY-STOLLE	DIRECTOR
D. CARLOS NUÑEZ MURIAS	DIRECTOR
D. MANUEL POLANCO MORENO	DIRECTOR
Dª. MARIA TERESA QUIRÓS ÁLVAREZ	DIRECTOR
Dª. ISABEL SÁNCHEZ GARCÍA	DIRECTOR
D.JAVIER SANTISO GUIMARAS	DIRECTOR
D. ANDRÉS VARELA ENTRECANALES	DIRECTOR

Date this half-yearly financial report is signed by the competet governing body: 21/02/2024

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousands of euros

ASSETS		PRESENT PER. 12/31/2023	PREVIOUS PER. 12/31/2022
A) NON-CURRENT ASSETS	**0040**	**1,215,806**	**1,270,536**
1. Intangible assets:	**0030**	57	66
a) Goodwill	**0031**		
b) Other intangible assets	**0032**	57	66
2. Property, plant and equipment	**0033**	406	444
3. Investment properties	**0034**		
4. Long-term investmenst in group companies and associates	**0035**	1,209,997	1,265,801
5. Long-term financial investments	**0036**	5,300	4,132
6. Deferred tax assets	**0037**	46	93
7. Other non-current assets	**0038**		
B) CURRENT ASSETS	**0085**	**28,626**	**28,818**
1. Non-current assets held for sale	**0050**	85	210
2. Inventories	**0055**		
3. Trade and other receivables:	**0060**	3,117	2,445
a) Trade receivables for sales and services	**0061**	2,151	1,435
b) Other receivables	**0062**	14	20
c) Current tax assets	**0063**	952	990
4. Short-term investments in group companies and associates	**0064**	13,800	15,730
5. Short-term financial investments	**0070**	1,185	0
6. Current accrual accounts	**0071**	137	238
7. Cash and cash equivalents	**0072**	10,302	10,195
TOTAL ASSETS (A+B)	**0100**	**1,244,432**	**1,299,354**

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousands of euros

EQUITY AND LIABILITIES		PRESENT PER. 12/31/2023	PREVIOUS PER. 12/31/2022
A) EQUITY (A.1+ A.2+ A.3)	**0195**	**323,337**	**282,547**
A.1) CAPITAL AND RESERVES	**0180**	**323,337**	**282,547**
1. Share Capital:	**0171**	100,827	74,065
a) Authorized capital	**0161**	100,827	74,065
b) Less: Uncalled capital	**0162**		
2. Share premium	**0172**	89,346	17,088
3. Reserves	**0173**	281,267	282,751
4. Less: Treasury stock	**0174**	(1,449)	(401)
5. Profit/loss brought forward	**0178**	(90,956)	0
6. Other shareholder contributions	**0179**		
7. Net income for the year	**0175**	(85,725)	(90,956)
8. Less: Interim dividend	**0176**		
9. Other equity instruments	**0177**	30,027	
A.2) VALUATION ADJUSTMENTS	**0188**	**0**	**0**
1. Available for sale financial assets	**0181**		
2. Hedging transactions	**0182**		
3. Other	**0183**		
A.3) GRANTS, DONATIONS AND GIFTS RECEIVED	**0194**		
B) NON-CURRENT LIABILITIES	**0120**	**881,800**	**973,464**
1. Long-term provisions	**0115**	2,519	2,145
2. Long-term debts	**0116**	879,281	971,319
a) Bank borrowings and bonds and other negotiable securities	**0131**	879,281	971,319
b) Other non-current financial liabilities	**0132**		
3. Long-term payable to group and associates companies	**0117**	0	
4. Deferred tax liabilities	**0118**		
5. Other non-current liabilities	**0135**		
6. Long- term acrual accounts	**0119**		
B) CURRENT LIABILITIES	**0130**	**39,295**	**43,343**
1. Non-current liabilities held for sale	**0121**		
2. Short-term provisions	**0122**	3,320	3,320
2. Short-term payables	**0123**	26,506	22,835
a) Bank borrowings and bonds and other negotiable securities	**0133**	16,506	12,477
b) Other financial liabilities	**0134**	10,000	10,358
4. Current payables to group and associates companies	**0129**	5,779	13,052
5. Trade and other payables	**0124**	3,690	4,136
a) Suppliers	**0125**	0	42
b) Other accounts payable	**0126**	3,690	4,094
c) Current tax liabilities	**0127**		
6. Other current liabilities	**0136**		
7. Current accrual accounts	**0128**		
TOTAL EQUITY AND LIABILITIES (A+B+C)	**0200**	**1,244,432**	**1,299,354**

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

Units: Thousands of euros

			PRESENT CURR. PERIOD (2nd HALF) Amount	PREVIOUS PERIOD (2nd HALF) Amount	CURRENT CUMULATIVE 12/31/2023 Amount	PREVIOUS CUMULATIVE 12/31/2022 Amount
(+)	Revenues	0205	4,304	6,131	6,691	8,208
(+/-)	Variation in inventories of finished products and products in process	0206				
(+)	Own work capitalized	0207				
(-)	Suppliers	0208				
(+)	Other operating revenues	0209	0	13	37	111
(-)	Staff costs	0217	(2,797)	(2,593)	(5,425)	(4,807)
(-)	Other operating expenses	0210	(3,093)	(3,209)	(5,947)	(6,774)
(-)	Depreciation and amortization charge	0211	(38)	(473)	(78)	(953)
(+)	Allocation of grants for non-financial assets and others	0212				
(+)	Overprovision	0213				
(+/-)	Impairment and results on fixed asset disposals	0214	0	0	0	0
(+/-)	Other income	0215	0	0		
=	**RESULT FROM OPERATIONS**	0245	**(1,624)**	**(131)**	**(4,722)**	**(4,215)**
(+)	Finance income	0250	2,528	6	3,197	10
(-)	Finance expenses	0251	(41,939)	(32,613)	(79,828)	(91,812)
(+/-)	Change in value of financial instruments	0252	(8,421)	(3,616)	(14,473)	(3,871)
(+/-)	Exchange differences (net)	0254	(1)	(4)	(3)	5
(+/-)	Impairment and results on disposals of financial instrument	0255	1,442	(2,342)	5,477	(647)
=	**NET FINANCIAL RESULT**	0256	**(46,391)**	**(38,569)**	**(85,630)**	**(96,315)**
=	**PROFIT (LOSS) BEFORE TAX**	0265	**(48,015)**	**(38,700)**	**(90,352)**	**(100,530)**
(+/-)	Income tax	0270	863	4,175	5,029	9,642
=	**PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS**	0280	**(47,152)**	**(34,525)**	**(85,323)**	**(90,888)**
(+/-)	Net income for the year from discontinued operations net of tax	0285	(37)	(40)	(402)	(68)
=	**PROFIT (LOSS) FOR THE YEAR**	0300	**(47,189)**	**(34,565)**	**(85,725)**	**(90,956)**

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	0290	(0.05)	(0.05)	(0.09)	(0.13)
Diluted	0295	(0.05)	(0.05)	(0.09)	(0.13)

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

Units: Thousands of euros

		PRESENT PERIOD 12/31/2023	PREVIOUS PERIOD 12/31/2022
A) PROFIT (LOSS) FOR THE YEAR (from the income statement)	0305	(85,725)	(90,956)
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY:	0310	0	0
1. From measurement of financial instruments:	0320	0	0
a) Financial assets held for sale	0321		
a) Other revenues/(expenses)	0323		
2. From cash flow hedges	0330		
3. Grants, donations and gifts received	0340		
4. From actuarial gains and losses and other adjustments	0344		
5. Other income and expense recognised directly in equity	0343		
6. Tax effect	0345		
C) TRANSFERS TO INCOME STATEMENT:	0350	0	0
1. From measurement of financial instruments:	0355	0	0
a) Financial assets held for sale	0356		
a) Other revenues/(expenses)	0358		
2. From cash flow hedges	0360		
3. Grants, donations and gifts received	0366		
4. Other income and expense recognised directly in equity	0365		
5. Tax effect	0370		
TOTAL RECOGNISED INCOME/(EXPENSE) (A+ B+ C)	0400	(85,725)	(90,956)

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

Units: Thousands of euros

PRESENT PERIOD		Equity					Adjustments for changes in value	Grants, donations and gifts received	Total Equity
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Opening balance at 01/01/2023	**3010**	**74,065**	**299,839**	**(401)**	**(90,956)**	**0**	**0**	**0**	**282,547**
Adjustment for changes in accounting policy	**3011**								**0**
Adjustment for errors	**3012**								**0**
Adjusted opening balance	**3015**	**74,065**	**299,839**	**(401)**	**(90,956)**	**0**	**0**	**0**	**282,547**
I. Total recognised income/ (expense) the period	**3020**		0		(85,725)				**(85,725)**
II. Transactions with shareholders or owners	**3025**	**26,762**	**71,682**	**(1,332)**	**0**	**30,027**	**0**	**0**	**127,139**
1. Capital increases/ (reductions)	**3026**	26,762	72,258			(99,020)			**0**
2. Conversion of financial liabiities into equity	**3027**		(258)			3,044			**2,786**
3. Distribution of dividends	**3028**								**0**
4. Trading with own shares (net)	**3029**		(318)	(1,332)					**(1,650)**
5. Increases/ (reductions) for business combinations	**3030**								**0**
6. Other transactions with shareholders or owners	**3032**					126,003			**126,003**
III. Other changes in equity	**3035**	**0**	**(91,864)**	**284**	**90,956**	**0**	**0**	**0**	**(624)**
1. Share based payments	**3036**		(494)	284					**(210)**
2. Transfers between equity accounts	**3037**		(90,956)		90,956				**0**
3. Other variations	**3038**		(414)						**(414)**
Closing balance at 12/31/2023	**3040**	**100,827**	**279,657**	**(1,449)**	**(85,725)**	**30,027**	**0**	**0**	**323,337**

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

Units: Thousands of euros

PREVIOUS PERIOD		Equity					Adjustments for changes in value	Grants, donations and gifts received	Total Equity
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Opening balance at 01/01/2022 (comparative period)	3050	**70,865**	**228,122**	**(1,320)**	**55,593**	**0**	**0**	**0**	**353,260**
Adjustment for changes in accounting policy	3051								**0**
Adjustment for errors	3052								**0**
Adjusted opening balance (comparative period)	3055	**70,865**	**228,122**	**(1,320)**	**55,593**	**0**	**0**	**0**	**353,260**
I. Total recognised income/ (expense) the period	3060				(90,956)				**(90,956)**
II. Transactions with shareholders or owners	3065	**3,200**	**15,308**	**919**	**0**	**0**	**0**	**0**	**19,427**
1. Capital increases/ (reductions)	3066	3,200	17,088						**20,288**
2. Conversion of financial liabilities into equity	3067								**0**
3. Distribution of dividends	3068								**0**
4. Trading with own shares (net)	3069		(1,780)	919					**(861)**
5. Increases/ (reductions) for business combinations	3070								**0**
6. Other transactions with shareholders or owners	3072								**0**
III. Other changes in equity	3075	**0**	**56,409**	**0**	**(55,593)**	**0**	**0**	**0**	**816**
1. Share based payments	3076								**0**
2. Transfers between equity accounts	3077		55,593		(55,593)				**0**
3. Other variations	3078		816						**816**
Closing balance at 12/31/2022 (comparative period)	3080	**74,065**	**299,839**	**(401)**	**(90,956)**	**0**	**0**	**0**	**282,547**

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

Units: Thousands of euros

			PRESENT PERIOD 12/31/2023	PRESENT PERIOD 12/31/2022
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3+ 4)**	**0435**	**(26,325)**	**(52,702)**
1.	**Profit (loss) before tax**	**0405**	**(90,352)**	**(100,530)**
2.	**Adjustments to profit (loss):**	**0410**	**84,239**	**92,360**
(+)	Depreciation and amortization charge	**0411**	78	953
(+/-)	Other adjustments to income (nets)	**0412**	84,161	91,407
3.	**Changes in working capital**	**0415**	**(80)**	**236**
4.	**Other cash flows from operating activities:**	**0420**	**(20,132)**	**(44,768)**
(-)	Interest paid	**0421**	(69,134)	(27,793)
(+)	Dividends received	**0422**	43,146	3,796
(+)	Interest received	**0423**	51	0
(+/-)	Income tax recovered/(paid)	**0430**	9,190	136
(+/-)	Other sums received/(paid) from operating activities	**0425**	(3,385)	(20,907)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1+2)**	**0460**	**19,910**	**(20,305)**
1.	**Payments for investments:**	**0440**	**(118)**	**(20,848)**
(-)	Group companies, associates and business units	**0441**	(87)	(20,624)
(-)	Property, plant and equipment, intangible assets and investment properties	**0442**	(31)	(224)
(-)	Other financial assets	**0443**		
(-)	Non-current assets and liabilities that have been classified as held for sale	**0459**		
(-)	Other assets	**0444**		
2.	**Proceeds from disposals:**	**0450**	**20,028**	**543**
(+)	Group companies, associates and business units	**0451**	20,028	543
(+)	Property, plant and equipment, intangible assets and investment properties	**0452**	0	0
(+)	Other financial assets	**0453**	0	0
(-)	Non-current assets and liabilities that have been classified as held for sale	**0461**		
(+)	Other assets	**0454**		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1+2+ 3)**	**0490**	**6,522**	**72,438**
1.	**Sums received /(paid) in respect of equity instruments:**	**0470**	**125,874**	**(87)**
(+)	Issues	**0471**	127,524	
(-)	Amortization	**0472**		
(-)	Acquisition	**0473**	(1,898)	(626)
(+)	Disposal	**0474**	248	539
(+)	Grants, donations and gifts received	**0475**		
2.	**Sums received /(paid) for financial liability instruments:**	**0480**	**(119,087)**	**72,525**
(+)	Issues	**0481**	0	88,526
(-)	Repayment and redemption	**0482**	(119,087)	(16,001)
3.	**Payments of dividends and remuneration on other equity instruments**	**0485**	(265)	
D)	**EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES**	**0492**		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C+ D)**	**0495**	**107**	**(569)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	**0499**	**10,195**	**10,764**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+ F)**	**0500**	**10,302**	**10,195**

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		PRESENT PERIOD 12/31/2023	PRESENT PERIOD 12/31/2022
(+)	Cash and banks	**0550**	10,302	10,195
(+)	Other financial assets	**0552**		
(-)	*Less: Bank overdrafts repayable on demand*	**0553**		
	TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**0600**	**10,302**	**10,195**

IV. SELECTED FINANCIAL INFORMATION

5. STATEMENT OF CONSOLIDATED FINANCIAL SITUATION (IFRS ADOPTED)

Units: Thousands of euros

ASSETS		PRESENT PER. 12/31/2023	PREVIOUS PER. 12/31/2022
A) NON-CURRENT ASSETS	**1040**	**430,686**	**425,934**
1. Intangible assets:	1030	221,673	222,163
a) Goodwill	1031	117,654	117,220
b) Other intangible assets	1032	104,019	104,943
2. Property, plant and equipment	1033	94,464	103,294
3. Investment properties	1034	15	12
4. Investments accounted for using the equity method	1035	45,061	33,123
5. Non-current financial assets	1036	6,008	8,386
b) At fair value with changes in results	1047	0	0
Of which 'Designated in the initial moment'	1041		
b) At fair value with changes in other comprehensive income	1042	0	0
Of which 'Designated in the initial moment'	1043		
c) At amortized cost	1044	6,008	8,386
6. Non-current derivatives	1039	5,145	3,977
a) Coverage	1045	5,145	3,977
b) Other	1046		
7. Deferred tax assets	1037	58,320	54,979
8. Other non-current assets	1038	0	0
B) CURRENT ASSETS	**1085**	**544,081**	**556,739**
1. Non-current assets held for sale	1050	3,471	841
2. Inventories	1055	63,699	74,693
3. Trade and other receivables:	1060	296,136	290,181
a) Trade receivables for sales and services	1061	236,914	226,046
b) Other receivables	1062	59,222	64,135
c) Current tax assets	1063		
4. Current financial assets	1070	4,165	1,528
b) At fair value with changes in results	1080	0	0
Of which 'Designated in the initial moment'	1081		
b) At fair value with changes in other comprehensive income	1082		
Of which 'Designated in the initial moment'	1083		
c) At amortized cost	1084	4,165	1,528
5. Current derivatives	1076	0	0
a) Coverage	1077	0	0
b) Other	1078		
6. Other current assets	1075	0	0
7. Cash and cash equivalents	1072	176,610	189,496
TOTAL ASSETS (A + B)	**1100**	**974,767**	**982,673**

IV. SELECTED FINANCIAL INFORMATION

5. STATEMENT OF CONSOLIDATED FINANCIAL SITUATION (IFRS ADOPTED)

Units: Thousands of euros

EQUITY AND LIABILITIES		PRESENT PER. 12/31/2023	PREVIOUS PER. 12/31/2022
A) EQUITY (A.1+ A.2+ A.3)	**1195**	**(428,150)**	**(532,160)**
A.1) CAPITAL AND RESERVES	**1180**	**(372,040)**	**(458,652)**
1. Share Capital	**1171**	100,827	74,065
a) Authorized capital	**1161**	100,827	74,065
b) Less: Uncalled capital	**1162**		
2. Share premium	**1172**	89,346	17,088
3. Reserves	**1173**	31,583	121,619
4. Less: Treasury stock	**1174**	(1,449)	(401)
5. Profit/loss brought forward	**1178**	(589,869)	(658,074)
6. Other shareholder contributions	**1179**		
7. Profit (loss) for year attributable to parent company	**1175**	(32,505)	(12,949)
8. Less: Interim dividend	**1176**	0	
9. Other equity instruments	**1177**	30,027	0
A.2) OTHER ACCUMULATED INTEGRAL RESULT	**1188**	**(70,729)**	**(87,583)**
1. Items that are not reclassified to result the period	**1186**	0	0
a) Equity instruments with changes in other comprehensive income	**1185**		
b) Other	**1190**		
2. Items that may be subsequently classified to result for the period	**1187**	(70,729)	(87,583)
a) Hedging	**1182**		
b) Translation differences	**1184**	(70,729)	(87,583)
c) Participation in other comprehensive income for investments in joint ventures an	**1192**		
d) Debt instruments at fair value with changes in other comprehensive income	**1191**		
e) Other	**1183**	0	0
EQUITY ATTRIBUTABLE TO THE CONTROLING COMPANY (A.1+ A.2)	**1189**	**(442,769)**	**(546,235)**
A.3) NON-CONTROLLING PARTICIPATIONS	**1193**	14,619	14,075
B) NON-CURRENT LIABILITIES	**1120**	**971,430**	**1,073,345**
1. Grants	**1117**	303	468
2. Non-current provisions	**1115**	11,058	15,308
3. Non-current financial liabilities:	**1116**	935,593	1,034,783
a) Bank borrowings and bonds and other negotiable securities	**1131**	885,351	980,848
b) Other non-current financial liabilities	**1132**	50,242	53,935
4. Deferred tax liabilities	**1118**	22,137	19,894
5. Non-current derivatives	**1140**	0	0
a) Coverage	**1141**		
b) Other	**1142**		
6. Other non-current liabilities	**1135**	2,339	2,892
C) CURRENT LIABILITIES	**1130**	**431,487**	**441,488**
1. Non-current liabilities held for sale	**1121**	223	424
2. Current provisions	**1122**	6,110	6,166
3. Current financial liabilities:	**1123**	55,470	63,656
a) Bank borrowings and bonds and other negotiable securities	**1133**	37,578	30,824
b) Other financial liabilities	**1134**	17,892	32,832
4. Trade and other payables:	**1124**	322,796	329,739
a) Suppliers	**1125**	232,983	254,800
b) Other accounts payable	**1126**	89,813	74,939
c) Current tax liabilities	**1127**		
5. Current derivatives	**1145**	0	0
a) Coverage	**1146**		
b) Other	**1147**		
6. Other current liabilities	**1136**	46,888	41,503
TOTAL EQUITY AND LIABILITIES (A + B + C)	**1200**	**974,767**	**982,673**

IV. SELECTED FINANCIAL INFORMATION
6. CONSOLIDATED INCOME STATEMENT (IFRS ADOPTED)

Units: Thousands of euros

			PRESENT CURR. PERIOD (2nd HALF)	PREVIOUS PERIOD (2nd HALF)	CURRENT CUMULATIVE 12/31/2023	PREVIOUS CUMULATIVE 12/31/2022
(+)	Revenues	1205	497,556	449,074	929,440	830,764
(+/-)	Variation in inventories of finished products and products in process	1206				
(+)	Own work capitalized	1207	193	625	359	959
(-)	Suppliers	1208	(74,968)	(66,090)	(146,315)	(127,640)
(+)	Other operating revenues	1209	8,985	12,163	15,851	16,177
(-)	Staff costs	1217	(160,331)	(152,339)	(319,711)	(297,882)
(-)	Other operating expenses	1210	(158,619)	(150,757)	(300,255)	(287,090)
(-)	Depreciation and amortization charge	1211	(37,015)	(36,223)	(70,282)	(71,010)
(+)	Allocation of grants for non-financial assets and others	1212				
(+/-)	Impairment on fixed asset	1214	(1,811)	(3,373)	(2,005)	(3,197)
(+/-)	Results on fixed asset disposals	1216	(62)	165	1,728	2,283
(+/-)	Other income	1215				
=	**RESULT FROM OPERATIONS**	**1245**	**73,928**	**53,245**	**108,810**	**63,364**
(+)	Finance income	1250	3,353	2,695	8,934	5,562
	a) Interest income calculated according to the effective interest rate method	1262	0	0		
	b) Other	1263	3,353	2,695	8,934	5,562
(-)	Finance costs	1251	(51,250)	(46,892)	(113,096)	(132,226)
(+/-)	Change in value of financial instruments	1252	(8,759)	(3,619)	(14,813)	55,805
(+/-)	Result from the reclassification of financial assets at amortized cost to financial assets at fair value	1258	0	0		
(+/-)	Result derived from the reclassification of financial assets at fair value with changes in other comprehensive income to financial assets at fair value	1259	0	0		
(+/-)	Exchange differences (net)	1254	3,840	(2,079)	694	(1,476)
(+/-)	Loss / Reversal due to deterioration of financial instruments	1255	0	0		
(+/-)	Result from disposal of financial instruments	1257	0	0	0	0
	a) Financial instruments at amortized cost	1260	0	0		
	b) Rest of financial instruments	1261	0	0		
=	**NET FINANCIAL RESULT**	**1256**	**(52,816)**	**(49,895)**	**(118,281)**	**(72,335)**
(+/-)	Profit (loss) from companies recorded by the equity method	1253	13,283	2,511	13,659	5,986
=	**PROFIT (LOSS) BEFORE TAX**	**1265**	**34,395**	**5,861**	**4,188**	**(2,985)**
(+/-)	Income tax	1270	(29,577)	(4,759)	(35,421)	(10,283)
=	**PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS**	**1280**	**4,818**	**1,102**	**(31,233)**	**(13,268)**
(+/-)	Net income for the year from discontinued operations net of tax	1285	(15)	0	(365)	0
=	**CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD**	**1288**	**4,803**	**1,102**	**(31,598)**	**(13,268)**
	a) Profit (loss) for year attributable to controling company	1300	3,748	1,047	(32,505)	(12,949)
	b) Profit (loss) for attributable to the non-controlling participations	1289	1,055	55	907	(319)

	EARNINGS PER SHARE		**Amount (X.XX euros)**	**Amount (X.XX euros)**	**Amount (X.XX euros)**	**Amount (X.XX euros)**
	Basic	1290	0.00	0.00	(0.04)	(0.02)
	Diluted	1295	0.00	0.00	(0.04)	(0.02)

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

Units: Thousands of euros

		PRESENT CURR. PERIOD (2nd HALF)	PREVIOUS PERIOD (2nd HALF)	PRESENT PERIOD 12/31/2023	PREVIOUS PERIOD 12/31/2022
A) CONSOLIDATED NET INCOME FOR THE PERIOD (from income statement)	**1305**	**4,803**	**1,102**	**(31,598)**	**(13,268)**
B) OTHER INTEGRAL RESULT- ITEMS THAT ARE NOT RECLASSIFIED TO RESULT OF THE PERIOD:	**1310**	**2,957**	**924**	**2,912**	**924**
1. From revaluation/(reversal of revaluation) of tangible assets and intangible assets	**1311**				
2. From actuarial gains and losses	**1344**	**2,981**	**630**	**2,936**	**630**
3. Participation in other comprehensive income recognized for investments in joint ventures and associates	**1342**	**(24)**	**294**	**(24)**	**294**
4. Equity instruments with changes in other comprehensive income	**1346**				
5. Other income and expenses that are not reclassified to result of the period	**1343**	**0**	**0**		
6. Tax effect	**1345**				
C) OTHER INTEGRAL RESULT- ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE RESULT OF THE PERIOD:	**1350**	**(12,372)**	**(10,304)**	**3,776**	**14,752**
1. Hedging:	**1360**	**0**	**0**	**0**	**0**
a) Profit/(Loss) for valuation	**1361**				
b) Amounts transferred to the profit and loss account	**1362**				
c) Amounts transferred to initial value of hedged	**1363**				
d) Other reclassifications	**1364**				
2. Translation differences:	**1365**	**(12,065)**	**(10,914)**	**73**	**11,490**
a) Profit/(Loss) for valuation	**1366**	(12,065)	(10,914)	(222)	10,844
b) Amounts transferred to the profit and loss account	**1367**	0	0	295	646
c) Other reclassifications	**1368**				
3. Participation in other comprehensive income recognized for the investments in joint ventures and associates:	**1370**	**(307)**	**610**	**3,703**	**3,262**
a) Profit/(Loss) for valuation	**1371**	(307)	610	3,703	3,262
b) Amounts transferred to the profit and loss account	**1372**				
c) Other reclassifications	**1373**				
4. Debt instruments at fair value with changes in other comprehensive income:	**1381**	**0**	**0**	**0**	**0**
a) Profit/(Loss) for valuation	**1382**				
b) Amounts transferred to the profit and loss account	**1383**				
c) Other reclassifications	**1384**				
5. Other income and expenses that may subsequently reclassified to profit or loss:	**1375**	**0**	**0**	**0**	**0**
a) Profit/(Loss) for valuation	**1376**	0	0		
b) Amounts transferred to the profit and loss account	**1377**	0	0		
c) Other reclassifications	**1378**	0	0		
6. Tax effect	**1380**	**0**	**0**		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A+ B+ C)	**1400**	**(4,612)**	**(8,278)**	**(24,910)**	**2,408**
a) Attributable to the controling company	**1398**	(5,982)	(7,616)	(26,597)	1,550
b) Attributable to non-controling participations	**1399**	1,370	(662)	1,687	858

IV. SELECTED FINANCIAL INFORMATION

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

Units: Thousands of euros

PRESENT PERIOD		Net equity attributable to the controling entity							
		Equity							
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for period attributable to the controling entity	Other equity instruments	Adjustments for changes in value	Non-controling participations	Total Equity
Opening balance at 01/01/2023	**3110**	**74,065**	**(519,367)**	**(401)**	**(12,949)**	**0**	**(87,583)**	**14,075**	**(532,160)**
Adjustment for changes in accounting policy	**3111**								0
Adjustment for errors	**3112**								0
Adjusted opening balance	**3115**	**74,065**	**(519,367)**	**(401)**	**(12,949)**	**0**	**(87,583)**	**14,075**	**(532,160)**
I. Integral Result Total for the period	**3120**		(10,946)		(32,505)		16,854	1,687	(24,910)
II. Transactions with shareholders or owners	**3125**	**26,762**	**71,682**	**(1,332)**	**0**	**30,027**	**0**	**(910)**	**126,229**
1. Capital increases/ (reductions)	**3126**	26,762	72,258			(99,020)			0
2. Conversion of financial liabiities into equity	**3127**		(258)			3,044			2,786
3. Distribution of dividends	**3128**							(1,026)	(1,026)
4. Trading with own shares (net)	**3129**		(318)	(1,332)					(1,650)
5. Increases/ (reductions) for business combinations	**3130**							116	116
6. Other transactions with shareholders or owners	**3132**					126,003			126,003
III. Other changes in equity	**3135**	**0**	**(10,309)**	**284**	**12,949**	**0**	**0**	**(233)**	**2,691**
1. Share based payments	**3136**		(494)	284					(210)
2. Transfers between equity accounts	**3137**		(12,949)		12,949				0
3. Other variations	**3138**		3,134					(233)	2,901
Closing balance at 12/31/2023	**3140**	**100,827**	**(468,940)**	**(1,449)**	**(32,505)**	**30,027**	**(70,729)**	**14,619**	**(428,150)**

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

Units: Thousands of euros

PREVIOUS PERIOD		Net equity attributable to the controling entity							
		Equity							
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for period attributable to the controling entity	Other equity instruments	Adjustments for changes in value	Non-controling participations	Total Equity
Opening balance at 01/01/2022 (comparative period)	3150	**70,865**	**(429,393)**	**(1,320)**	**(106,506)**	**0**	**(90,410)**	**44,949**	**(511,815)**
Adjustment for changes in accounting policy	3151								0
Adjustment for errors	3152								0
Adjusted opening balance (comparative period)	3155	**70,865**	**(429,393)**	**(1,320)**	**(106,506)**	**0**	**(90,410)**	**44,949**	**(511,815)**
I. Integral Result Total for the period	3160		5,265		(12,949)		9,234	858	2,408
II. Transactions with shareholders or owners	3165	**3,200**	**15,308**	**919**	**0**	**0**	**0**	**(31,209)**	**(11,782)**
1. Capital increases/ (reductions)	3166	3,200	17,088						20,288
2. Conversion of financial liabiities into equity	3167								0
3. Distribution of dividends	3168							(4,955)	(4,955)
4. Trading with own shares (net)	3169		(1,780)	919					(861)
5. Increases/ (reductions) for business combinations	3170							(26,254)	(26,254)
6. Other transactions with shareholders or owners	3172								0
III. Other changes in equity	3175	**0**	**(110,547)**	**0**	**106,506**	**0**	**(6,407)**	**(523)**	**(10,971)**
1. Share based payments	3176								0
2. Transfers between equity accounts	3177		(106,506)		106,506				0
3. Other variations	3178		(4,041)				(6,407)	(523)	(10,971)
Closing balance at 12/31/2022 (comparative period)	3180	**74,065**	**(519,367)**	**(401)**	**(12,949)**	**0**	**(87,583)**	**14,075**	**(532,160)**

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

Units: Thousands of euros

			PRESENT PERIOD 12/31/2023	PREVIOUS PERIOD 12/31/2022
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3+ 4)**	**1435**	**126,387**	**107,209**
1.	**Profit (loss) before tax**	**1405**	**4,188**	**(2,985)**
2.	**Adjustments to profit (loss):**	**1410**	**171,660**	**133,266**
(+)	Depreciation and amortization charge	1411	70,282	71,010
(+/-)	Other adjustments to income (nets)	1412	101,378	62,256
3.	**Changes in working capital**	**1415**	**(40,816)**	**(7,527)**
4.	**Other cash flows from operating activities:**	**1420**	**(8,645)**	**(15,545)**
(-)	Interest paid	1421		
(-)	Payments of dividends and remuneration on other equity instruments	1430		
(+)	Dividends received	1422		
(+)	Interest received	1423		
(+/-)	Income tax recovered/(paid)	1424	(9,665)	(15,494)
(+/-)	Other sums received/(paid) from operating activities	1425	1,020	(51)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1+ 2+ 3)**	**1460**	**(30,082)**	**(50,412)**
1.	**Payments for investments:**	**1440**	**(45,002)**	**(54,004)**
(-)	Group companies, associates and business units	1441		(1,571)
(-)	Property, plant and equipment, intangible assets and investment properties	1442	(43,451)	(51,804)
(-)	Other financial assets	1443	(1,551)	(629)
(-)	Non-current assets and liabilities that have been classified as held for sale	1459		
(-)	Other assets	1444		
2.	**Proceeds from disposals:**	**1450**	**5,404**	**3,361**
(+)	Group companies, associates and business units	1451	1,028	2,568
(+)	Property, plant and equipment, intangible assets and investment properties	1452	3,803	110
(+)	Other financial assets	1453	200	150
(+)	Non-current assets and liabilities that have been classified as held for sale	1461		
(+)	Other assets	1454	373	533
3.	**Other cash flows from investing activities:**	**1455**	**9,516**	**231**
(+)	Dividends received	1456	5,208	231
(+)	Interest received	1457	4,308	
(+/-)	Other sums received/(paid) from investing activities	1458	0	0
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1+2+ 3+ 4)**	**1490**	**(111,223)**	**(40,119)**
1.	**Sums received /(paid) in respect of equity instruments:**	**1470**	**110,654**	**(30,087)**
(+)	Issues	1471	127,524	
(-)	Amortization	1472		
(-)	Acquisition	1473	(17,118)	(30,626)
(+)	Disposal	1474	248	539
2.	**Sums received /(paid) for financial liability instruments:**	**1480**	**(111,401)**	**92,384**
(+)	Issues	1481	9,729	99,826
(-)	Repayment and redemption	1482	(121,130)	(7,442)
3.	**Payments of dividends and remuneration on other equity instruments**	**1485**	**(2,141)**	**(5,196)**
4.	**Other cash flow from financing activities**	**1486**	**(108,335)**	**(97,220)**
(-)	Interest paid	1487	(77,463)	(50,714)
(+/-)	Other sums received/(paid) from financing activities	1488	(30,872)	(46,506)
D)	**EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES**	**1492**	**2,032**	**4,146**
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C+ D)**	**1495**	**(12,886)**	**20,824**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	**1499**	**189,496**	**168,672**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+ F)**	**1500**	**176,610**	**189,496**

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		PRESENT PERIOD 12/31/2023	PREVIOUS PERIOD 12/31/2022
(+)	Cash and banks	1550	76,552	109,982
(+)	Other financial assets	1552	100,058	79,514
(-)	*Less: Bank overdrafts repayable on demand*	1553		
	TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1600**	**176,610**	**189,496**

IV. SELECTED FINANCIAL INFORMATION
10. DIVIDENDS PAID

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

IV. SELECTED FINANCIAL INFORMATION
11. SEGMENT REPORTING

Units: Thousands of euros

GEOGRAPHICAL AREA		Distribution of net turnover by geographical area			
		INDIVIDUAL		CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
National market	2210	6,691	8,208	335,213	313,195
International market:	2215			594,227	517,569
a) European Union	2216			74	1,691
a.1) Euro zone	2217			74	1,691
a.1) Non-Euro area	2218				
b) Other	2219			594,153	515,878
TOTAL	**2220**	**6,691**	**8,208**	**929,440**	**830,764**

SEGMENTS		CONSOLIDATED			
		Revenue from ordinary activities		Profit (loss)	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
EDUCATION	2221	515,223	447,435	40,161	26,382
MEDIA	2222	431,558	403,775	14,545	6,680
OTHERS	2223	6,605	5,217	(87,219)	(20,931)
Adjustments and eliminations	2224	(5,976)	(6,238)	8	(25,080)
	2225				
	2226				
	2227				
	2228				
	2229				
	2230				
TOTAL of the segments to be reported	**2235**	**947,410**	**850,189**	**(32,505)**	**(12,949)**

IV. SELECTED FINANCIAL INFORMATION
12. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	**2295**	**40**	**43**	**7,166**	**6,996**
Men	**2296**	14	17	3,687	3,571
Women	**2297**	26	26	3,479	3,425

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

DIRECTORS:

Remuneration component:

		Amount (€ 000s)	
		PRESENT PERIOD	PREVIOUS PERIOD
Remuneration for belonging to the Board and / or Board Committees	**2310**	1,164	1,100
Salaries	**2311**	1,167	875
Variable cash remuneration	**2312**	695	187
Share-based compensation systems	**2313**	849	226
Compensation	**2314**		0
Long-term savings systems	**2315**		0
Other concepts	**2316**	30	12
TOTAL	**2320**	**3,905**	**2,400**

EXECUTIVES:

		Amount (€ 000s)	
		PRESENT PERIOD	PREVIOUS PERIOD
Total remuneration received by executives	**2325**	1,592	1,740

IV. SELECTED FINANCIAL INFORMATION
14. RELATED PARTIES TRANSACTIONS AND BALANCES (1/2)

Units: Thousands of euros

EXPENSES AND REVENUES:		PRESENT PERIOD Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Finance expenses	2340			13		13
2) Leases	2343					0
3) Services received	2344	2,039	131	750		2,920
4) Purchase of stocks	2345					0
5) Other expenses	2348		5,497	4		5,501
TOTAL EXPENSES (1+ 2+ 3+ 4+ 5)	**2350**	**2,039**	**5,628**	**767**		**8,434**
6) Finance income	2351			15		15
7) Dividends received	2354			5,184		5,184
8) Services provided	2356	27,993	1	9,549		37,543
9) Sale of stocks	2357					0
10) Other revenues	2359			445		445
TOTAL REVENUES (6+ 7+ 8+ 9+ 10)	**2360**	**27,993**	**1**	**15,193**	**0**	**43,187**

OTHER TRANSACTIONS:		PRESENT PERIOD Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Financing agreements: credit facilities and contributions of capital (lender)	2372					0
Financing agreements:loans and contributions of capital (borrower)	2375					0
Guarantees and deposits established	2381					0
Guarantees and deposits received	2382					0
Commitments acquired	2383					0
Dividends and other porfits distributed	2386					0
Other operations	2385	74,553	190			74,743

BALANCES AT CLOSURE OF THE PERIOD:		PRESENT PERIOD Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Customers and Trade Debtors	2341	9,015		3,420		12,435
1) Loans and credits granted	2342					0
1) Other collection rights	2346					0
TOTAL DEBT BALANCES (1+ 2+ 3)	**2347**	**9,015**	**0**	**3,420**	**0**	**12,435**
1) Suppliers and commercial creditors	2352	537	66	895		1,498
1) Loans and credits received	2353					0
1) Other payment obligations	2355					0
TOTAL CREDITORS BALANCES (4+ 5+ 6)	**2358**	**537**	**66**	**895**	**0**	**1,498**

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

Units: Thousands of euros

EXPENSES AND REVENUES:		PREVIOUS PERIOD Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Finance expenses	6340			20		20
2) Leases	6343			6		6
3) Services received	6344	2,512	22	886		3,420
4) Purchase of stocks	6345					0
5) Other expenses	6348		4,140	311		4,451
TOTAL EXPENSES (1+ 2+ 3+ 4+ 5)	**6350**	**2,512**	**4,162**	**1,223**		**7,897**
6) Finance income	6351					0
7) Dividends received	6354			197		197
8) Services provided	6356	30,056		13,119		43,175
9) Sale of stocks	6357					0
10) Other revenues	6359	3		331		334
TOTAL REVENUES (6+ 7+ 8+ 9+ 10)	**6360**	**30,059**	**0**	**13,647**	**0**	**43,706**

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

BALANCES AT CLOSURE OF THE PERIOD:		PREVIOUS PERIOD Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Customers and Trade Debtors	6341	14,800		4,027		18,827
1) Loans and credits granted	6342			200		200
1) Other collection rights	6346					0
TOTAL DEBT BALANCES (1+ 2+ 3)	**6347**	**14,800**	**0**	**4,227**	**0**	**19,027**
1) Suppliers and commercial creditors	6352	1,024	5	571		1,600
1) Loans and credits received	6353					0
1) Other payment obligations	6355					0
TOTAL CREDITORS BALANCES (4+ 5+ 6)	**6358**	**1,024**	**5**	**571**	**0**	**1,600**

VI. SPECIAL AUDITOR'S REPORT

Anexar
Informe especial del auditor

The information contained in this report has not been audited.

PRISA Group

Explanatory notes to the consolidated financial statements for the 2023 financial year

1. PRESENTATION BASES FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2023 FINANCIAL YEAR

Consolidated financial statements

The consolidated financial statements of Promotora de Informaciones, S.A. and subsidiaries (PRISA Group or Group) for the 2023 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

These consolidated financial statements are presented in thousands of euros.

This financial information is prepared in order to update the latest approved consolidated annual accounts of the Group, highlighting the new activities, events and circumstances that have taken place during the period and avoiding the repetition of information previously reported in the consolidated annual accounts for 2022. Therefore, these explanatory notes do not contain all the information and disclosures required for a complete set of consolidated financial statements in accordance with IFRSs as adopted by the European Union. In order to correctly understand the information included in these explanatory notes, they must be read in conjunction with the said consolidated annual accounts of the Group for 2022.

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

As required by IAS 8, uniform accounting policies and measurement bases were applied evenly by the Group for all transactions, events and items in 2023 and 2022.

Individual financial statements

Promotora de Informaciones, S.A. (the Company or PRISA), as parent company of the Group, presents its financial statements in accordance with the Spanish General Accounting Plan set out in RD 1514/07 of 16th November, modified by the RD 1/2021, of 12 of January.

a) Evolution of the Group's capital and financial structure

During last year and in the present the Administrators of PRISA took a number of measures to strengthen the Group's financial and asset structure, such as assets sale operations, capital increases or issuance of bonds mandatorily convertible into shares and refinancing of its debt.

In 2020, Vertix, SGPS, S.A. (subsidiary fully owned by PRISA) sold its entire shareholding in Grupo Media Capital, SGPS, S.A. ("Media Capital") for a total price of EUR 47.4 million, which implied an accounting loss of EUR 77 million. This amount, net of costs, was destined to partial repayment of syndicated loan of the Group existing at that time.

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, since June 30, 2020, and at December 31, 2023, the parent Company's equity is greater than two thirds of the capital stock, which is why it is in a situation of equity balance.

On October 19, 2020, PRISA, through its subsidiary Grupo Santillana Educación Global, S.L.U. ("Santillana"), signed an agreement with the Sanoma Corporation, 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 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. This operation implied a capital gain of EUR 377 million. EUR 375 million of the cash obtained was destined to partial repayment of syndicated loan of PRISA existing at that time.

On April 19, 2022, the amendment of the Group's syndicated financial debt entered into force (the “Refinancing”), which considered, among other aspects, the extension of the maturity of the financial debt to 2026 and 2027, the division of the syndicated loan into two differentiated tranches (one of Senior debt and one of Junior debt) and the flexibilization of the contractual commitments of the debt that will allow, among other improvements, to increase PRISA's operating flexibility and soften the financial ratios required by the previous contracts. Likewise, terms of the Super Senior contract debt of the Company were modified, that among other terms, supposed an extension of the maturity of the debt to June 2026.

The agreed Refinancing thus make the Group's financial debt more flexible and provide a financial structure allowing the Group to comply with its financial commitments, ensuring the Group's stability in the short and medium term.

In January 2023, the Board of Directors of PRISA unanimously agreed to issue subordinated bonds (with pre-emptive subscription rights for PRISA shareholders) mandatorily convertible into newly issued ordinary shares of the Company. This issue took place through a public offer for subscription of up to a total of EUR 130 million, by issuing and putting into circulation up to a total of 351,350 convertible bonds. The maturity date of these convertible bonds and conversion into new shares will be on the fifth anniversary of the issue date, with a conversion price of EUR 0.37 per new share having been set. The convertible bonds will bear interest at a fixed annual rate (coupons) of 1.00% (which cannot be capitalised) and payable upon conversion into ordinary shares. In February 2023, convertible bonds amounting to a total of EUR 130 million were subscribed, i.e. the full amount of the offer. The issue of this bond mandatorily convertible into shares has been treated as a compound financial instrument, registered in its mainly as an equity component *(see section c) and note 8)*.

In May and November 2023, and in accordance with the conversion schedule established in the issuance of the aforementioned subordinated bonds (which established semi-annual early conversion windows at the discretion of the holders of said bonds), 267,621 subordinated bonds were converted, which has led to the issuance of 267,621,000 newly issued ordinary shares of the Company, according to the conversion price established *(see note 8).*

The aforementioned issuance was configured as an instrument to reduce PRISA´s syndicated financial debt, which is linked to a variable interest rate and which was refinanced in April 2022. This has enabled the Company to raise the funds necessary to partially pay off early the tranche of the PRISA's syndicated financial debt that constitutes its largest interest financial expense, i.e. the Junior debt tranche, which is benchmarked at Euribor+8% (including cash and capitalisable cost), which as at December 31, 2022 totalled EUR 192,013 thousand *(see note 10)*. So, in February, 2023 the Group had cancelled EUR 110 million of Junior debt. The remaining amount up to EUR 130 million (net of operation costs) was destined to meet the Group´s operational needs.

Developments and impacts of the war in Ukraine and the Israel and Hamas conflict

In recent years, the Group has undertaken its activities in the following areas in 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. This complex environment has been greatly exacerbated as a consequence of different events that have great global repercussions, such as the COVID-19 pandemic and currently the war in Ukraine or the recent Israel and Hamas conflict.

In February 2022, the Russian invasion of Ukraine took place, which led the European Union to adopt a series of individual measures and economic sanctions against Russia. It has also caused great instability in international markets. At present, the armed conflict, far from ending, continues in force in the affected region. Likewise, in October 2023, the conflict between Israel and Hamas began, the scope and magnitude of which is unknown today, including the possibility that it will extend to other countries in the region.

In particular, the Ukraine war has led to a significant increase in inflation rates and higher energy prices since 2022. In addition, as a result of inflationary pressures, Central Banks have been raising interest rates during last quarters, which has led to an increase in the cost of financing for economic agents. All the above led to a slowdown in the global economy in 2022, which has continued in 2023, with the prospects for economic recovery still uncertain, depending on the duration of the war in Ukraine and the Middle East conflict, the normalisation of commodity supplies and the future behaviour of inflation and its return to normal rates. This slowdown in the global economy could turn into a prolonged period of low growth and high inflation (stagflation). During 2023, global growth has slowed as a result of the above developments, and although inflation is coming down in the latest months (as a result of interest rate hikes by Central Banks), as are food and energy prices, core inflation is not falling at the same pace.

In general, both the Education and Media businesses tend to develop in a way that is very much subject to the macroeconomic environment. For example, on the cost side, raw materials, energy resources or distribution are being affected as a result of rising inflation and supply chain disruptions resulting from the environment. Moreover, in the case of Media, the performance of the advertising market is particularly affected. 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.

Likewise, the increase in Euribor, the reference rate for the cost of most of the Group's financial debt, has a negative impact on the financial cost of the same and interest payments.

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 remaining impact of the events mentioned above. Therefore, at the date of approval of these explanatory notes we have carried out an assessment of the impacts that the invasion of Ukraine mainly and, to a lesser extent, the conflict between Israel and Hamas, and its associated adverse macroeconomic impacts have mainly had on the Group as of December 31, 2023. There is still a high level of uncertainty about its consequences in the short and medium term.

Therefore, the Directors and Management of the Group have 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 240 million, that were fully drawn as of December 31, 2023. Likewise, the rest of subsidiaries of the Group have undrawn credit facilities and other lines of credit amounting to EUR 19.1 million at December 31, 2023. Additionally, the Group had a cash available of EUR 166.6 million to said date. The foregoing, together with the implemented specific plans for the improvement and efficient management of liquidity, will make it possible to deal with these tensions.

- Risk of change in certain financial magnitudes: the factors referred to above could adversely affect in the future to the Group's advertising revenues, the revenues of circulation and sale of education, as well to the associated margins, to the extent that there is an increase in costs or an adverse impact on revenues due to the current macroeconomic scenario, even though the Group has no trade relations with Ukraine, Russia or Israel. However, it is not possible at this stage to reliably quantify the impact of the above factors and events on future financial statements, given the constraints and limitations already indicated.

  Likewise, the invasion of Ukraine and conflict between Israel and Hamas and its macroeconomic impacts 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 in 2022, the Group's financial debt was made more flexible and endowed with a financial structure that makes it possible to meet its financial commitments (including financial ratios (covenants)).

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets (goodwill, intangible assets, deferred tax assets, trade and other receivables, etc.) and on the need to recognize provisions or other liabilities. The appropriate analyses and calculations have been carried out which have allowed, where appropriate, those assets and liabilities to be remeasured with the information available to date. At December 31, 2023 there have not been significant changes in the estimates at the end of 2022 in the aforementioned magnitudes, that have a negative impact on the condensed consolidated financial statements, as consequence of the above events.

- 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.

b) Entry into force of new accounting standards

The application of the amendments and interpretations applicable from January 1, 2023 has not had a significant impact on the Group's consolidated financial statements for the present year. Therefore, the accounting policies used in the preparation of these explanatory notes are, in all significant aspects, the same as those applied in the consolidated annual accounts for the year ended December 31, 2022. In this regard, the entry into force in 2023 of the amendment to IAS 12 "Corporate Tax: Deferred taxes related to assets and liabilities arising from a single transaction", which has led to the recognition of a deferred tax asset as of January 1, 2023 credited to the consolidated net equity of the Group, whose amount has not been significant. This amendment clarifies how entities must record the deferred tax generated in operations such as leases (IFRS 16) and dismantling obligations. The impact of that amendment in PRISA Group is associated solely with the registration of lease contracts in accordance with IFRS 16. The impact of its application has been limited in the Group, mainly because the lease terms of capitalised and deductible contracts are, in general, short to medium term.

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

On 19 December 2023, the Council of Ministers of Spain approved the Draft Law that regulates the so-called "Pillar 2" which, after its enactment, will apply to PRISA, as the parent entity of the Group, for the Group's financial years starting from January 1, 2024. The Group has carried out an assessment to determine if it is potentially exposed to Pillar 2 taxes. The assessment of potential exposure to these new taxes is based on financial and tax information for the entities that make up the Group. According to this evaluation, it is estimated that the effective Pillar 2 tax rates in the jurisdictions in which the Group operates are above 15% and, therefore, it will be able to avail itself of the temporary "safe harbours" contained in the regulation, which establish that the tax obligation is zero. Therefore, it will not be exposed to the tax or, if it is applicable, it will be immaterial.

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

c) Accounting policies and changes to estimates

Consolidated earnings and the determination of consolidated equity are subject to the accounting policies and standards, measurement bases and estimates applied by the Group’s directors in the preparation of the consolidated financial statements. The accounting policies and standards and measurement bases are explained in notes 2 and 4 to the consolidated annual accounts for 2022. As a consequence of the issuance in 2023 of the mandatorily convertible bonds mentioned in the previous note 1a, the valuation standard corresponding to their accounting record is set forth below:

The issue of this mandatorily bond convertible into shares has been treated and recorded in 2023 as a compound financial instrument, because it is includes both liability and equity components.

The Group recognises, measures and presents the liability and equity components created by a single financial instrument separately on its consolidated balance sheet (*see notes 8 and 10*).
The Group distributes the value of its instruments in accordance with the following criteria which, barring error, will not be subsequently reviewed:

a. The liability component is recognised by measuring the fair value of a similar liability that does not have an associated equity component.

b. The equity component is measured at the difference between the initial amount of the instrument and the amount assigned to the liability component.

c. The transaction costs are distributed in the same proportion.

In 2023, there were no significant changes in the accounting estimates made at the end of 2022, that imply a significant adverse impact on the consolidated financial statements of the current fiscal year.

d) Materiality

When determining the information to be disclosed in these explanatory notes on the different items of the financial statements or other matters, the Group has taken into account the relative importance in relation to the consolidated financial statements for fiscal year 2023.

e) Correction of errors

In the consolidated financial statements for the year 2023 there has been no correction of errors.

f) Information comparison

In accordance with commercial legislation, in addition to the figures for tear 2023, the figures for the previous year are presented for comparison purposes with each of the items in the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement. Comparative information for the previous year is also included in the notes to the financial statements when it is considered necessary and relevant for the understanding of the information of the current period. Therefore, the information contained in these consolidated financial statements for the previous year is presented only for comparison purposes with the information relating to the year 2023.

2. CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in 2023 were as follows:

Subsidiaries

In January 2023 Productora Audiovisual de Badajoz, S.A., a company owned by Prisa Participadas, S.L., was dissolved.

In March 2023 El País Brasil Agencia de Noticias e Publicidade, Ltda., a company owned by Diario El País, S.L., was liquidated.

Also, in March 2023 Editorial Nuevo México, S.A. de C.V. merges with Educa Inventia, S.A. de C.V.

In April 2023 the company Sistemas Educativos de Enseñanza S.A.S. (Ecuador), participated in a share by Grupo Santillana Educación Global, S.L.U. and the rest by Santillana Sistemas Educativos, S.L.U. was created.

In July 2023 the merger of Grupo Empresarial de Medios Impresos y Digitales, S.L.U. with Prisa Media, S.A.U. took place.

In November 2023 Santillana Editores, S.A. (Portugal), a company owned by Santillana Latam, S.L.U., was dissolved.

In December 2023 the company Radio Reloj, S.A.S. (formerly Q´Hubo Radio, S.A.S), is consolidated through global integration after the acquisition of the additional 50% of that company.

Associates

In August 2023 the company Canal Club de Distribución de Ocio y Cultura, S.A. was liquidated.

In December 2023 the company As Spotlight Digital, S.L. was dissolved.

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

3. INTANGIBLE ASSETS

a) Goodwill

The detail, by business segment and in thousands of euros, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2023 is as follows:

	Balance at 12.31.2022	Translation adjustment	Changes in scope of consolidation	Impairment	Balance at 12.31.2023
Media	76,545	(1,830)	155	(155)	74,715
Education	40,675	2,264	-	-	42,939
Total	**117,220**	**434**	**155**	**(155)**	**117,654**

The translation adjustments in 2023 is mainly due to the effect of change in exchange rate in goodwill resulting from investment in Grupo Latino de Radiodifusión Chile, Ltda. (Media) and Education companies in Brazil (Editora Moderna, Ltda. and Santillana Educaçao, Ltda.).

The result of the impairment tests made has not revealed the existence of any impairment in these assets as of December 31, 2023.

b) Other intangible assets

Additions to the Group's consolidated financial statements under *"Other intangible asset"* during 2023 totalled EUR 31,573 thousand, corresponding mainly to:

- *'Prototypes'* amounting to EUR 19,169 thousand (EUR 27,184 thousand in 2022), relating to new prototypes for the publication of books at Santillana Group, mainly in Brazil and Mexico.

- *'Computer software'* amounting to EUR 11,952 thousand (EUR 12,742 thousand in 2022), relating to the computer software acquired and/or developed by third parties for Group companies.

- *'Other intangible assets in lease'* amounting to EUR 4,976 thousand (EUR 5,002 thousand in 2022), mainly due to the activation or renewal of lease contracts for radio administrative concessions.

Grupo Santillana derecognized in 2023 EUR 11,346 thousand of fully depreciated prototypes (December 31, 2022: EUR 13,619 thousand) as well as other already deteriorated prototypes.

An impairment of prototypes of Santillana has been accounted in 2023 for an amount of EUR 1,348 thousand.

The intangible assets in lease included in this balance sheet section correspond to the activation of the leases of administrative concessions of radio, for a net amount at December 31, 2023 of EUR 11,658 thousand (EUR 10,132 thousand in 2022).

The intangible asset amortization expense recorded in 2023 totalled EUR 39,881 thousand (EUR 37,192 thousand in 2022), of which EUR 3,899 thousand corresponding to the amortization of intangible assets held under lease (EUR 4,157 thousand in 2022).

4. PROPERTY, PLANT, AND EQUIPMENT

Additions to the Group's consolidated financial statements under *"Property, plant and equipment"* during 2023, corresponding mainly to:

- *'Plant and machinery'* amounting to EUR 1,176 thousand (EUR 1,394 thousand in 2022).

- *'Other property, plant and equipment'* (including property, plant and equipment in lease) amounting to EUR 11,560 thousand (EUR 13,183 thousand in 2022), mainly for investments made by Santillana in digital equipment's and learning systems (EUR 5,741 thousand) and the acquisition of computers to the Group (EUR 3,336 thousand).

- *'Land and buildings for lease'* amounting to EUR 8,321 thousand (EUR 11,936 thousand in 2022), mainly due to the initial activation or renewal of lease contracts for buildings and offices where the Group carries out its activity.

In 2023, the net book value of a warehouse in Santillana México, for an amount of EUR 2,977 thousand has been transferred to the heading of non-current assets held for sale as it was in the process of being sold at December 31, 2023, without it being estimated that this will generate a negative result for the Group.

The balance in the property, plant and equipment in lease, mainly correspond with the activation of the contract leases of offices and warehouses of the Group for a net amount of EUR 41,670 thousand as of December 31, 2023 (EUR 47,440 thousand as of December 31, 2022). In addition, Education includes technological equipment in lease for use in the classroom by students and teachers integrated into teaching systems for a net amount of EUR 9,404 thousand, in the heading "Other items of property, plant and equipment" (EUR 7,408 thousand as of December 31, 2022).

The property, plant and equipment amortization expense recorded in 2023 totaled EUR 30,401 thousand (EUR 33,817 thousand in 2022) of which EUR 19,968 thousand corresponding to the amortization of property, plant and equipment held under leases (EUR 24,696 thousand in 2022).

There are no significant future property, plant, and equipment purchase commitments.

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

During 2023, changes in "Investments accounted for using the equity method" in the accompanying consolidated balance sheet was mainly due to the results participation in Sistema Radiopolis, S.A. de C.V., for an amount of EUR 3,387 thousand, the reversal of the impairment recorded in previous years as described in the following paragraph and the positive effect of the exchange rate, reduced by the effect of the dividend distributed by said company for an amount of EUR 4,937 thousand.

The result of the impairment test carried out on the Group's investment in Radiopolis as of December 31, 2023 has meant a reversal of the entire impairment recorded in previous years for an amount of EUR 9,875 thousand. This is mainly due to an improvement in business projections already evident in the 2023 financial year (with an improvement in results and cash flow compared to the proposed budget), and due to the decrease in the discount rate (wacc) compared to the previous year, because of the decrease in the cost of debt (associated with the decrease in interest rates).

6. NON-CURRENT FINANCIAL ASSETS

The new addition under the heading “Non-current derivatives” is due to the recording of two interest rate hedges contracted by PRISA, the first, in January 2023, on a nominal amount of EUR 150 million which limits the impact of any rise in the three-month Euribor ("cap") above 2.5% and the second, in March 2023, on a nominal amount of EUR 100 million limiting Euribor increases to three months above 3% and up to a maximum of 5%. In accordance with applicable accounting regulations, and based on the Company's analysis, it is considered that the products contracted do not meet the requirements to be considered effective from an accounting point of view, and therefore the change in the fair value of the aforementioned hedges is taken to the consolidated income statement for each period. Therefore, the amount recognised at December 31, 2023 corresponds to the fair value of these instruments at that date, or, in other words, to the amounts paid to contract these hedges, together with the hedge contracted in 2022, adjusted by the changes in the fair value of these hedges until December 31, 2023, and which are therefore pending to be taken to the consolidated income statement during the term of the hedges (until June 2025). In this regard, the expense recorded in 2023 totalled EUR 2,492 thousand *(see note 12).*

The rest of the variation in the non-current financial assets heading is mainly due to the advance collection of some of the registered loans and the transfer to the short term of those that mature in 2024.

7. TAX MATTERS

Deferred Tax Assets and Liabilities-

The net increase of EUR 3,341 thousand in “Deferred tax assets” derives from the recording of tax credits for tax losses generated in some Santillana companies in Latin America, timing differences accounted and exchange rate fluctuations.

The net increase of EUR 2,243 thousand in "Deferred tax liabilities" mainly reflects the different accounting and tax allocation criteria for certain intangible amortisation expenses and certain institutional sales in Brazil.

Tax inspections-

The resolutions of the Supreme Court relating to inspections of Corporate Income Tax for the financial years 2006-2008 and 2009-2011 were implemented during 2023. This resulted in the Group recognising an increased negative tax base of EUR 4,342 thousand and higher deductions amounting to EUR 819 thousand, without impact on the consolidated income statement for the year, as they were not activated.

In 2019, the 2012 and 2013 Corporate Income Tax inspections for the Group 194/09 of which Prisa Radio, S.A, was the dominant company, and the Corporate Income Tax inspection for 2012 to 2015 were completed for the Fiscal Consolidation Group 2/91, of which Promotora de Informaciones, S.A., is the dominant company, with the signing of two economic-administrative appeals from which no payable fee has been derived, and whose main effect has been a redistribution in tax credits from one category to another. The companies filed the corresponding administrative appeal to the Central Economic-Administrative Tribunal (TEAC), and then filed administrative appeals before the Audiencia Nacional (National High Court). At the date of preparation of these explanatory notes, a ruling has been handed down approving the appeal filed against the inspection procedure relating to Tax Consolidation Group 194/09. The appeal relating to Tax Consolidation Group 2/91 is pending resolution before the National High Court.

In 2021, the inspections relating to Value Added Tax for the periods 2016-2018 for VAT Group 105/08 were completed, with the signing of (i) a notice of agreement for the 2017 and 2018 financial years from which no tax liability arose; and (ii) a decision upholding the tax assessment for the

2016 financial year, for an amount of EUR 147 thousand, which the Company has paid and against which an appeal to the TEAC has been filed. At the date of preparation of these explanatory notes, a resolution has been handed down by the TEAC dismissing the appeal. This will now be the subject of an administrative appeal before the National High Court.

During 2023, the start of partial tax inspections was reported. These actions are limited to the verification of the double taxation tax credit regulated in article 31 of the Corporate Income Tax Law generated in 2019, as well as the adjustments to the positive and negative accounting results associated with the aforementioned tax credit, for both Promotora de Informaciones, S.A. and certain subsidiaries. It is not estimated that these inspections will result in a significant negative equity impact for the Group.

In 2023, the subsidiary Grupo Latino Radiodifusión SpA (Chile) received a rejection ruling from the Chilean Supreme Court for assessments in which the Chilean Internal Revenue Service denied the deduction of certain expenses. Therefore, the Group has made a provision of EUR 3.7 million in the consolidated income statement for 2023, mainly associated with the estimated payment to be made in 2024 derived from this ruling.

8. EQUITY

Share capital

As of January 1, 2023, the share capital of PRISA amounts to EUR 74,065 thousand and is represented by 740,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros, and have been fully paid up and with the same rights.

Within the framework of the issuance of subordinated notes necessarily convertible into newly issued ordinary shares of the Company which was carried out in February 2023 (see note 1a): (i) in May 2023 the share capital of PRISA was increased by a nominal amount of EUR 26,752 thousand to attend the conversion of 267,521 subordinated notes mandatorily convertible into PRISA ordinary shares, which have been converted and redeemed after the first ordinary conversion period of the issuance and ii) in November 2023 the share capital of PRISA was increased by a nominal amount of EUR 10 thousand to attend the conversion of 100 subordinated notes mandatorily convertible into PRISA ordinary shares, which have been converted and redeemed after the second ordinary conversion period of the issuance (see following section “Other net equity instruments”).

Consequently, as of December 31, 2023, the share capital of PRISA amounts EUR 100,827 thousand and is represented by 1,008,271,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros.

Share Premium

As a result of the conversions of subordinated bonds mentioned in the previous section, the Company´s share premium increased by an amount of EUR 72,231 thousand in May 2023 and EUR 27 thousand in November 2023 (0.27 euros per converted bond). Consequently, the share premium has been set at EUR 89,346 thousand on December 31, 2023.

Other net equity instruments

The issue of the bond mandatorily convertible into shares described in note 1a has been treated and recorded in 2023 as a compound financial instrument, because it is including both liability and equity components (see note 1c).

Thus, an equity component has been recorded after deducting all of its liabilities, since the bond is mandatorily convertible into a fixed number of shares and does not include any contractual obligation to hand over cash or any other financial asset other than the payment of the coupons aforementioned in note 1. Therefore, as a result of recording the transaction at the fair value of the equity instruments being issued, an initial equity instrument amounting to EUR 126,003 thousand has been accounted, resulting from the difference between the cash received for the issue of the convertible bond and the liability described in the following paragraph, thereby increasing the net consolidated equity by this amount. The conversion price of the convertible bonds does not substantially differ from the listed value of the PRISA shares during the subscription period of the convertible bond (see note 1).

Additionally, a liability has been recorded under the heading "Non-current financial liabilities" calculated as the present value of the cash coupons payable, considering that the mandatory conversion of the bond take place at the end of the bond's life, without considering early conversions, insofar as early conversions is out of the Company's control. As a result, an initial financial liability of EUR 3,997 thousand was recorded (see note 10). The difference between the amount of this liability and the face value of the coupons will be recorded and posted in the consolidated income statement during the life of the aforementioned instrument using the effective interest method (see note 12).

The transaction costs (EUR 2.4 million) have mainly been recorded as a decrease in the consolidated net equity, since almost all of the convertible bond has been recorded as an equity instrument.

As mentioned above, in May and November 2023 there have been an early conversions and redemptions of 267,621 subordinated bonds. This has resulted in the reversal of the financial liability associated with the aforementioned converted bonds for the portion corresponding to the coupon that the Company is no longer obliged to pay, insofar as PRISA has only had to pay the accrued coupon corresponding to such bonds from the time of their issue in February 2023 until their early conversion in May and November 2023 for an insignificant amount. Therefore, the amount reversed at December 31, 2023 with a credit to the Group's consolidated net equity amounted to EUR 2,786 thousand.

Finally, the aforementioned early conversions of the subordinated debentures have led to a reclassification within consolidated net equity between the heading "Other equity instruments" (where the equity component of the converted debentures was recorded) and share capital and share premium for a total amount of EUR 99,020 thousand.

Non-controlling interest

The detail, by company, of the non-controlling interest at December 31, 2023 and December 31, 2022 is as follows:

	Thousands of euros	
	12.31.2023	12.31.2022
Caracol, S.A.	4,262	3,509
Diario As, S.L.	5,238	6,007
Prisa Radio, S.L. and subsidiaries (Spain)	4,075	3,832
Other companies	1,044	727
Total	**14,619**	**14,075**

9. LONG-TERM PROVISIONS

Long-term provisions include those for taxes, corresponding to the estimated tax liability amount arising from inspections carried out at Group companies (see note 7), provisions constituted to record the probable or certain responsibilities arising from workers' compensation to terminate their labor relations and third-party liability provisions for the estimated amount to cover probable claims and litigation against Group companies and other probable future obligations to employees. Additionally, this heading includes the Group's holdings in companies accounted for using the equity method whose net equity value is negative at the end of the period (due to their percentage of ownership) and as long as the Group participates in them.

The breakdown of "Long-term provisions" at December 31, 2023 and at December 31, 2022, is as follows:

	Thousands of euros	
	12.31.2023	12.31.2022
For taxes	750	698
For redundancies	4,445	6,243
For third-party liability and other	5,863	8,367
Total	**11,058**	**15,308**

The change in the "provision for redundancies" is mainly due to the short-term transfer of EUR 1,225 thousand which will be paid in 2024 and to the application due to the payment of compensation in Santillana Portugal as a result of the company being dissolved.

The change in the "provision third-party liability and other" is mainly due to the reversal of provision for pension plans that are estimated not to be paid.

10. FINANCIAL LIABILITIES

The breakdown 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	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Bank borrowings	885,351	980,848	37,578	30,824	922,929	1,011,672
Financial liabilities for leases	49,216	52,006	16,062	17,150	65,278	69,156
Other financial liabilities	1,026	1,929	1,830	15,682	2,856	17,611
Total	**935,593**	**1,034,783**	**55,470**	**63,656**	**991,063**	**1,098,439**

The decrease in "Other current financial liabilities" is mainly due to the payment of the pending part amounting to EUR 15,000 thousand from the acquisition of 20% of Prisa Radio, S.A. to Grupo Godó in April 2022, described in note 3 of the consolidated annual accounts 2022.

Bank borrowing

The most significant balance under "Financial liabilities" relates to bank borrowings, the details of which, in EUR thousand, as of December 31, 2023 and 2022 are as follows:

	12.31.2023		12.31.2022	
	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
Junior Syndicated Loan (*)	-	86,967		192,013
Senior Syndicated Loan	-	575,105		575,105
Super Senior debt	-	240,000		240,000
Loans, credit facilities, leasing and others	37,578	7,096	30,824	9,529
Fair value/ formalization expenses	-	(23,817)		(35,799)
Total	**37,578**	**885,351**	**30,824**	**980,848**

(*) It includes capitalized interests for an amount of EUR 11,207 thousand as of December 31,2023 (EUR 6,664 thousand as of December 31, 2022).

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

In accordance with IFRS 13, to determine the calculation of the fair value of the financial debt the Company has used the listed value of the debt on the secondary market as reported by an independent third party (level 1 variable: estimates using prices listed in active markets). The fair value of the Junior and Senior Syndicated Loan, Super Senior debt and of the accrued interest pending to be paid, according to this calculation, would amount to EUR 878,975 thousand at December 31, 2023 considering a 4.31% average discount over the real principal payment obligation to the creditor entities.

The decrease in the Junior syndicated loan in 2023 is due to the amortization of EUR 110,000 thousand in February 2023 (including the proportional part of the capitalized interest during 2023 and until the amortization date), with the funds from the issuance of convertible bonds (see note 1) offset by the increase for the accrual of the PIK (capitalizable interest).

Compliance with certain financial ratios is established in the financial agreements for the PRISA Group, which application began on June 30, 2022. Since the Refinancing come into force no such breach has occurred, nor is foreseen in the next twelve months.

Financial liabilities for leases

The IFRS 16 Leases has resulted in an addition of the financial liabilities associated with the leases, amounting at December 31, 2023 to EUR 49,216 thousand in the long term and EUR 16,062 thousand in the short term.

The detail of the maturities of the nominal amount of the financial liabilities for lease is as follows:

Maturity	Thousands of euros
Within 6 months	10,399
From 6 to 12 months	9,327
From 1 to 3 years	28,383
From 3 to 5 years	21,610
After 5 years	11,045
Total	**80,764**

In 2023, the payment associated with financial liabilities for leases (under IFRS 16) for all the Group amounts to EUR 23.8 million, included in “Other cash flow from financing activities” of the consolidated statement of cash flow.

11. OPERATING INCOME AND EXPENSES

Operating income

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

	Thousands of euros	
	2023	2022
Advertising sales	325,109	309,616
Education sales	511,916	441,277
Circulation	55,551	53,709
Sales of add-ons and collections	1,410	4,237
Sale of audiovisual right and programs	10,657	2,518
Intermediation services	9,770	6,576
Other services	15,027	12,831
Revenue	**929,440**	**830,764**
Income from non-current assets	1,761	2,289
Other income	16,209	17,136
Other income	**17,970**	**19,425**
Total operating income	**947,410**	**850,189**

The following table shows the breakdown of the Group's incomes for the years 2023 and 2022 in accordance with the geographical distribution of the entities that generated them (thousands of euros):

	Advertising sales		**Education sales**		**Circulation**		**Others**		**Total operating income**	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Europe	**248,248**	**237,064**	**75**	**1,691**	**55,551**	**53,709**	**45,619**	**36,385**	**349.493**	**328,849**
Spain	248,248	237,064	-	-	55,551	53,709	45,611	36,287	349,410	327,060
Rest of Europe	-	-	75	1,691	-	-	8	98	83	1,789
America	**76,861**	**72,552**	**511,841**	**439,586**	**-**	**-**	**9,215**	**9,202**	**597,917**	**521,340**
Colombia	47,556	48,677	34,553	33,548	-	-	791	674	82,900	82,899
Brazil	-	-	218,271	170,939	-	-	1,196	1,412	219,467	172,351
Mexico	2,441	977	100,759	92,667	-	-	755	929	103,955	94,573
Chile	22,327	19,357	18,235	15,420	-	-	756	838	41,318	35,615
Argentina	-	-	38,390	36,143	-		153	57	38,543	36,200
Rest of America	4,537	3,541	101,633	90,869	-	-	5,564	5,292	111,734	99,702
TOTAL	**325,109**	**309,616**	**511,916**	**441,277**	**55,551**	**53,709**	**54,834**	**45,587**	**947,410**	**850,189**

Staff

The breakdown of the average number of employees, by gender for the years 2023 and 2022, was as follows:

	2023		2022	
	Women	Men	Women	Men
Executives	101	168	101	171
Middle management	396	525	416	546
Other employees	2,982	2,994	2,908	2,854
Total	**3,479**	**3,687**	**3,425**	**3,571**

Other operating expenses

The detail of *"Other operating expenses"* for the years 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Independent professional services	68,495	69,238
Leases and fees	12,820	11,524
Advertising	29,965	29,768
Intellectual property	25,839	23,660
Transport	23,446	23,405
Other outside services	129,319	124,980
Change in provisions	10,371	4,515
Total outside services	**300.255**	**287,090**

12. FINANCIAL RESULT

The detail of *"Financial result"* for the group is as follows:

	Thousands of euros	
	2023	2022
Income from current financial assets	3,734	3,156
Financial income from hedging operations	3,091	-
Other finance income	2,109	2,406
Finance income	**8,934**	**5,562**
Interest on debt	(86,622)	(71,487)
Adjustments for inflation	(11,993)	(5,177)
Loan arrangement costs	314	(43,793)
Other finance costs	(14,795)	(11,769)
Finance costs	**(113,096)**	**(132,226)**
Exchange gains	57,177	47,083
Exchange losses	(56,483)	(48,559)
Exchange differences (net)	**694**	**(1,476)**
Fair value variation of financial instruments	**(14,813)**	**55,805**
Financial loss	**(118,281)**	**(72,335)**

The heading "Income from current financial assets" mainly includes interest income associated with short-term deposits made with cash surpluses in the Education and Others business.

The heading "Financial income from hedging operations" includes the gain associated with the interest savings due to the periodic settlement of the contracted interest rate hedges (see note 6).

The increase in "Interest on debt" is mainly explained by the significant increase in the Euribor on the cost of the Group's financial debt, which is mostly pegged to this indicator, even though EUR 110,000 thousand of Junior debt have been amortized in February 2023 with the funds from the issuance of convertible bonds (see note 10).

As of December 31, 2023, the heading "Other financial costs" includes EUR 6,416 thousand for the effect of updating the financial liability associated with the lease agreements (EUR 4,912 thousand as of December 31, 2022). It also included, as of December 31, 2022, the expense for the derecognition of a financial investment related to the participation of Prisa Radio in the associated companies El Dorado Broadcasting Corporation and WSUA Broadcasting Corporation, as a consequence of their sale.

As of December 31, 2022, the heading "Loan arrangement costs" included all expenses and fees related to the Refinancing, including the refinancing, structuring and underwriting fee which the Company decided to pay through the issue of shares. Additionally, as of December 31, 2022, a positive impact had accounted under the heading "Value variation of financial instruments " of the financial result for an amount of EUR 23,434 thousand, associated with the derecognition of the original financial liability (the syndicated debt under the Refinancing agreement) for interests accrued in previous periods (which accrues at effective interest rate ("TIE")) that finally did not have to be paid.

Also, on December 31 2022, the heading "Value variation of financial instruments" included a positive impact of EUR 38,285 thousand for the difference between the nominal value of the Refinancing debt and its fair value on the date of initial recognition. From that moment on, the difference between the nominal value of the debt and its initial fair value is recognized as an expense in the consolidated income statement using the effective interest method, so that EUR 11,982 thousand was recorded in 2023. This amount includes approximately EUR 5.5 million of interest expense associated with the portion of the Junior debt that was partially repaid early in February 2023 in the amount of EUR 110 million (see notes 1 and 10), which at that date had not yet been taken to the consolidated income statement during the period of the Refinancing. This heading also includes the financial expense from the change in fair value during 2023 of the interest rate hedges contracted in 2022 and in 2023 (see note 6).

13. 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)	2023	2022
Europe	**335,287**	**314,886**
Spain	335,213	313,195
Rest of Europe	74	1,691
America	**594,153**	**515,878**
Colombia	82,124	82,393
Brazil	218.814	171,061
Mexico	103,214	94,118
Chile	40,893	35,049
Argentina	38,534	36,190
Rest of America	110,974	97,067
Total	**929,440**	**830,764**

At December 31, 2023, 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 and audiovisual production.

Segment information about these businesses for 2023 and 2022 is presented below. The column *"Eliminations and adjustments"* mainly includes transactions between group companies:

	EDUCATION		MEDIA		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating income	**515,223**	**447,435**	**431,558**	**403,775**	**6,605**	**5,217**	**(5,976)**	**(6,238)**	**947,410**	**850,189**
- External sales	**515,212**	**447,351**	**430,437**	**402,417**	**1,760**	**798**	**1**	(377)	**947,410**	**850,189**
- Advertising	0	0	325,109	309,616	0	0	0	0	325,109	309,616
- Education sales	511,916	441,277	0	0	0	0	0	0	511,916	441,277
- Circulation	0	0	55,551	53,709	0	0	0	0	55,551	53,709
- Other	3,296	6,074	49,777	39,092	1,760	798	1	(377)	54,834	45,587
- Intersegment sales	**11**	**84**	**1,121**	**1,358**	**4,845**	**4,419**	**(5,977)**	**(5,861)**	**0**	**0**
- Advertising	0	0	2	2	0	0	(2)	(2)	0	0
- Education sales	0	0	0	0	0	0	0	0	0	0
- Circulation	0	0	0	0	0	0	0	0	0	0
- Other	11	84	1,119	1,356	4,845	4,419	(5,975)	(5,859)	0	0
Operating expenses	**(427,143)**	**(396,314)**	**(406,071)**	**(383,431)**	**(11,363)**	**(13,316)**	**5,977**	**6,236**	**(838,600)**	**(786,825)**
- Cost of materials used	(110,763)	(97,219)	(35,552)	(30,421)	0	0	0	0	(146,315)	(127,640)
- Staff costs	(121,431)	(115,463)	(192,855)	(177,613)	(5,425)	(4,806)	0	0	(319,711)	(297,882)
- Depreciations and amortisation charge	(44,811)	(43,408)	(24,928)	(26,096)	(543)	(1,506)	0	0	(70,282)	(71,010)
- Outside services	(139,576)	(133,100)	(150,889)	(148,503)	(5,402)	(7,211)	5,983	6,239	(289,884)	(282,575)
- Change in operating provisions	(8,659)	(5,274)	(1,712)	555	0	204	0	0	(10,371)	(4,515)
- Changes in valuation allowances to Group companies	0	0	0	0	7	3	(7)	(3)	0	0
- Impairment of goodwill/assets	(1,903)	(1,850)	(135)	(1,353)	0	0	1	0	(2,037)	(3,203)
Result from operations	**88,080**	**51,121**	**25,487**	**20,344**	**(4,758)**	**(8,099)**	**1**	**(2)**	**108,810**	**63,364**
Finance income	**7,999**	**6,634**	**5,354**	**2,448**	**24,698**	**38,443**	**(29,117)**	**(41,963)**	**8,934**	**5,562**
- Interest income	4,157	2,992	4,786	2,090	20,189	9,697	(29,117)	(13,462)	15	1,317
- Other financial income	3,842	3,642	568	358	4,509	28,746	0	(28,501)	8,919	4,245
Finance costs	**(27,863)**	**(21,760)**	**(18,482)**	**(11,604)**	**(95,868)**	**(111,659)**	**29,117**	**12,797**	**(113,096)**	**(132,226)**
- Interest expenses	(7,075)	(12,427)	(12,583)	(5,661)	(96,081)	(66,858)	29,117	13,459	(86,622)	(71,487)
- Other financial expenses	(20,788)	(9,333)	(5,899)	(5,943)	213	(44,801)	0	(662)	(26,474)	(60,739)
Change in value of financial instruments	**(338)**	**0**	**(2)**	**(5)**	**(14,473)**	**55,810**	**0**	**0**	**(14,813)**	**55,805**
Exchange differences (net)	**725**	**(630)**	**(28)**	**(1,027)**	**(3)**	**5**	**0**	**176**	**694**	**(1,476)**
Financial result	**(19,477)**	**(15,756)**	**(13,158)**	**(10,188)**	**(85,646)**	**(17,401)**	**0**	**(28,990)**	**(118,281)**	**(72,335)**
Result of companies accounted for using the equity method	0	0	13,661	2,575	(2)	16	0	3,395	13,659	5,986
Result before tax from continuing operations	**68,603**	**35,365**	**25,990**	**12,730**	**(90,406)**	**(25,484)**	**1**	**(25,596)**	**4,188**	**(2,985)**
Expense tax	(28,420)	(9,043)	(10,553)	(5,793)	3,552	4,553	0	0	(35,421)	(10,283)
Result from continuing operations	**40,183**	**26,322**	**15,437**	**6,937**	**(86,854)**	**(20,931)**	**1**	**(25,596)**	**(31,233)**	**(13,268)**
Result after tax from discontinued operations	0	0	0	0	(365)	0	0	0	(365)	0
Consolidated result for the year	**40,183**	**26,322**	**15,437**	**6,937**	**(87,219)**	**(20,931)**	**1**	**(25,596)**	**(31,598)**	**(13,268)**
Non-controling interests	(22)	60	(892)	(257)	0	0	7	516	(907)	319
Result atributable to the Parent	**40,161**	**26,382**	**14,545**	**6,680**	**(87,219)**	**(20,931)**	**8**	**(25,080)**	**(32,505)**	**(12,949)**

14. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

Sections 2320 and 2325: The aggregate remuneration of PRISA´s Directors and Managers corresponds to the accounting expense registered by PRISA as well as by other companies of the Group.

General considerations:

The aggregated remuneration of directors of PRISA and senior management reflected in section 13 of Chapter IV corresponds to the accounting expenses made in the income statement of PRISA and other companies of its Group and consequently corresponds to the accounting provisions registered in the consolidated income statement.

Therefore, the compensation included in section 13 of Chapter IV do not match, in some respects, with the remuneration that will be included in the Annual Remuneration Report of the Directors 2023 and in the Annual Report on Corporate Governance 2023, in which it is followed the criteria required by the "Circular 3/2021 of the CNMV (which amend the models for the annual corporate governance report and annual report on remuneration of directors of listed companies), which is not the accounting provision basis.

Remuneration of the Directors:

<u>Regarding the fiscal year 2023:</u>

i. At the beginning of the COVID-19 crisis the Board of Directors resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances which gave rise to a series of measures in 2020 and 2021. Some of these measures have continue to be applied to non-executive directors of PRISA in the 2022 and 2023 financial years as explained in the Director Remuneration Report sent to the CNMV on March 29, 2023 (registration number: 21602).

ii. The remuneration of the Executive Director Ms Pilar Gil (CFO of the Company), who joined the Board of Directors in February 2023, has been reflected as follows: the remuneration for the period from 1 March to December 31, 2023 is included in the board members remuneration, while the remuneration for January and February 2023 is included in the senior management´s remuneration, except for its Incentive Plan, which has been fully included in the board members ‘remuneration.

iii. Within the Compensation for belonging to the Board and/ or Board Committees, are included the following items:

   - Remuneration for Ms Maria Teresa Ballester, Amber Capital UK LLP, Mr Rosauro Varo and Mr Khalid Thani Abdullah Al Thani up to the time of their cessation as directors in June (for the first two), May and February 2023, respectively.

   - The remuneration corresponding to the following directors, since joining the Board, on June 27, 2023: Mr. Miguel Barroso Ayats, Mr. Fernando Carrillo Flórez, Ms. Margarita Garijo-Bettencourt and Ms Isabel Sánchez García.

iv. Within the “Variable remuneration in cash” are included the following items:

   - The reflection of the amount corresponding to theoretical annual variable compensation of the executive directors Ms Pilar Gil (CFO), Mr. Francisco

Cuadrado (executive Chairman of Santillana) and Mr. Carlos Nuñez (executive Chairman of PRISA Media), if 2023 management objectives are achieved, in their capacities as CFO, Executive President of Santillana and Executive President of Prisa Media, respectively.

However, since this compensation is subject to achievement of the management objectives at the end of the year 2023, 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 2023 annual accounts of the Group are prepared, based on the level of achievement of the objectives established by the Board of Directors. In 2023, an expense of EUR 682 thousand was recorded for this item.

- Regularization of the 2022 bonus of the executive directors, Ms Pilar Gil, Mr. Francisco Cuadrado and Mr. Carlos Nuñez, for an amount of EUR 13 thousand.

v. In relation to the *"Compensation systems based on shares"* it is noted the following:

- “PRISA CFO´s incentive Plan 2022-2025”:

PRISA´s CFO Ms Pilar Gil is the beneficiary of a medium-term incentive plan linked to the achievement of certain quantitative financial targets set out in PRISA’s budget (linked to adjusted Cash Flow) in fiscal years 2022, 2023, 2024 and 2025, which is payable in shares. The plan was approved by the Board of Directors of PRISA on July 26, 2022, and was also approved at the Ordinary Shareholders Meeting held on June 27, 2023.

Ms Gil has been granted with a theoretical number of shares equivalent to EUR 300 thousand gross for each year of the plan’s duration, which will serve as a reference to determine the final number of shares to be delivered (she has been assigned 554,097 theoretical shares for each year of the Plan, that is, a total of 2,216,388 theoretical shares). The above calculation has been made considering the average stock market value of PRISA shares during the last quarter of 2021. In addition, the incentive may be increased depending on the evolution of PRISA’s share price.

In 2023, an expense of EUR 270 thousand has been recorded for this Plan.

In addition, it is noted that in 2023 Ms Gil has received 139,234 net shares, in settlement of one third of the amount earned in 2022, in accordance with the terms of the Plan. This delivery of shares has had no impact on the consolidated income statement for the year 2023.

- “Santillana´s incentive Plan 2022-2025”:

The Executive Director of Santillana, Mr Francisco Cuadrado (who is, in turn, executive director of PRISA) is the beneficiary of a medium-term incentive plan linked to the achievement of certain quantitative financial targets set out in Santillana’s budget (linked to EBIT and Cash Flow) in fiscal years 2022, 2023, 2024 and 2025 and is payable in shares. The plan was approved by the Board of Directors of PRISA on May 24, 2022, and was also approved at the Ordinary Shareholders Meeting held on June 28, 2022.

Mr Cuadrado has been granted with a theoretical number of shares equivalent to EUR 500 thousand gross for each year of the plan’s duration, which will serve as a reference to determine the final number of shares to be delivered (he has been assigned 923,494 theoretical shares for each year of the Plan, that is, a total of 3,693,976 theoretical shares). The above calculation has been made considering the average stock market value of PRISA shares during the last quarter of 2021. In addition, the incentive may be increased depending on the evolution of PRISA's share price.

In 2023, an expense of EUR 360 thousand has been recorded for this Plan.

In addition, it is noted that in 2023 Mr Cuadrado has received 182,153 net shares, in settlement of one third of the amount earned in 2022, in accordance with the terms of the Plan. This delivery of shares has had no impact on the consolidated income statement for the year 2023.

- <u>"Prisa Media`s incentive Plan 2022-2025":</u>

The Executive Director of Prisa Media, Mr Carlos Nuñez (who is, in turn, executive director of PRISA) is the beneficiary of a medium-term incentive plan linked to the achievement of certain quantitative financial targets set out in Prisa Media's budget (linked to EBITDA, Cash Flow and digital revenues) in fiscal years 2022, 2023, 2024 and 2025 and is payable in shares. The plan was approved by the Board of Directors of PRISA on December 21, 2021 and was subsequently modified by the Board (to extend it until 2025 in line with the Company's Strategic Plan) and was also approved at the Ordinary Shareholders Meeting held on June 28, 2022.

Mr Nuñez has been granted with a theoretical number of shares equivalent to EUR 500 thousand gross for each year of the plan's duration, which will serve as a reference to determine the final number of shares to be delivered (he has been assigned 923,494 theoretical shares for each year of the Plan, that is, a total of 3,693,976 theoretical shares). The above calculation has been made considering the average stock market value of PRISA shares during the last quarter of 2021. In addition, the incentive may be increased depending on the evolution of PRISA's share price.

In 2023, an expense of EUR 219 thousand has been recorded for this Plan.

In addition, it is noted that in 2023 Mr Nuñez has received 63,132 net shares, in settlement of one third of the amount earned in 2022, in accordance with the terms of the Plan. This delivery of shares has had no impact on the consolidated income statement for the year 2023.

vi. "Others" includes health and life/accident insurance for the executive directors Ms Pilar Gil, Mr Carlos Nuñez and Mr Francisco Cuadrado.

vii. No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during 2023.

Regarding the fiscal year 2022:

i. The overall remuneration of the Board of Directors includes that of Mr. Roberto Alcántara Rojas up to the time of his cessation as a director (June 28, 2022) as well as that corresponding to the new director, Mr. Andrés Varela Entrecanales, from the date of his appointment (September 7, 2022).

   The Remuneration Policy for directors for the years 2022, 2023 and 2024 was approved by the PRISA Shareholders' Meeting held on June 28, 2022 and it provided for the remuneration corresponding to the members of the Sustainability Commission (set up in February 2022). Therefore, the section 13 of Chapter IV also includes the remuneration corresponding to the members of said Commission from June 28, 2022.

ii. 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. Francisco Cuadrado and Mr. Carlos Nuñez, both executive directors of the Company, if 2022 management objectives are achieved. In 2022, an expense of EUR 438 thousand was recorded for this item.

   - Regularization of the 2021 bonus of the two executive directors, Mr. Francisco Cuadrado and Mr. Carlos Nuñez, for an amount of EUR -3 thousand.

   - Medium-term Incentive Plan 2020-2025, linked to the creation of value in Santillana through the implementation of a corporate transaction:

     The Directors Compensation Policy for 2022, 2023 and 2024 provides for medium-term incentives linked to value creation in Santillana through the implementation of a corporate transaction during the term commencing on September 1, 2020 and ending on December 31, 2025, whose beneficiaries include, among others, Mr. Francisco Cuadrado, Santillana's Executive Chairman. The plan was approved by the Board of Directors at its meeting held on January 26, 2021 and subsequently amended by the board on May 24, 2022 for the purpose of defining when it may be considered that there has been a revaluation in Santillana and extending its duration until the year 2025 (initially it was until the year 2023).

     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. It will be understood that there has been a revaluation in the event that one of the corporate transactions provided for in the Plan Regulation have been concluded (i.e., the sale or flotation of Santillana), and the price or value determined for Santillana in the transaction is higher than the minimum revaluation target of EUR 1,400 million.

     The beneficiaries will have the right to receive in cash a percentage of the value created for Santillana, understood as the positive difference between the enterprise value of Santillana on the date on which the specific corporate transaction is carried out and the initial date (September 1, 2020), taking into account the amount of the distributed dividends as well as capital flow. Santillana's enterprise value at the completion date will be that resulting from a valuation made by one or more independent experts. The enterprise value of Santillana at the initial date has been set at EUR 1,250 million.

     In 2022, the provision recorded for this Incentive Plan in relation to Mr. Cuadrado (for an amount of EUR -248 thousand) has been reversed as a result of the modification of the plan.

iii. "Compensation systems based on shares": in relation to “Santillana´s Executive Chairman medium-term incentive Plan 2022-2025” and “Prisa Media`s Executive Chairman medium-term incentive Plan 2022-2025”, in 2022 an expense of EUR 226 thousand was recorded, based on the level of performance of objectives and considering the listed price of PRISA's shares at the time of measurement.

iv. “Others” includes health and life/accident insurance for the executive directors Carlos Nuñez and Francisco Cuadrado.

v. No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during 2022.

Senior management compensation:

The aggregate compensation of the managers is the accounting reflection of the overall compensation of members of senior management who are not executive directors of PRISA. In 2023 amounts to EUR 1,592 thousand and in 2022 amounted to EUR 1,740 thousand.

<u>Regarding 2023:</u>

i. Is the compensation of the following managers: the CFO Ms Pilar Gil (only for January and February 2023, as indicated above), the Secretary to the Board of Directors Mr Pablo Jiménez de Parga, the Head of Corporate and Institutional Relations Mr Jorge Rivera, the Chief Sustainability Officer Ms Rosa Junquera, the Head of Communication, Ms Ana Ortas (since joining this position in April 2023), the former Head of Communication, Ms Cristina Zoilo (until her cessation in April 2023), the Head of People and Talent Ms Marta Bretos, and the Prisa’s Director of Internal Audits Ms Virginia Fernández.

   Mr. Jiménez de Parga has entered into a contract with the company for the provision of professional services in which his compensation for those services consists exclusively of a fixed monthly amount.

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 2023 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2023, 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 2023 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- Recalculation of the 2022 bonus paid in 2023.

- “2022-2025 Incentive Plan for PRISA Media, Santillana and PRISA´s executives”:

  At its meeting held on April 26, 2022, PRISA’s Board of Directors approved a medium-term incentive plan benefiting some PRISA Media, Santillana and PRISA executives. Only one member of the senior management is a beneficiary of this Plan.

  The Plan, payable in shares, is linked to the fulfillment of the following quantitative financial objectives, in the years 2022, 2023, 2024 and 2025: i) in the case of PRISA Media, the objectives are linked to EBITDA, Cash Flow and digital income of its budget; ii) in the case of Santillana are linked to the EBIT and Cash Flow of its budget and iii) in the case of PRISA are linked to the adjusted cash flow of Grupo PRISA.

Each management group in PRISA Media and Santillana has been assigned a number of theoretical shares equivalent to EUR 700 thousand gross for each year the Plan is in effect, and the management group in PRISA has been assigned a number of theoretical shares equivalent to EUR 125 thousand gross for each year the Plan is in effect, which will serve as a reference for determining the final number of shares to be awarded. The calculations of the theorical shares have been based on the average PRISA share trading price during the 4th quarter of 2021.

In 2023 and in relation to the only senior manager who is a beneficiary of this Plan, expenditure for this Plan has been recorded of EUR 22 thousand, considering the degree of achievement of the objectives for the years 2023 and 2022 and valuing the shares at the Prisa quotation price at the measurement date.

- An expense for the termination of the contractual relationship of Mrs Zoilo.

Regarding 2022:

iii. The aggregate compensation as of December 31, 2022, is the compensation of the following managers: the Secretary to the Board of Directors (Mr Pablo Jiménez de Parga), the CFO Ms Pilar Gil (since joining this position in July 2022), the Head of Corporate and Institutional Relations Mr Jorge Rivera, the Head of Communication, Ms Cristina Zoilo (since joining this position in July 2022), the Chief Sustainability Officer Ms Rosa Junquera (since joining this position in March 2022), the Head of People and Talent Ms Marta Bretos (since joining the senior management team in March 2022) and the PRISA's Director of Internal Audits Ms Virginia Fernández.

It is likewise included the remuneration of the former CFO Mr David Mesonero, until his resignation as of June 30, 2022.

iv. 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 2022 management objectives are achieved.

- Recalculation of the 2021 bonus paid in 2022.

- “Medium-term Incentive Plan 2020-2025, linked to the creation of value in Santillana through the implementation of a corporate transaction”: it is registered the reversion of the provision that was registered for this Plan in relation to the former CFO, Mr. Mesonero.

- “PRISA 2022-2025 Incentive Plan of the former CFO Mr David Mesonero”: PRISA´s former CFO Mr David Mesonero (who has resigned from this position as of June 30, 2022) has been beneficiary of a medium-term incentive plan linked to the achievement of certain quantitative financial targets set out in PRISA´s budget (linked to Cash Flow), payable in shares.

  Mr. Mesonero had been assigned a number of theoretical shares equivalent to EUR 300 thousand gross for each year the plan is in effect, which would serve as a reference to determine the final number of shares to be awarded. The Plan also envisioned an increment if refinancing was achieved in the terms set forth in the Plan. Refinancing was implemented in April 2022, and expense of EUR 193 thousand was recorded.

- “PRISA 2022-2025 Incentive Plan of the CFO Ms Pilar Gil”: It was registered an expense of EUR 103 thousand, based on the level of performance of objectives and considering the listed price of PRISA's shares at the time of measurement.

- “2022-2025 Incentive Plan for Prisa Media, Santillana and PRISA´s executives”: In the first half of 2022, no expenses were recorded for this Plan to the extent that it had not been communicated to its beneficiaries and, therefore, formalized in said period. In 2022 an expense amounting to EUR 6 thousand was registered for this plan based on the level of performance of objectives and considering the listed price of PRISA's shares at the time of measurement.

- In the 2022 an expense amounting to EUR 49 thousand has been recorded for the termination of the contractual relationship of Mr. Mesonero.

15. RELATED-PARTY TRANSACTIONS

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

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

Transactions with significant shareholders

Vivendi became a significant shareholder of Prisa in financial year 2021 and has sat on the Board of Directors of PRISA (represented by proprietary director Carmen Fernández de Alarcón) since June 2021.

Section 2350: the aggregate amount of **EUR 2,039 thousand** consists, mainly of the expense for the purchase of advertising space and the receipt of strategy services, market research, creativity and identification of consumption habits and consumer product niches with Vivendi Group companies.

Section 2360: the aggregate amount of **EUR 27,993 thousand** mainly consists of income of PRISA Group companies for advertising services with Vivendi Group companies. This amount derives practically entirely from contractual relationships prior to which Vivendi had a significant stake in PRISA's capital stock and was represented on PRISA's Board of Directors.

These transactions reflect the accounting information recorded in the consolidated income statement of the Prisa Group and are between Vivendi Group companies and Prisa Group companies.

Section 2385: the amount of **EUR 74,553 thousand** corresponds to the amount of convertible bonds subscribed.

Section 2347: the amount of **EUR 9,015 thousand** includes outstanding receivables for the provision of advertising services from Group companies to the Vivendi Group. In this regard, the balance shown reflects the accounting information recorded in the consolidated balance sheet of the Prisa Group. This amount derives practically entirely from contractual relationships prior to which Vivendi had a significant stake in PRISA's capital stock and was represented on PRISA's Board of Directors.

Additional Information note

PRISA director Mr Joseph Oughourlian holds a significant stake in the share capital of Indra Sistemas, S.A., through Amber Capital UK, LLP, from 2022.

In December 2022, the service contracts that Indra had been providing to PRISA Group companies since 2017 expired. Santillana and PRISA Media have contracted new IT services from Indra for the 2023-2025 period. Additionally, during 2023, Indra and PRISA Group companies have maintained other commercial relationships in the normal course of their business. Although these transactions do not qualify as related party transactions under IAS 24 and are not included in the said section 14, for information purposes and for the sake of transparency, it is noted that the expense recorded in PRISA's consolidated financial statements in 2023 amounts to approximately EUR 5 million.

Transactions with directors and executives

Section 2344: the amount of **EUR 131 thousand** corresponds to:

i. Non-current legal advisory services provided by the law firm ECIJA to PRISA during 2023. Mr Pablo Jiménez de Parga (Secretary of the Board of Directors of PRISA and member of the Senior Management) is Executive Vice President of ECIJA.

ii. the services of searching for artists and directing work for TV programs, provided to Lacoproductora, S.L. (PRISA Group company) by The Pool Guest, S.L. and The Pool Talent Management S.L., companies owned by PRISA director Mr. Andrés Varela Entrecanales (who is also director and President of these companies).

Section 2348: the amount of **EUR 5,497 thousand** corresponds to the expense recorded for remuneration of directors and executives, in accordance with the breakdown and explanations set out in Chapter IV, section 13.

Section 2352: The amount of **EUR 66 thousand** includes outstanding payables to the legal advisory services provided by the law firm ECIJA to PRISA during 2023.

Section 2385: The amount of **EUR 190 thousand** corresponds to the legal advisory services, linked to the issuance convertible bonds, provided by the law firm ECIJA to PRISA during 2023.

Transactions between Group employees, companies or entities

Section 2350: the aggregate amount of **EUR 767 thousand** is mainly includes the advertising commission expense with Wemass Media Audience Safe Solutions, S.L.

Section 2354: the amount of **EUR 5,184 thousand** mainly includes the income dividends received by Sociedad Española de Radiodifusión, S.L. from its stake in Sistema Radiópolis, S.A. de C.V.

Section 2356: the aggregate amount of **EUR 9,549 thousand** mainly includes the income received for commercialization of advertising with Wemass Media Audience Safe Solutions, S.L.

Section 2347: the amount of **EUR 3,420 thousand** includes outstanding receivables with affiliated companies, mainly with Wemass Media Audience Safe Solutions, S.L., for advertising sales.

16. ONGOING LITIGATIONS AND CLAIMS

At the date of approval of this financial information, there have been no significant changes in the status of ongoing litigation and claims described in note 25 of the Group's consolidated financial statements for 2022.

Likewise, the Group maintains provisions for those ongoing litigations and claims for which the outflow of resources is considered probable to settle its obligations.

17. EVENTS AFTER THE BALANCE SHEET DATE

On January 30, 2024 the Board of Directors of PRISA, within the framework of the analysis of different strategic alternatives in order to continue reducing the financial debt of the PRISA Group and the financial costs associated therewith, has unanimously agreed to carry out in the near future an issuance of subordinated notes mandatorily convertible into newly issued shares of PRISA, with recognition of the preemptive subscription rights of the Company's shareholders, for a nominal amount of approximately 100 million euros (the “New Issuance”), which will be implemented through a public subscription offer (the “Offer”). The purpose of the Offer will be to obtain funds mainly for, on the one hand, to cancel the Junior tranche of the syndicated financial debt of the PRISA Group which is tied to Euribor+8% and, on the other hand, to foster the growth opportunities of the business units of PRISA Group. In this regard, as of December 31, 2023, the Junior syndicated loan amounts to EUR 86,967 thousand (see note 10).

The final terms and conditions of the New Issuance will be fixed in a forthcoming meeting of the Board of Directors of PRISA which is expected to be held in the first quarter of year 2024. Details of the Offer, including its limitations and restrictions, as well as the definitive terms and conditions of the New Issuance will be published prior to the commencement of the Offer, following the publication of PRISA's audited annual accounts for the year 2023.

Following the communication of the New Issuance, the Board of Directors of PRISA also agreed, at its meeting also held on January 30, 2024, to open an extraordinary conversion period for the subordinated bonds issued by PRISA in February 2023 (see note 1.a) in accordance with its provisions of terms and conditions, so that the holders of the above-mentioned convertible bonds can participate in the bidding, exercising, where appropriate, all the preferential subscription rights that may correspond to them. Within the framework of the aforementioned extraordinary conversion period, that have taken place between February 5, 2024 and February 14, 2024 (both days included), a conversion and early amortization of 20,287 subordinated obligations has been requested, which will entail the issuance of 20,287,000 new ordinary shares of PRISA. Consequently, the share capital of PRISA, after the formalization of the corresponding capital increase, will be set at EUR 102,856 thousand and is represented by 1,028,558,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.10 euros.

PRISA Group

Consolidated Directors' Report for the 2023 financial year

1. BUSINESS PERFORMANCE

The Group's businesses have continued to move forward with its strategic roadmap presented at Capital Markets Day in March 2022, focusing on digital transformation, the acceleration of subscription models and the development of new digital formats, within a framework of continuous efficiency improvement plans.

By the end of 2023, the Education business reached 2.8 million subscriptions in its education systems. In the Media business, there was an average of 209 million unique browsers per month, along with a monthly average of 51 million audio content downloads and 88 million total listening hours. El País exceeded 350,000 subscribers in total.

PRISA's social mission has remained a cornerstone of its roadmap, as a business group focused on two essential sectors: Education and Media. Reliable and accurate information and access to better education play a more significant role than ever before. The Group always gives top priority to the continuity, with the best possible performance, of its activities, reaffirming its social commitment. In support of Spanish and Latin American society, PRISA remains committed to guaranteeing access to: comprehensive, accurate and truthful information; quality entertainment; and, of course, a wide range of educational services.

In 2023, the economic environment has remained uncertain, adverse and complex: both interest rates and inflation moderated, although levels remained high, worsening the global growth outlook. Against this backdrop, the summary of the Group's results, compared to the 2022 results, is as follows:

- Operating income amounted to EUR 947.4 million (+11.4% vs 2022; +11.4% in local currency). Santillana's business has shown a significant improvement, thanks to the increase in the private business driven by the expansion of subscription models based on educational systems and improved sales of traditional educational material, including the completion of an extraordinary institutional sale in Argentina (for primary and secondary school). Santillana's public business has also grown compared to 2022 as higher sales in Brazil and the Dominican Republic offset lower public sales in Mexico (Conaliteg). The Media business has shown an improvement in advertising revenues in radio and press, both digital and offline, and growth in El País' digital pay-per-subscription model and Lacoproductora's audiovisual productions.

- Operating expenses (excluding depreciation and amortisation charge, goodwill impairment and impairment and losses on fixed assets) amounted to EUR 766.3 million (+7.5% vs 2022; +7.9% in local currency). The growth in expenses is primarily due to higher variable expenses (in line with the increase in income), the impact of inflation and pressure on costs due to increases in CPIs, regulatory frameworks and agreement negotiations that have had an impact on personnel expenses. The efficiency measures that the Group continues to implement have partly mitigated the increase in expenses and have allowed margins to rise.

- EBITDA increased significantly compared to 2022, reaching EUR 181.1 million (+31.6% vs 2022; +29.6% in local currency). Excluding severance payments, EBITDA grew by 29.0% year-on-year (+27.2% in local currency). The Group uses EBITDA as a benchmark, among others, to monitor the performance of its businesses and to set its operational and strategic targets, therefore, this “alternative performance measure” is important for the Group and is used by other companies in the sector. 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 result from operations for each of the segments of 2023 and 2022 (in millions of euros):

	12/31/2023			
	Education	Media	Others	PRISA Group
PROFIT FROM OPERATIONS	**88.1**	**25.5**	**(4.8)**	**108.8**
Depreciations and amortization charge	44.8	24.9	0.6	70.3
Impairment of goodwill	0.0	0.2	0.0	0.2
Impairment of assets	1.9	(0.1)	0.0	1.8
EBITDA	**134.8**	**50.5**	**(4.2)**	**181.1**

	12/31/2022			
	Education	Media	Others	PRISA Group
PROFIT FROM OPERATIONS	**51.1**	**20.3**	**(8.0)**	**63.4**
Depreciations and amortization charge	43.4	26.1	1.5	71.0
Impairment of assets	1.9	1.3	0.0	3.2
EBITDA	**96.4**	**47.8**	**(6.6)**	**137.6**

Exchange rates have had a minor impact on the progress of the Group's results in 2023, mainly because the appreciation of the Mexican peso and the Brazilian real has been offset by the depreciation of the Colombian peso and the accounting effect of hyperinflation in Argentina: EUR -0.1 million in income and EUR +2.7 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 Group monitors both operating income and profit from operations excluding the aforementioned exchange rate effect for comparability purposes and to measure management by isolating the effect of currency fluctuations in the various countries. This “alternative performance measure” is therefore important in order to be able to measure and compare the Group's performance in isolation of the exchange rate effect, which distorts comparability between years.

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):

	2023	**Exchange rate effect**	**2023 excluding exchange rate effect**	**2022**	**Var. excluding Exchange rate effect**	**Var. (%) excluding exchange rate effect**
Education						
Operating income	515.2	0.8	514.4	447.4	67.0	15.0
EBITDA	134.8	1.4	133.4	96.4	37.0	38.4
Media						
Operating income	431.6	(0.9)	432.5	403.8	28.7	7.1
EBITDA	50.5	1.3	49.2	47.8	1.4	2.9
PRISA Group						
Operating income	**947.4**	**(0.1)**	**947.5**	**850.2**	**97.3**	**11.4**
EBITDA	**181.1**	**2.7**	**178.4**	**137.6**	**40.8**	**29.6**

The Education business has continued to develop with a focus on market transformation and the expansion of subscription models based on education systems. In 2023, the number of subscriptions has grown by +7% to 2,809 thousand subscriptions and the private sale of systems has also grown compared to 2022 in the same line (+9.8%). Private educational sales have also grown compared to 2022 (+4.3%), mainly due to the extraordinary institutional sale in Argentina. Public sales have increased significantly compared to 2022 (+34.9%) thanks mainly to growth in Brazil. Furthermore, the improvement in the Dominican Republic is of particular relevance. These improvements offset the lower public sales in Mexico (Conaliteg).

- Operating revenues reached EUR 515.2 million in 2023, with an increase of +15.2% compared to 2022 (+15.0% in local currency terms). This growth is due to both the growth of private sales (+7.7%, due to the expansion of education systems and the extraordinary institutional sale in Argentina (for primary and secondary schools)) and the growth of public sales (+34.9% thanks to the fact that the growth in Brazil and the Dominican Republic offset the lower public sales in Mexico (Conaliteg)).

- Turning to operating expenses (excluding depreciation and amortisation charges, goodwill impairment and impairment and losses on fixed assets), these amounted to EUR 380.4 million in 2023, up from 2022 (+8.4% in euros, and +8.6% in local currency). The increase is mainly due to the increase in variable expenses (in line with the increase in income), in addition to the impact of inflation and the appreciation of Latin American currencies. The implementation of efficiency measures partly offsets the increase in costs.

- EBITDA amounted to EUR 134.8 million in 2023, up +39.9% compared to 2022 (+38.4% in local currency).

- The impact of exchange rates in 2023 compared to 2022 is not very significant: EUR +0.8 million in operating income and EUR +1.4 million in EBITDA.

Media business continues to focus on brand leadership in the Spanish-speaking market, on digital transformation and growth of subscribers in El País. 2023 saw a monthly average of 51 million audio downloads (an increase of 13%), while hours of streaming listening (TLH) stood at 88 million (up by 10%). In addition, Prisa Media reached a monthly average of 209 million unique browsers. Furthermore, the pay-per-subscription business of El País reached 315,000 digital-only subscribers at the end of December 2023. In terms of revenues, the 2023 financial year has shown growth, driven mainly by advertising growth (print and radio in Spain and Chile) and the development of the El País subscription model. Notice should also be made of the diversification of digital income (agreements with platforms for innovative projects) and the increase in Lacoproductora's income, which generates audiovisual production income and drives the growth of other income (in the scope of consolidation throughout 2023, compared to 2022 when it was incorporated in the second quarter).

- Operating revenue stood at EUR 431.6 million in 2023, up by 6.9%, mainly due to increase in advertising revenue, which rose by 5%. Growth is also explained by El País' digital subscription model, which has grown +28% in revenue, by digital revenue and the incorporation of Lacoproductora's activity throughout 2023 (compared to 2022 when it was incorporated into the consolidation scope in the second trimester).

- Turning to operating expenses (excluding depreciation and amortisation charges, goodwill impairment and impairment and losses on fixed assets), these stood at EUR 381.0 million in 2023, up by 7.0% against 2022 (+7.1% disregarding severance payments). Efficiency measures partially offset the increase in variable expenses (in line with the increase in income), the impact of inflation and pressure on costs due to increases in CPIs, regulatory frameworks and agreement negotiations that have had an impact on personnel expenses.

- EBITDA was EUR 50.5 million in 2023 compared to EUR 47.8 million in 2022, an improvement of 5.7%, thanks to the recovery of the advertising market. Excluding severance payments, EBITDA reached EUR 54.7 million, an increase of +5.1% compared to 2022.

The Group's net bank debt decreased by EUR 89.4 million during 2023 and amounted to EUR 767.0 million at December 31, 2023, due to the cash inflow derived from the issuance of bonds mandatorily convertible (net of transaction costs) amounting to EUR 127.5 million, offset by the Group's cash needs during the year, which includes the last payment of the acquisition, in April 2022, of 20% stake of Prisa Radio, for EUR 15 million. This debt indicator is an “alternative measure of performance” and includes non-current and current bank borrowings (excluding present value in financial instruments/loan arrangements costs) and the convertible notes coupon liability diminished by current financial assets, cash and cash equivalents and is important for the analysis of the Group's financial position.

The following table shows the composition of this indicator at December 31, 2023 and at December 31, 2022:

	Million of euros	
	12/31/23	12/31/22
Non-current bank borrowings	885.4	980.8
Current bank borrowings	37.6	30.8
Present value/loan arrangements costs	23.8	35.8
Convertible notes coupon liability	1.0	-
Current financial assets	(4.2)	(1.5)
Cash and cash equivalents	(176.6)	(189.5)
NET BANK DEBT	**767.0**	**856.4**

The Group has taken steps to maximize its liquidity, with an available cash at the end of December 31, 2023 amounting to EUR 166.6 million and with available and undrawn credit facilities and other lines of credit for an amount of EUR 19.1 million.

2. MAIN RISKS ASSOCIATED TO THE BUSINESS

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

- Risks relating to the financial and equity situation.
- Strategic and operational risks.
- ESG risks.
- Criminal compliance risks.
- Reputational risks.

2.1. Risks relating to the financial and equity situation.

1. Financing risk due to the high level of debt of PRISA, that significantly limits their financial capacity.

The Group's financial obligations are set out in note 11.b) "*Financial liabilities*" in the consolidated annual accounts of PRISA of the year 2022.

As of December 31, 2023, the Group's net bank debt level stood at EUR 767.0 million, which could pose a number of risks to the Group as:

- It increases the Group's vulnerability to the macroeconomic environment and market developments, especially in those businesses with greater exposure to economic cycles;
- It requires allocating a significant portion of cash flows from operations to meet interest payment and debt principal repayment obligations, reducing the ability to allocate these flows to meet working capital needs, as well as to finance investments and future operations;
- It limits the Group's financial, strategic and operational flexibility, as well as the ability to adapt to changes in markets; and
- It places the Group at a disadvantage relative to less indebted competitors.

On April 19, 2022, the 2022 Refinancing came into force, once the agreements reached with all of its creditors were made public. Note 11b *"Financial liabilities"* of PRISA's consolidated annual accounts for the year 2022 describes the main characteristics of the aforementioned Refinancing.

As indicated in note 10 of presents PRISA's explanatory notes, in February 2023 the Group amortized debt of the Junior tranche for an amount of EUR 110 million, with the funds obtained from the issue of a bond mandatorily convertible into shares, which reduces the Group's level of leverage.

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 downgrade of the Company's credit rating could adversely affect the terms of any future refinancing of the Group's financial debt, as well as limit the Group's access to financial markets, investors and certain lenders.

2. Risk of an early maturity of the financial debt if certain contractual clauses are breached.

The agreements associated with the Refinancing of the PRISA Group stipulate requirements and commitments to comply with certain leverage and financial ratios (covenants). The financial contracts set out compliance with certain financial ratios for the PRISA Group, which began to be applied on June 30, 2022 and failure to comply with them would result in early maturity of the bank debt.

The determination of these covenants was made in consideration of market conditions and in accordance with PRISA's business expectations at the time of negotiation of the Refinancing. However, these conditions and expectations may be modified and affected by the complexity of the markets due to, among other issues, the globalization of the markets and the global impact that recent events have on macroeconomic variables.

The Refinancing agreement also includes causes for early termination as is customary in this kind of agreement, and includes provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the aforementioned contracts.

3. Exposure to variable interest risk.

The Group is exposed to interest rate fluctuations insofar as a significant portion of the cost of the Group's borrowings is linked to floating interest rates (mainly Euribor) thar are periodically updated, depending on the interest settlement period chosen by the Group for each refinancing contract.

On December 31, 2023 96.32% of the Group's bank borrowings were tied to floating interest rates.

In this respect, although the Group continues to evaluate the contracting of derivative products to limit the impact of potential rises in the Euribor, further increases in interest rates would lead to higher financial expenses and interest payments, which would have a negative impact on the Group's cash flow. In this sense, at the end 2022 the Company had contracted an interest rate hedge arranged of a nominal amount of EUR 150 million which caps the three-month Euribor at 2.25%. In addition, in January 2023 a new interest rate hedge was contracted, in this case, on a nominal of EUR 150 million and a cap of 2.5% (three-month Euribor) and in March 2023, on a nominal amount of EUR 100 million limiting three months Euribor increases above 3% and up to a maximum of 5%. If Euribor was below said percentages, such coverages would not be applicable.

4. Risk of Company equity imbalance.

PRISA, in its capacity as parent company of the Group carries out its activities through a group of subsidiaries, joint ventures and associated companies, so that, at present, a substantial part of its income comes from the distribution of dividends from its subsidiaries and their consideration as such for accounting purposes. In this regard, during 2023, 27.7% of revenues of the Company came from the distribution of dividends of its subsidiaries (46.2% in 2022).

An adverse development of the PRISA Group's business for any reason could have a negative impact on the dividend income received by the Company. In addition, a significant part of the Group's companies is located in Latin America and therefore the aforementioned dividends are subject, inter alia, to exchange rate risk and devaluation of the foreign currencies of the countries in which the Group operates. Furthermore, the Refinancing has entailed a reorganisation of the debt in terms of borrowers, which has meant that the entire financial expense associated with the refinanced debt is now recorded in the Company. In this respect, the interest rate of this debt is benchmarked to a variable interest rate, Euribor. There is also a risk that PRISA, as the parent company of a group of subsidiaries, may record possible impairment losses on the carrying amount of its investments when the value in use of the investments is lower than their carrying amount.

In this regard, like what happened in 2023 and 2022, in which PRISA had losses (as a separate Company) amounting to 85,725 and EUR 90,956 thousand respectively, in the event that the Company does not receive sufficient dividends from its subsidiaries to offset, mainly, the cost of debt financing, possible impairment of assets and financial investments, possible contingencies and other operating costs of the Company, or in the event that the dividends received are not considered income because they do not comply with current accounting regulations, PRISA would incur losses, eroding its equity at the individual level.

Therefore, in the event that the Company incurs additional losses in the future or that such losses accumulate in subsequent years and the net assets are reduced to less than 2/3 of the share capital (set at EUR 100,827 thousand at December 31, 2023), a new situation of equity imbalance could arise, in accordance with the provisions of the Capital Companies Act. At December 31, 2023 the net equity of PRISA (as a sole company) amounts to EUR 323 million.

Notwithstanding the foregoing, and although this does not affect a possible equity imbalance according to the aforementioned Capital Companies Act (measured based on the net equity of individual companies), Prisa has incurred losses at the consolidated level in past years and periods, mainly due to the accounting impact of certain corporate transactions and extraordinary events and conversion differences, which has caused the consolidated Group to record a negative net equity of EUR 428,150 thousand as at December 31, 2023.

5. Risk of exchange rates.

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in Latin American companies, as well as revenue and profits from said investments. On December 31, 2023, 63.1% of the Group's operating revenues came from countries with a functional currency other than the euro.

A devaluation of the foreign currencies of the countries in which the Group operates against the euro would have an adverse impact on the repatriation of the euro cash of the Group's foreign companies, e.g. via dividends. In this respect, an unfavorable development of the exchange rate effect as a result of an increase in exchange rates against the currencies of the main countries in which the Group has a presence would lead to a negative impact on the consolidated income statement and the Group's cash flow.

At present, the Group does not have any significant exchange rate derivatives. Without prejudice to the foregoing, the Group follows the practice of arranging, on the basis of its forecasts and budgets which are analysed on a monthly basis, hedging contracts for exchange rate risk (exchange rate insurance, forwards, structured products and currency options mainly) depending on the risks and opportunities identified in this respect in the markets in order to reduce the volatility of the operations and results of the Group's companies operating abroad.

Furthermore, possible adverse developments in the economies of the Latin American countries in which the Group is present could lead to hyperinflationary situations, with the consequent negative impact on exchange rates.

6. Credit and liquidity risk due to, in other aspects, to the high fixed costs in the advertising sector and the seasonality in the businesses of the Group.

The adverse macroeconomic situation in recent years, mainly due to extraordinary events such as the COVID-19 health crisis in 2020 and 2021 or the war in Ukraine and the geopolitical tensions have had a negative impact on the Group's cash generation capacity, with an increase in liquidity tensions in the economy, as well as a contraction of the credit market.

In this respect, advertising-dependent businesses, in addition to being highly dependent on the economic cycle, 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. On December 31, 2023 advertising revenues represent 34.3% of the Group's operating revenues.

As for the seasonality of business, it is worth noting that, in Media, advertising is mainly concentrated in the last quarter of the year, with the first quarter being a period with lower advertising revenues. In the case of the Education area, the last quarter is also the one with the highest volume of income, coinciding with the beginning of the Southern Campaigns and taking into account that the largest part of Brazil's public sale is invoiced in the referred quarter. However, the second quarter of the year is usually of little relative weight in the total for the year.

Although, on an annual basis, the seasonality of the Group's cash flows is not significant, as the flows from the various business units are offset, largely mitigating the effect of seasonality, the seasonal nature of the Group's businesses could give rise to some cash pressures during periods when collections are structurally lower.

With regard to trade credit risk, which is defined as the possibility that a third party will not meet its contractual obligations, thereby causing losses for the Group, the Group assesses the ageing of receivables and constantly monitors the management of collections and payments associated with all its activities, as well as the maturities of financial and commercial debt and recurrently analyses other sources of financing in order to cover expected cash requirements in the short, medium and long term.

To mitigate this risk 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 240 million, that is fully drawn as of December 31, 2023. Likewise, the rest of subsidiaries of the Group have at December 31, 2023 undrawn credit facilities and other credit lines amounting to EUR 19.1 million (*see note 10 of the present explanatory notes*). In addition, as of December 31, 2023, the Group had a cash available of EUR 166.6 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

7. Risk of write down of intangible assets, goodwill and tax credits.

On December 31, 2023 the group had recognised in its consolidated balance sheet intangible assets amounting to EUR 104.0 million (10.7% of total assets), goodwill amounting to EUR 117.7 million (12.1% of total assets) and deferred tax assets of EUR 58.3 million (6.0% of total assets).

In the analysis of the determination of the recoverable amount (in accordance with current accounting regulations) and thus in the valuation of intangible assets and goodwill, as well as in estimating the recovery of tax credits, estimates are used, made as of the date determined on the basis of the best information available at that date. However, it is possible that future events may make it necessary to change these estimates downwards (i.e., a deterioration in them global macroeconomic situation), which would result in the recognition in the income statement of accounting losses due to the effect of these new negative estimates on the valuation of intangible assets, goodwill and tax credits recognised.

In relation to tax credits, there is a risk of changes or divergences in the interpretation of tax rules in Spain or other jurisdictions in which the Group operates, that could affect the recoverability of these tax credits, together with the Group's ability to generate taxable profits in the period in which such tax credits remain deductible.

2.2. Strategic and operational risks

8. Risk related to economical and geopolitical macroeconomic.

The geographical location of the Group's activities is currently concentrated in Spain and Latin America (Brazil, Mexico, Colombia, Chile and Argentina, among others).

In 2023, 63.1% of the Group's operating revenues came from international markets. While America (Latin America+USA) is a significant geographic market for the Group, Spain continues to maintain a relevant weight, representing 36.9% of the Group's operating revenues for 2023.

Any adverse change affecting the Spanish and Latin American economy (such as the tensions and military developments around Ukraine, as well as in the Middle East (particularly the conflict between Israel and Hamas), the tensions of recent years, mainly commercial, between the United States and China, Brexit and rise of populism, among others) could affect the spending of the Group's customers, present or future, on the Group's products and services and therefore also affect the Group directly. PRISA operations and investments may also 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 nationalisations, tax changes or changes in policies and regulations.

9. Risk of higher commodity costs and inflation in the current environment.

In the first half of 2022, the onset of the Russia-Ukraine conflict and the uncertainties surrounding it have contributed to a further gradual deterioration of the macroeconomic environment, leading, among other things, to significant new market disruptions, instability and volatility, further disturbing delays in global supply chains, which has translated into a tendency towards moderation to a greater or lesser extent (even negative) in the growth of economies (GDP) and an increase in inflation.

Although the Group has no direct exposure to Russia, the tensions surrounding the Russia-Ukraine conflict could adversely affect the Group (mainly the advertising revenues). Factors such as inflation, the volatility of energy prices, the increase in the cost of raw materials and other industrial costs and the extension of delivery times by suppliers or the limited supply of goods due to lack of inventories (stock), have the effect of worsening the general economic situation and consumption in particular, which could have a negative impact on the PRISA Group. Therefore, the aforementioned conflict and its macroeconomic impacts, which will depend on future and uncertain events, including their intensity and persistence over time, could adversely impact key indicators for the Group. While the PRISA Group generally attempts to pass on operating cost increases and inflation to customers, there is no guarantee that the Company will be able to do so due to competitive pressures and other factors.

10. Risk of digital transformation, changing trends and emergence of new players and competence in Education and Media businesses.

In both the Education and Media businesses, competition between companies, the emergence of new players and changing trends represent threats and new opportunities for the Group's traditional business models.

In the Education business the Group competes with both traditional players and new, more digital operators focused on education systems offering alternative content and services and smaller businesses (educational start-ups, online portals, etc.). In addition, there is a growing trend towards open access to educational content (usually via online sites), a proliferating market for second-hand materials and an increasing number of schools not using books and developing new content within the scope of curricular autonomy at school level. This set of trends, in this competitive environment, puts downward pressure on the prices of educational content and services in the Group's main markets.

In the Media business, overall revenues (advertising, circulation and other) continue to be negatively impacted by the growth of alternative means of content distribution. The user has changed access to content consumption: significantly increases consumption through digital media and, at the same time, incorporates the offer of the new digital operators into what the traditional media have to offer. The proliferation of these alternative means of content distribution has significantly expanded the options available to consumers, resulting in audience fragmentation, as well as an increase in the inventory of digital advertising space available to advertisers, which affects and is expected to continue to affect the Group's Media businesses.

11. Risk of concentration of customers in the public sector (Education).

The Education segment main customers in the public education market are governments and public bodies in the various jurisdictions in which it operates.

Consequently, in the event that the economic situation in these countries deteriorates, regulatory or public policy changes occur or existing contractual relationships are not renewed, without the Group being able to replace them with others on materially similar terms, there could be a material adverse impact.

12. Risk of deterioration of the advertising market of the Media business.

A significant part of PRISA Group's operating revenues come from the advertising market, in its Media business. During 2023, advertising revenues from the Group's Media division accounted for 34.3% of the Group's operating revenues.

Generally speaking, spending by advertisers tends to be cyclical and reflects the general economic situation and outlook. Therefore, in the event of a worsening of macroeconomic magnitudes in the countries in which the Group operates, the adverting invest prospects of the advertisers could be negatively affected.

The Company cannot predict the advertising market's trend in the short, medium and long term, and given the large, fixed cost component associated with businesses with a high weighting of advertising revenues, a fall in advertising revenues would have a direct impact on the margins and results of Media business, with the consequent negative impact on the Group and its cash´s generation capacity.

13. Risk related to Group's dependence on IT systems (cybersecurity).

The businesses in which the Group operates are heavily reliant on information technology (“IT”) both in terms of “back office” (systems that businesses use to operate their businesses: Entreprise Resource Planning (ERP), content management, advertising, broadcasting, etc.), as well as in the front office and the solutions that the Group's businesses offer the market as part of their value proposition: from the websites and apps of digital properties in the area of Media, to the technological platform and educational systems in the area of Education.

IT systems are vulnerable with respect to a range of problems, such as hardware and software malfunctions, computer viruses, hacking and physical damage to IT facilities. In particular, the Group operates in an environment of increasing cyber threats in recent years.

This is why IT systems need regular upgrades, some of which are carried out on a preventive basis. However, the Group may not be able to implement the necessary upgrades in a timely manner or the timely upgrades may not work as planned. In addition, the Group may not have sufficient capacity to identify technical vulnerabilities and security weaknesses in operational processes as well as in the ability to detect and react to incidents. Although the Group has outsourced IT management services and undertaking innovation projects in certain Group companies to various technology providers, if the provision of these services were not to continue or were to be transferred to new providers, the Group's operations could be affected.

14. Risk for the proliferation of sectoral regulation.

The PRISA Group operates in regulated sectors and is therefore exposed to regulatory and administrative risks that could adversely affect its business.

In particular, the Group's radio business is subject to the obligation to hold concessions or licences depending on the country in which the Group operates to undertake this activity. These concessions and licences are obtained directly by the Group or through third parties by entering into licence lease agreements. There is therefore a risk that existing licences may not be renewed due to various factors (some of which may be beyond the Group's control), that they may be modified or revoked, as well as that upon termination of existing licence leases the relevant third parties may not wish to renew them with the Group or may renew them on less favourable terms.

In addition, the Group's Education business is subject to the education policies approved by the governments of the countries in which operates. In this respect, the Education business could be affected by legislative changes arising, for example, from the succession of governments, changes in contracting procedures with public administrations or the need to obtain prior administrative authorisations regarding its content. Curricular changes require the Group to modify its educational content, which in turn requires additional investments, and there is a risk that the return on these investments may be lower than expected.

15. Regulation risk to extensive antitrust and merger control regulations.

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.

In this regard, the Group is exposed to the risk of potential non-compliance with applicable antitrust or merger control regulations, which in turn exposes the Group to the risk that the competition authorities and agencies of the countries in which the Group operates may initiate disciplinary proceedings against the Group. This could eventually lead to the imposition of economic sanctions on the Group and damage its reputation in the markets in which it operates.

16. Litigations and third parties claim risks.

PRISA Group companies are exposed to claims from third parties, as well as to administrative, judicial and arbitration proceedings arising as a result of undertaking their activities and business, the scope, content or outcome of which cannot be predicted. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations. PRISA is also exposed to liability for the content in its publications and programmes.

Although provisions have been made for litigation and contingencies of probable occurrence (probability of more than 50%), there are a number of large litigation cases for which no provision has been made, as they have been classified as possible or remote risk by the Group's internal and external legal advisors.

17. Intellectual property risk.

The Group's businesses largely depend on the intellectual and industrial property rights over, among other items, brands, literary content or technology wholly developed by the Group. Brands and other intellectual and industrial property rights comprise one of the pillars of success and maintenance of the Group's competitive advantage. However, there is a risk that third parties, without the Company's authorisation, may attempt to copy or otherwise obtain and misuse content, services or technology developed by the Group.

Similarly, recent technological advances have made it much easier for unauthorised reproduction and distribution of content through various channels, making it more difficult to enforce the protection mechanisms associated with intellectual and industrial property rights. In addition, the Group's international presence entails the risk that it may not be able to protect intellectual property rights efficiently in all jurisdictions in which it operates.

18. Risk related to the increase in royalties for the use of third party intellectual property rights.

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.

To the extent that the Group is not involved in determining the economic consideration for the use of these rights, there is a risk that significant upward variations in the amount of this consideration could have a negative impact on the Group's business.

19. Data protection risk.

The Group has a large amount of personal data at its disposal through undertaking its business, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in the various countries where it operates.

The growing digital activity of the Group's businesses entails a particular risk related to the IT management of personal data, which could result in security breaches of varying scope and severity occurring.

Failure to comply could result in reputational damage to the Group and the payment of significant fines. In addition, any disclosure of such personal information by unauthorised third parties or employees could affect the Group's reputation, limit its ability to attract and retain consumers or expose it to claims for damages suffered by individuals to whom the personal information relates.

2.3. ESG risks

See section 5 of the Consolidated Directors´ Report of 2022.

2.4. Criminal compliance risks

See section 5 of the Consolidated Directors´ Report of 2022.

2.5. Reputational risks

See section 5 of the Consolidated Directors´ Report of 2022.

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

The Group's outlook is to continue with its strategic roadmap, with a priority focus on generating added value through digital transformation and the commitment to subscription models, in order to maximise the results of its businesses in the future, strengthen the balance sheet structure, generate cash flow and reduce debt.

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.

According to the most recent edition of the World Bank's "Global Economic Prospects" report (January 2024), global growth is slowing down due to the tight monetary policy environment and financial conditions, as well as a low level of global trade and investment. Risks to the baseline macroeconomic projections include an escalation of the recent conflict in the Middle East, financial tensions, further persistence of inflation, fragmentation of global trade and climate-related disasters. Global growth is expected to slow from 2.6% in 2023 to 2.4% in 2024. In all emerging markets and developing economies, appropriate macroeconomic and structural policies, and well-functioning institutions, will play a key role in helping to boost investment and long-term prospects.

In general, in the Group, both the Education and Media businesses are influenced by the macroeconomic environment, and variables such as GDP, inflation, exchange rate developments and interest rates affect the performance of both businesses in terms of revenues, expenses and cash generation. However, the Education business is more resilient and less linked to the economic cycle of the countries in which it operates than the Media business.

In addition to macroeconomic developments, the Media business is particularly affected by the performance of the advertising market in Spain and Latin America, which in turn is impacted by how the economy is progressing in these areas.

On the macroeconomic front, according to IMF projections for 2024 (October 2023 data), the GDP growth rate of advanced economies will be +1.4% (up from 1.5% in 2023). For Spain, the IMF expects growth of +1.7% (2.5% in 2023); although the Bank of Spain, in its latest forecasts released in December, has revised down the growth forecast for 2024 to 1.6%. Meanwhile, the main countries in which PRISA is present in Latin America will experience the following growth according to IMF projections: Brazil will grow by +1.5% (+3.1% in 2023), Mexico by +2.1% (+3.2% in 2023), Colombia by +2.0% (+1.4% in 2023), Peru by +2.7% (+1.1% in 2023), Argentina by +2.8% (-2.5% in 2023) and Chile by +1.6% (-0.5% in 2023). For Latin America as a whole, growth is estimated at +2.3% in 2024, in line with 2023.

In line with the development of economic indicators in Latin America, the Group's results are also affected by exchange rate volatility. In 2023, however, the exchange rate effect has not had a relevant impact since the appreciation of the Mexican peso and the Brazilian real has been offset by the depreciation of the Colombian peso and the accounting effect of hyperinflation in Argentina.

In this environment, as it has been doing in recent decades, the Group will continue to work to adapt to the new reality of its business by defining and implementing the initiatives that may be necessary: cost containment (allowing for the absorption of inflation increases), 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. 34.3% of the Group's operating income in 2023 will come from advertising. The Media businesses, which are largely dependent on advertising revenues, have a high percentage of fixed costs, so that significant variations in advertising revenues have a significant impact on results, leading to an improvement or worsening of margins and the Group's cash position.

In this regard, after the drastic drop in advertising investment in 2020 due to the COVID-19 pandemic, the advertising market has partly recovered thanks to growth in 2021 and 2022 (although 2022 was somewhat affected by the macroeconomic consequences of the war in Ukraine). In 2023, the advertising market in general has continued to grow year-on-year. The Group's advertising grew by +5.0% in 2023 compared to the previous year.

According to the latest i2P report for December 2023, the total advertising market in Spain has grown by +3.3% in 2023, and the market in which PRISA's media are present has grown by +0.9%. The Group's advertising revenue in Spain has grown by +3.7% (gross advertising) in 2023 compared to 2022, which represents an increase in market share. By 2024, i2P (December 2023 report) expects the market to grow by +4.9%, while the market in which PRISA media are present is expected to grow by +3.3%. PRISA Media expects to improve its share of the advertising market in Spain in 2024 in the markets where it is present thanks to the leadership of its brands.

In Latin America, the advertising market also recovered throughout 2021 and 2022 from the impact of the pandemic. In 2023, the advertising market has performed as follows: -0.1% in Colombia (according to Asomedios, December 2023) and +2% in Chile (according to the Asociación de Agencias de Medios, December 2023). Meanwhile, PRISA has grown in 2023 by 0.4% in Colombia above the market, while in Chile it has grown by +12% compared to 2022, increasing its market share (gross advertising data, in local currency). By 2024, according to reports from Asomedios in Colombia and the Asociación de Agencias de Medios in Chile, advertising is expected to grow by +6% and decrease by -2% respectively. PRISA Media plans to improve its advertising market share in both countries.

According to the strategic roadmap on which the Group has been working, 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 consumer of content and new digital formats. It is worth mentioning the commitment to digital transformation and the development of subscription models. Significant events such as the launch of the digital subscription payment model of El País, which has reached 315,000 digital-only subscribers, or the development of the value proposition around the concepts of "audio" and "video", highlight the importance of this trend.

In addition, PRISA has the Education business, not so dependent on the economic cycle, which in 2023 represented 54.4% of the Group's operating income. Although the Education business is generally more resilient to the economic cycle, the COVID-19 pandemic had a negative impact, especially on the trends of sales campaigns of traditional educational material. However, the pandemic was also an opportunity to accelerate the digital transformation towards subscription models through the increased use of online platforms for education, which has been driven precisely during this time when a face-to-face delivery model was not possible.

In 2022, the reopening of schools allowed for a more efficient commercial campaign with increasing demand for digital models, which has led to a recovery in Santillana's revenues. Subscription models (educational systems), based on a hybrid teaching methodology (online and offline, classroom and distance, paper and digital, school and home, etc.), have continued to grow in 2023, confirming the importance of the transformation strategy at Santillana. However, the pace of growth in subscription models has moderated and the trend expected in the future is that the transformation of schools from traditional teaching models to digital models will continue, but in a more moderate, albeit gradual fashion.

In any of the development scenarios, the strategic roadmap for the Education business will focus on maintaining its leadership position and maximising growth leveraged on subscription models, with a commitment to these increasingly hybrid formats and methodologies, with a growing weight of the digital component.

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

The Group's digital audiences continue to show relevant figures. In 2023, PRISA Media reached a monthly average of 211 million unique browsers, 10 million registered users (+34% compared to 2022) and 51 million audio downloads (+13% compared to 2022), in addition to the 315 thousand digital subscribers to El País. Meanwhile, Santillana's digital educational ecosystem continues to expand by evolving and enriching its offer and adapting to the return of face-to-face teaching in the classroom, as well as maintaining levels of use of the educational platform that are higher than before the pandemic. 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 also continue to be committed to digital development in two of its business units, Media and Education.