Promotora de Informaciones, S.A.

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

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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Promotora de Informaciones, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Promotora de Informaciones, S.A. (the Company), which comprise the balance sheet as at 31 December 2019, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

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

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

Key Audit Matters

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

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Recoverability of deferred tax assets

Description

The balance sheet as at 31 December 2019 includes a balance of EUR 50,373 thousand relating to deferred tax assets, which correspond to tax assets of the Spanish tax group of which the Company is the head.

At 31 December 2019, the Company had an updated tax plan in order to assess the recoverability of the deferred tax assets recognised, taking into account new legislative developments and the most recently approved business plans for the various businesses.

The updating of the tax plan gave rise to the recognition in 2019 of a net withdrawal of tax assets amounting to EUR 20,857 thousand (see Note 9).

We identified this matter as key in our audit, since the preparation of the tax plan requires a significant level of judgement, largely in connection with the projections of the performance of the businesses, which affect the estimate of the recoverability of the tax assets corresponding to the Spanish tax group.

Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the controls considered relevant established by the directors for the assessment of the recoverability of the deferred tax assets recognised, as well as tests to verify that the aforementioned controls operate effectively.

Additionally, we evaluated the reasonableness of the criteria followed by Company management, including the analysis of the key assumptions used, the review that they were consistent with reports from independent third parties and with market information, and the review of the consistency of the actual results obtained by the various business lines with those projected in the tax plans of previous years. We also obtained evidence of the approval by the Board of Directors of the budgeted results included in the tax plan. Furthermore, we conducted a sensitivity analysis of changes in the key assumptions, as well as an evaluation of the degree to which the recoverability of the tax assets included in the tax plan complies with the applicable tax legislation, for which we involved our tax experts.

Lastly, we evaluated whether the disclosures provided in Notes 4-g and 9 to the financial statements were adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Emphasis of Matters

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

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

Other Information: Directors' Report

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

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

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

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

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

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

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit, Risk and Compliance Committee

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

Engagement Period

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

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

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

Jesús Mota Robledo
Registered in ROAC under no. 21342

30 April 2020

Appendix I to our auditor's report

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

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Financial Statements and Directors' Report for 2019, together with Auditors' Report

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

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements and Directors’ Report for 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements for 2019

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

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

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

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

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

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
INCOME STATEMENT FOR YEAR 2019
(in thousands of euros)

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

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

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

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

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR YEAR 2019

A) STATEMENT OF COMPREHENSIVE INCOMES AND EXPENSES FOR YEAR 2019

(in thousands of euros)

	Year 2019	Year 2018
A) Profit/(Loss) per income statement	**(209,557)**	**110,201**
Income and expense recognized directly in equity		
Arising from revaluation of financial instruments (*Note 7.1*)	(18)	(409)
Other income and expenses charged directly to equity (*Note 8*)	-	(17,145)
Tax effect	5	102
B) Total income and expense recognized directly in equity	**(13)**	**(17,452)**
Transfers to profit or loss	**237**	**-**
Arising from revaluation of financial instruments	321	-
Tax effect	(84)	-
C) Total transfers to profit or loss	**237**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE	**(209,333)**	**92,749**

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

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR YEAR 2019

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

(in thousands of euros)	Share capital	Share premium	Other Equity Instruments	Legal reserve	Reserves for treasury shares	Reserves for merger	Voluntary reserves	Loss from previous years	Reserves for variation in financial assets	Reserves	Treasury shares	Profit (Loss) for the year	Equity
Balance at December,31 2017 (*) (Note 8)	**83,498**	**95,002**	**46,408**	**7,050**	**694**	**(85,639)**	**(18,819)**	**(463,120)**	**83**	**(559,751)**	**(694)**	**(123,591)**	**(459,128)**
I. Total recognized income and expense													
1. Profit (Loss) for the year		(17,145)								-		110,201	93,056
2. Valuation of finacial instruments									(307)	(307)			(307)
II. Transactions with shareholders or owners													
1. Capital Increases / Decreases													
- *Share Capital*	441,189	122,031											563,220
- *Share Premium*													
2. Conversion of financial liabilities into equity	215	1,624	(1,770)										-
3. Issuance of equity instruments													
4. Conversion of equity instruments into shareholder´s equity													
5. Distribution of 2017 profit													
- *Loss from previous years*							8,007	(131,598)		(123,591)		123,591	-
6. Treasury share transactions													
- *Delivery of treasury shares*					(95)		95			-	95		95
- *Purchase of treasury shares*					2,709		(2,709)			-	(2,709)		(2,709)
- *Sales of treasury shares*													
- *Provision for treasury shares*					(452)					(452)	452		-
III. Other changes in equity													
- *Other*			(44,638)				206,504			206,504			161,866
Balance at December,31 2018 (Note 8)	**524,902**	**201,512**	**-**	**7,050**	**2,856**	**(85,639)**	**193,078**	**(594,718)**	**(224)**	**(477,597)**	**(2,856)**	**110,201**	**356,162**
I. Total recognized income and expense													
1. Profit (Loss) for the year										-		(209,557)	(209,557)
2. Valuation of finacial instruments									224	224			224
II. Transactions with shareholders or owners													
1. Capital Increases / Decreases													
- *Share Capital*	141,229									-			141,229
- *Share Premium*		52,668								-			52,668
2. Conversion of financial liabilities into equity													-
3. Issuance of equity instruments													
4. Conversion of equity instruments into shareholder´s equity													
5. Distribution of 2018 profit													
- *Loss from previous years*				11,020				99,181		110,201		(110,201)	-
6. Treasury share transactions													
- *Delivery of treasury shares*													-
- *Purchase of treasury shares*					250		(250)			-	(250)		(250)
- *Sales of treasury shares*													
- *Provision for treasury shares*					(515)					(515)	515		-
III. Other changes in equity													
- *Other*							4,893			4,893			4,893
Balance at December,31 2019 *(Note 8)*	**666,131**	**254,180**	**-**	**18,070**	**2,591**	**(85,639)**	**197,721**	**(495,537)**	**-**	**(362,794)**	**(2,591)**	**(209,557)**	**345,369**

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

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

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

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

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

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

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2019

1.- COMPANY ACTIVITIES AND PERFORMANCE

a) Company activities

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

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

In addition to the business activities carried on directly by it, the Company heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose Promotora de Informaciones, S.A. and subsidiary companies ("the Prisa Group" or "the Group"). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group prepared in accordance with International Financial Reporting Standards (IFRSs) as approved by European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements in terms of total asset, equity and net revenues amount to EUR 1,572,164 thousand, EUR 411,604 negative thousand and EUR 1,065,349 thousand respectively in 2019.

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

The consolidated financial statements for 2019 were authorized for issue by the Company's Directors on April 30, 2020 for submission to the approval of the General Meeting of Shareholders, it being estimated that they will be approved without modification.

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

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

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

During 2017, 2018 and 2019, the Administrators of Prisa took a number of measures to strengthen the Company's financial and asset structure, such as asset sale operations, capital increases and refinancing of its debt.

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

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

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

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

On March 20, 2019, the Company agreed to carry out a capital increase amounting to EUR 199,824 thousand, which was fully subscribed in April 2019 (*see note 11*). This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. *(see note 7.1).*

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

The completion of the sale and purchase was pending to the satisfaction of the condition precedent consisting of inscription with the Portuguese Commercial Registry (Conservatória de Registo Comercial) of the share capital increase approved by Cofina to partially finance the price of the sale and purchase. According to the statements made by Cofina in the Share and Purchase Agreement, Cofina had the necessary commitments to finance the amount required to complete the transaction, on one side from credit institutions and on the other side from Cofina's significant shareholders in the amount required to cover the share capital increase. On March 11, 2020 Cofina voluntarily waived to continue with the share capital increase approved by Cofina's shareholders on 29 January 2020, which implied a breach of the share purchase agreement and its termination. In this regard, the Company has initiated and will continue to pursue all measures and actions against Cofina in defence of its interests, those of its shareholders and of any others affected by the situation created by Cofina. To this extent, on 14 April 2020 the Company filed an arbitration request before the *Centro de Arbitragem Comercial da Câmara do Comércio e Indústria Portuguesa* in accordance with the sale and purchase agreement. This request does not preclude the exercise of any additional measures and actions against Cofina.

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

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

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

2.- BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a) Fair presentation

The accompanying financial statements for 2019, which were obtained from the Company's accounting records, are presented in accordance with the regulatory framework for financial reporting applicable and, in particular, the accounting principles and criteria contained herein, presenting fairly the Company's equity, financial position, and of the results of its operations, the changes in its equity and the cash flows generated by the Company in the year then ended. The regulatory framework for financial reporting applicable considered is:

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

These financial statements, which were formally prepared by the Company's directors on April 30, 2020, will be submitted for approval by the shareholders at the Annual General Shareholders' Meeting and it is considered that they will be approved without any changes. The 2018 financial statements were approved by the shareholders at the Annual General Shareholders' Meeting held on June 3, 2019.

b) Comparison of information

In accordance with company legislation, each item of the balance sheet, income statement, statement of changes in net equity and cash flow statement for 2019 is shown with the figure for 2018 for comparison purposes. The notes to the financial statements also include quantitative information of the previous year, unless an accounting standard specifically establishes otherwise.

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

c) Non-obligatory accounting principles

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

d) Key issues in the measurement and estimation of uncertainty

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

In the accompanying financial statements for 2019 estimates were occasionally made by executives of the Company in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

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

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

In 2019, there were no significant changes in the accounting estimates made at the end of 2018 and no items have been added to the main financial statements except for the recoverability of deferred tax assets (*see note 9*) and the determination of the recovery of equity investment in Vertix S.P.G.S, S.A. (*see note 7.2*).

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

3.- ALLOCATION OF RESULT

The proposal for the distribution of the Company's profit for 2019 approved by the Company's Directors and that will be submitted for approval at the General Shareholders' Meeting is the following, in thousands of euros:

	Amount
Basis of appropriation-	
Loss for the year	(209,557)
Distribution-	
Loss from previous years	(209,557)

4.- ACCOUNTING POLICIES

As indicated in Note 2, the Company applied accounting policies in accordance with the accounting principles and rules contained in the Code of Commerce, developed in the valid General Chart of Accounts (PGC 2007), and other corporate legislation in force as at the closing date of these financial statements. In this sense, the policies that specifically apply to the Company's activity and those considered meaningful according to the nature of its activities are detailed below.

a) Intangible assets

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

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

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

b) Property, plant and equipment

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

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

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

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

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

c) Impairment losses

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

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

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

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

d) Financial instruments

Financial assets-

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

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

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

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

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

Initial measurement

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

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

Subsequent measurement

Equity investments in Group companies, jointly controlled entities and associates

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

Loans and receivables

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

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

Held-to-maturity investments

They are carried at amortized cost.

Available-for-sale financial assets

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

Cash and cash equivalents-

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

Financial liabilities-

Loans and payables

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

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

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

Treasury shares-

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

e) Profit (loss) from discontinued operations

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

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

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

f) Foreign currency transactions

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

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

g) Income tax

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

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

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

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

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

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

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

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

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

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

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

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

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

h) Income and expenses

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

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

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

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

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

i) Provisions and contingencies

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

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

The "*Provision for taxes*" relates to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfillment of certain conditions.

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

j) Current/non-current classification

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

k) Related party transactions

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

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

l) Share-based payments

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

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

m) Provisions for severance payment

In accordance with the legislation in force, the Company is obliged to pay severance payments to those employees with whom, under certain conditions, it terminates their employment relationships. Therefore, severance payments that may be reasonably quantified are recorded as expenditure within the year in which the decision to dismiss is adopted. In 2019 and 2018 the Company has not recorded any expense in this respect.

n) Equity instruments

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

o) Intercompany transactions

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

p) Non-current Assets held for sale

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

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

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

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

q) Leases

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

Operating leases

Expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.
Any collection or payment that could be made when contracting an operating lease, will be treated as a prepayment or payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

5.- INTANGIBLE ASSETS

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

2019

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

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

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

2018

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

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

6.- PROPERTY, PLANT AND EQUIPMENT

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

2019

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

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

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

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

2018

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

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

7. FINANCIAL INSTRUMENTS

7.1- FINANCIAL ASSETS

The detail of "*Financial assets*" in the balance sheets at December 31, 2019 and 2018, based on the nature of the transactions, is as follows:

Classes	Thousands of euros							
	Non-current				Current			
	Equity instruments		Loans, derivatives and other		Loans, derivatives and other		Total	
Categories	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**
Group companies and associates	883,451	851,835	-	-	49,545	60,642	932,996	912,477
Held-to-maturity investments	-	-	9	9	-	6,500	9	6,509
Loans and receivables	-	-	-	-	2,802	6	2,802	6
Financial assets available for sale	-	572	-	-	-	-	-	572
Total	**883,451**	**852,407**	**9**	**9**	**52,347**	**67,148**	**935,807**	**919,564**

Equity investments in Group companies and associates

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

2019

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

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

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

Additions and transfers

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

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

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

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

In September 2019, as a result of the binding offer accepted for the sale of Vertix S.P.G.S., S.A, owner of Grupo Media Capital, SGPS, S.A. ("Media Capital") (see notes 1.b and 7.2), the Company has reclassified its share to the category of “Non-current assets held for sale".

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

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

Disposals

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

2018

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

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

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

Additions and transfers

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

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

In April 2018, a partner contribution was made for the amount of EUR 1,578 thousand to Prisa Audiovisual, S.L. (Sole proprietorship) with the aim of re-establishing this company's equity balance transferring the provision for third-party liability to the stake's impairment for de same amount.

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

In May 2018 the partial spinoff from Prisa Participadas, S.L. (Sole propietorship) took place, of its stake in Prisa Radio, S.A. to the new company Prisa Activos Radiofónicos, S.L. (Sole proprietorship), constituted at that time by the Company as sole partner, and of its stake in Prisaprint, S.L. to the company Prisa Noticias, S.L. (Sole proprietorship). This transaction was considered to be a non-monetary contribution by the Company to these companies and was valued at the carrying amount of the specific assets and liabilities provided in the consolidated annual accounts at the date the transaction is carried out, according to the Rules for the Formulation of the consolidated annual accounts, which develop the Commercial Code, which amounted to EUR 154,860 thousand and EUR 4,005 thousand, respectively.

In December 2018, the stake was increased in Prisa Activos Radiofónicos, S.L. (Sole proprietorship) (EUR 330 thousand), Prisa Activos Educativos, S.L. (Sole proprietorship) (EUR 586 thousand), Prisa Participadas, S.L. (Sole propietorship) (EUR 78 thousand) and Prisa Noticias, S.L. (Sole proprietorship) (EUR 336 thousand), associated with the Medium-Term Incentive Plan approved in April 2018 aimed at members of senior management and certain executives of Group subsidiaries (*see Note 13*). For the Company, this operation is classified as a contribution to its subsidiaries recorded as a gain in the value of the investment.

Disposals

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

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

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

Impairment tests

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

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

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

According to the estimates and projections available to the Directors, the cash flow forecasts attributable to the different cash generating units allow the net book value recorded as of December 31, 2019 to be recovered.

These projections cover the following five years and include a residual value that is appropriate for each business. In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk. The rate for the most relevant impairment test is from 6.5% to 10% (from 8.5% to 11% in 2018).

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

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

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

Evolution of offline advertising: the Management has considered falls in offline advertising in accordance with the existing market projections.

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

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

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

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

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

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

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

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

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

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

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

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

The discount rate used for Santillana is from 6.5% to 8% (from 8.5% to 11% in 2018). The growth rate used is from 2.0% to 4.0% (from 3.5% to 5.5% in 2018).

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

Vertix SPGS, S.A.

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

In addition, the valuation of the investment in Prisa Participadas, S.L. (Sole Proprietorship) is carried out taking into consideration its equity, considered as the best evidence of the recoverable amount. During 2019 an impairment loss has been recorder for the amount of EUR 40,982 thousand, resulting from the unfavourable court ruling against Audiovisual Sport, S.L. (subsidiary of Prisa Participadas) due to the conflict with Mediapro described in note 18.

Available-for-sale financial assets

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

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

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

Short-term credit with Group companies and associates

This epigraph includes the portion of the loans to companies of the Group and Associates with maturity within one year and interest accrued pending payment, being the sum of EUR 2,334 thousand at December 31, 2019 (EUR 2,329 thousand at December 31, 2018). This heading also included at December 31, 2018 EUR 13,588 thousand of balances and interest payable for Prisa Gestión Financiera, S.L., centralizing company of the Group's cash pool balances, arising from cash pooling.

In addition, this caption includes the tax account receivable with the Spanish Tax Group companies as a result of the liquidation of the consolidated Corporate tax for the sum of EUR 38,176 thousand at December 31, 2019 (EUR 43,386 thousand at December 31, 2018).

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

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

Held-to-maturity investments

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

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

7.2. NON-CURRENT ASSETS HELD FOR SALE

At December 31 as a consequence of the operation described in note 1b, under this heading is registered the participation of the Company in Vertix S.G.P.S., S.A., insofar as the requirements of the Spanish National Chart of Accounts were met at the date so that those assets are classified as non -current assets held for sale.

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

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

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

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

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

7.3. FINANCIAL LIABILITIES

Loans and payables

Classes	Thousands of euros									
	Non-current				Current					
	Bank borrowings		Debts, derivatives and other		Bank borrowings		Loans, derivatives and other		Total	
Categories	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**	**12/31/19**	**12/31/18**
Loans and payables	470,235	423,905	-	-	6,303	532	15,245	6,029	491,783	430,466
Group companies and associates	-	-	167,430	187,480	-	-	100,505	14,819	267,935	202,299
Total	**470,235**	**423,905**	**167,430**	**187,480**	**6,303**	**532**	**115,750**	**20,848**	**759,718**	**632,765**

Bank borrowings

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

2019

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

2018

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

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

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

(*) Movement that generates cash flow

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

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

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

Refinancing-

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

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

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

- The amount of the debt of Tranche 2 is set at EUR 370,242 thousand and the maturity of which is extended to November 2022.

- The amount of the debt of Tranche 3 is set at EUR 62,350 thousand and with a maturity that is extended to December 2022.

- The cost of the debt of Tranches 2 and 3 is referenced to the Euribor plus a negotiated margin, equal for both tranches.

- The payment schedule establishes two partial and obligatory debt repayments on December 31, 2020 and 2021 for EUR 15,000 and 25,000 thousand respectively that correspond to Prisa and Prisa Activos Educativos, S.L. (Sole proprietorship) in solidarity, as well as additional partial amortisations in 2021 and 2022 conditioned on the cash generation of the Prisa Group.

- The financial creditors have agreed that Tranche 2 is preferred over Tranche 3.

- The partial modification of the package of debt guarantees.

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

Likewise, the Refinancing agreement involved a restructuring of the debt, which included a new borrower, Prisa Activos Educativos, S.L. (Sole proprietorship), which assumed nominal debt of Prisa for an amount of EUR 685,000 thousand, within the framework of a reorganisation of the Prisa Group, which, among other aspects, allows part of the debt to be allocated in the Education business unit, the main cash generating unit of the Group, in order to meet the payments associated with the debt. The rest of the amount of the debt remains recorded in Prisa.

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

Compliance with certain financial ratios is established in the financial agreements for the Prisa Group, which have been complied with since the Refinancing came into force. These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the Override Agreement.

Since the Refinancing came into force no such breaches have occurred.

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

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

Other aspects of debt-

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

Personal guarantees

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

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

Guarantees

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

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

Other aspects

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

Super Senior Credit facilities-

On June 29, 2018, and within the framework of Refinancing the debt, the Company established a Super Senior credit policy for a maximum amount of up to EUR 86,500 thousand, of which EUR 50,000 thousand have the objective of financing the Company's operating needs. In April 2019, as a result of the acquisition of 25% of Santillana, the policy was increased by EUR 30,000 thousand, up to a maximum amount of EUR 116,500 thousand. As of December, 31 2019, the Company has EUR 36,500 thousand available to finance the acquisition by Prisa Radio, S.A., a Group company, of 3i's treasury shares. To carry out this operation, the Company granted a credit for the entire balance paid to the Company of the Grupo Prisa Gestión Financiera, S.L. (Sole proprietorship), which manages its cash pool. Meanwhile Prisa Gestión Financiera, S.L. (Sole proprietorship) granted a credit to Prisa Radio, S.A. for the same amount. At December 31, 2019 Prisa Gestión Financiera, S.L. (Sole proprietorship) has cancelled said credit with the Company.

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

Payable to Group companies and associates

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

2019

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

2018

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

Other non-current payables-

Corresponds to the participating loan granted by its subsidiary Prisa Participadas, S.L. (Sole proprietorship) for EUR 62,492 thousand at December 31, 2019 and 2018 with maturity date January 1, 2023. In addition, at December 31, 2019 includes the loan granted by this same company for the amount of EUR 94,952 thousand (EUR 115,000 thousand at December 31, 2018) with maturity date January 1, 2023. The decrease during 2019 is due to its compensation with the loan granted by the Company to Prisa Participadas, S.L. (Sole proprietorship) as a consequence of the litigation of its subsidiary company AVS *(see note 18)*.

Other current payables-

At December 31, 2019 this heading includes, on the one hand, the tax account payable to the Spanish Tax Group companies for the liquidation of the consolidated Corporate tax for EUR 6,808 thousand (EUR 14,336 thousand at December 31, 2018).

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

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

Investment tax credits-

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

Past-due payments to creditors-

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

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

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

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

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

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

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

7.4- NATURE AND RISK OF THE FINANCIAL INSTRUMENTS

Liquidity and Credit Risk-

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

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

Additionally, the Company analyzes on a recurrent basis other financing sources to cover short- and medium-term liquidity needs. However, at December 31, 2019, the Company still maintains a net bank debt level of EUR 472,729 thousand. This debt indicator includes non-current and current bank borrowings, al nominal value, diminished by current financial assets, cash and cash equivalents.

The table below details the liquidity analysis of the Company in 2019 in relation to its bank borrowings. The table was prepared using the cash outflows not discounted with respect to their scheduled maturity dates. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2019.

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

Interest rates risk exposure-

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

Fluctuations in foreign exchange rates-

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

7.5.- CASH AND CASH EQUIVALENTS

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

8- EQUITY

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

Share capital

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

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

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

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

On December 31, 2019, the share capital of Prisa amounts to EUR 666,131 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.94 euros. Share capital is fully subscribed and paid up.

On December 31, 2019, the significant shareholders of Prisa, according to information published in the Comisión Nacional del Mercado de Valores ("CNMV") and in some cases, information that has been provided by the shareholders to the Company, are the following:

Shareholder's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights (1)
AMBER CAPITAL UK LLP (2)	-	211,174,916	29.80%
HSBC HOLDINGS PLC (3)	-	64,263,202	9.07%
TELEFONICA, S.A.	63,986,958	-	9.03%
RUCANDIO, S.A.	-	53,938,328	7.61%
INTERNATIONAL MEDIA GROUP, S.A.R.L (4)	36,400,079	-	5.14%
GHO NETWORKS, S.A. DE CV	-	35,570,206	5.02%
INVERSORA CARSO, S.A. DE CV (5)	-	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ (6)	-	28,539,429	4.03%

The aforementioned indirect shareholding is held as follows:

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights	Total % of Voting Rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	101,837,224	14,37%
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	22,169,209	3,13%
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, S.A.R.L	87,168,483	12.30%
HSBC HOLDINGS PLC	HSBC BANK PLC	64,263,202	9.07%
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	90,456	0.01%
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	125,949	0.02%
RUCANDIO, S.A.	AHERLOW INVERSIONES, S.L.	53,721,923	7.58%
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	35,570,206	5.02%
INVERSORA CARSO, S.A. DE CV	CONTROL EMPRESARIAL DE CAPITALES S.A. DE CV	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ	FCAPITAL LUX S.A.R.L.	28,539,429	4.03%

(1) The percentages of voting rights have been calculated on the total voting rights in Prisa at December 31, 2019 (i.e. 708,650,193 rights).

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

(3) HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holdings Plc.

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

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

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

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

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

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

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

Additionally, as of December 31, 2019 and according to the information that is published on the CNMV's website, the ownership of significant participations on financial instruments that have Prisa's underlying voting rights is as follows:

Shareholder’s Name	Number of voting rights that may be acquired if the instrument is exercised/converted	Total % of Voting Rights
MELQART ASSET MANAGEMENT (UK) LTD (1)	18,341,219	2.59
POLYGON EUROPEAN EQUITY OPPORTUNITY MASTER FUND (2)	7,090,807	1,00
HSBC HOLDINGS PLC (3)	286,000	0,04

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

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

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

Share premium

The Recast Text of the Cap9ital Companies Act expressly allows use of issue premium to increase capital against reserves. It establishes no specific restriction whatever regarding the availability of the balance of this reserve.

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

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

Reserves

Legal reserve-

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

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

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

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

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

Reserve for treasury shares-

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

The balance of this account at year end amounts to EUR 2,591 thousand (at December 31, 2018, EUR 2,856 thousand).

Voluntary reserves-

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

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

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

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

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

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

Treasury shares

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

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

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

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

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

In July 2019 the Company entered into a liquidity contract with a duration of one year for the purpose of favoring the liquidity and regularity of the Company's shares quotation within the limits established by the Company's Shareholders General Meeting and the applicable regulation, in particular, Circular 1/2017. Within the framework of this contract the Company has executed purchases for the amount of 1,143,560 shares and sales for the amount of 967,473 shares in 2019, and therefore net purchases during 2019 have been 176,087 shares and EUR 250 thousand.

Capital management policy

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

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

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

On June 29, 2018, the agreement reached with all the financial creditors of the *Override Agreement (*agreement to refinance the Group's debt signed in December 2013), to refinance and modify the terms of Prisa's current financial debt, came into effect. This agreement enables the maturity schedule of bank debt to be adapted to the cash generation profile of the Group's businesses, allowing the maturity of the 2018 and 2019 debt to be extended to 2022, with there being no repayment obligations until December 2020. Moreover, and as one of the prerequisites for the agreement coming into force, the Company paid EUR 480,000 thousand of debt with funds from the aforementioned capital increase and with the cash available to the Company.

Likewise, on March 20, 2019, the Company agreed to carry out a capital increase amounting to EUR 199,824 thousand, which was fully subscribed in April 2019 (*see note 8*). This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. *(see note 7.1).*

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

9. TAX MATTERS

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

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

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

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

The reconciliation of the income and expenses for the year to the taxable profit (tax profit/loss) used to calculate the income tax expense for 2019 and 2018 is as follows (in thousands of Euros):

	2019			2018		
	Income statement	Items recognised in Equity with tax impact	Total	Income statement	Items recognised in Equity with tax impact	Total
Balance of income and expenses for the year from continue activities	**(209,557)**	**-**	**(209,557)**	**110,201**	**-**	**110,201**
Income tax *	(11,598)	-	**(11,598)**	(11,075)	-	**(11,075)**
Adjustment of prior years' income tax *	(488)	-	**(488)**	(9,863)	-	**(9,863)**
Derecognition of tax credits *	20,291	-	**20,291**	153,631	-	**153,631**
Individual permanent differences *	154,958	-	**154,958**	(307,811)	-	**(307,811)**
Individual temporary differences *	(186)	**-**	**(186)**	1,002	**-**	**1,002**
Taxable profit	**(46,580)**	**-**	**(46,580)**	**(63,915)**	**-**	**(63,915)**

*This amount is a component of the recognised income tax

The permanent differences correspond mainly to: (i) the different accounting and tax treatment of investment valuation provisions and risks and expenses, which are not tax deductible and generate an increase of EUR 176,895 thousand, (ii) a negative adjustment of the exemption of dividends, for EUR 15,853 thousand, to which article 21 of the Spanish Corporation Tax Law applies, (iii) a negative adjustment of the tax merger difference corresponding to 2019 for EUR 19,294 thousand, arising from the merger operation of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (merger by takeover described in Note 17 of the Financial Statement corresponding to 2013), applying the requirements of Article 89.3 of the Tax Law in force at that time to give it tax effect, (iv) a positive adjustment for the contributions made to non-profit organizations for EUR 63 thousand, which generated an expense not deductible from the taxable profit, (v) a positive adjustment for the tax loss generated as a result of Mediaset's stake sale for the amount of EUR 321 thousand (vi) a positive adjustment for the limitation of the deductibility of financial expenses outlined in article 16 of the aforementioned Income Tax Law, which amounts to EUR 12,714 thousand and (vii) a positive adjustment for the minimum integration into five years of the reversion of impairment losses on the representative values of the holding in the capital of entities that would have been fiscally deductible, established by Royal Decree-Law 3/2016, of December 2, amounting to EUR 150 thousand.

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

The regularization of the Corporate Income Tax for previous years mainly reflects the effect of the presentation of the final IS settlement corresponding to the year 2018 for the positive amount of EUR 488 thousand and the derecognition of the tax credits referred to below, for an amount of EUR 20,291 thousand.

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

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

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

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

Tax receivables and tax payables

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

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

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

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

Deferred tax assets and liabilities

Deferred tax assets-

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

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

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

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

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

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

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

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

Once the analysis of the recovery of tax credits has been carried out, in accordance with the criteria established by accounting standards, tax credits corresponding to the following were written off in the balance sheet at December 31, 2019: (i) deductions for investments for a total amount of EUR 942 thousand; (ii) deductions for double taxation for the amount of EUR 2,653 thousand; (iii) tax credits derived from the non-deductibility of the net financial expense for the amount of EUR 16,235 thousand; and (iv) credits for negative tax bases for the amount of EUR 1,027 thousand, generating a higher tax expense for the amount of EUR 20,291 thousand.

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

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

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

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

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

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

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

Years open to examination by the tax authorities

In 2013 the tax consolidation audits of the Group for the Corporate Tax corresponding to 2006 to 2008 ended with the opening of a signed Notice of disagreement for the amount of EUR 9 thousand, which was paid by the Company. However, the Company was not in agreement with the criteria maintained by the audit in the regularisation proposed by it, and the relevant claims and appeals have been filed, and on the date of formulation of these statements, they are pending resolution before the National Court. No additional equity impact will be derived from these actions.

With regard to the Value Added Tax for the period from June 2007 to December 2008, the audits were finalized in 2013 with the opening of two Notices, one for EUR 539 thousand, and the other for EUR 4,430 thousand, both of which have been the subject of economic-administrative appeals before the TEAC. A resolution partially upheld by the TEAC was received against the one filed in the corresponding administrative resource that is pending resolution. The tax debt arising from these Notices was paid. No additional equity impact will be derived from these actions.

The audit procedure regarding the Value Added Tax for the period of May 2010 to December 2011 of VAT Group 105/08 of which Promotora de Informaciones, S.A. is the parent company, ended in 2016, with the signing of a Notice of agreement for the amount of EUR 512 thousand, which was paid and recorded in 2016; and another Notice of disagreement for the amount of EUR 7,785 thousand, which, although it has been appealed, was also paid and recorded with a charge to the profit and loss account. No additional equity impact will be derived from any of these actions. No additional equity impact will be derived from these actions.

Also, the audit procedure for income tax withholdings for the period between May 2010 and December 2012 ended in that year with Promotora de Informaciones, S.A. signing a notice of disagreement for EUR 196 thousand, which is now under appeal before the TEAC. No additional equity impact will be derived from these actions.

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

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

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

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

On the date of formulation of these annual statements, the audit procedure regarding the Value Added Tax for the period from 2016 to 2018 of VAT Group 105/08, of which Promotora de Informaciones, S.A. is the parent company, has been initiated.

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

Transactions under the special regime

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

10.- INCOME AND EXPENSE

Employees

The detail of "*Employee benefits costs*" in the income statements for 2019 and 2018 is as follows (thousands of euros):

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

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

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

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

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

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

External services

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

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

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

Leases

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

Exercise	Thousand of euros
2020	185
	185

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

Other results

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

Fees paid to auditors

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

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

	Amount (thousands of euros)	
	2019	**2018**
Other verification services	649	383
Other services	-	8
Other professional services	**-**	**391**

11.- FINANCIAL LOSS

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

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

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

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

The loss recorded under "*Fair value expenses*" corresponds to the financial expense accrued in 2019 and 2018 associated with the difference between the initial amount of the debt and the amount at expiration, using the effective interest method (*see note 7.3*).

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

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

12.- PROVISIONS AND CONTINGENCIES

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

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

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

13.- SHARE-BASED PAYMENTS

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

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

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

The expense corresponding to 2019 is EUR 1,815 thousand and is recorded in the personnel expenses item (EUR 1,678 thousand) and outside services item (EUR 137 thousand) of the income statement, with no effect on the net equity of the Company, as it is a transaction settled with equity instruments, which implies an increase in net equity for the same amount.

14.- GUARANTEE COMMITMENTS TO THIRD PARTIES

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

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

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

15.- RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

All related party transactions have taken place under market conditions.

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

Remuneration of Senior Management:

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

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

The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be the members of the Management Committee that are not executive directors and have an employment or mercantile relationship with Prisa, managers who regularly attend meetings of the Committee, and the Internal Audit Manager of Prisa. Specifically, as at December 31, 2019, it is that of the following executives: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Augusto Delkáder, Mr. Jorge Rivera, Ms. Marta Bretos, Ms. Virginia Fernández and Mr. Jorge Bujía (who has joined the management team in June 2019).

Regarding fiscal year 2019:

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

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

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if 2019 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2019, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the 2019 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- Regularization of 2018 bonus paid in April 2019.

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

In 2019, an accounting expense of EUR 851 thousand was recorded for this item in relation to the senior management. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

Regarding fiscal year 2018:

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

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

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

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

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

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

Transactions between Group companies, associates and related parties-

Income from services rendered corresponds basically to central corporate services.

The detail, by company, of the dividend income paid by Group companies in 2019 and 2018 is as follows in thousands of euros:

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

Operations between Group companies, associates and related parties-

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

Transactions between with significant shareholders -

The aggregate amount of EUR 6,997 thousand during 2019 (EUR 14,815 thousand during 2018) mainly consists of interest accruing on credits granted by major shareholders to Prisa, expenditure on telephony and Internet by Prisa with Telefónica, S.A. and expenditure on lease with Telefónica Audiovisual Digital, S.L..

Transactions with significant shareholders –

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

2019

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

This amount corresponds to the fees received by Banco Santander as agent bank and for the underwriting contract regarding the capital increase carried out by the Company in April 2019 which have been recorded under the "Share premium" item for the amount of EUR 5,375 thousand, and the other hand, estimated costs associated to sale of Vertix, S.G.P.S., S.A for the amount of EUR 2,000 thousand (see note 7.2).

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

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

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

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

2018

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

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

The amount of EUR 8,810 thousand corresponded to the fees received by Banco Santander as agent bank and for the underwriting contract regarding the capital increase carried out by the Company in February 2018 which have been recorded under the "*Share premium*" item.

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

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

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

16.- REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Remuneration of Board of Directors

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

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

Regarding the 2019 financial year:

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

Therefore the compensation included in the table above, do not match, in some respects, with the remuneration that will be included in the Annual Remuneration Report of the Directors 2019 (IR) and in the Annual Report on Corporate Governance 2019 (IAGC), in which it is followed the criteria required by the "Circular 2/2018 of the CNMV, whereby the model of annual report remuneration of directors is established", which is not the accounting provision basis.

ii) The overall remuneration of the Board of Directors includes that of Mr. Waaled Alsa'di and of Mr. Francisco Gil up to the time of their cease as a directors in June and July 2019, respectively.

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

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

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

The General Shareholders' Meeting held on June 3, 2019, has modified the Remuneration Policy of the PRISA directors for the period 2018-2020, to establish the new remuneration conditions applicable to the non-executive Chairman of the Board of Directors, with retroactive effect as of January 1, 2019, which has been fixed at EUR 400 thousand per year.
Mr. Manuel Polanco Moreno remains a director of PRISA and from January 1, 2019, he receives the remuneration that the Remuneration Policy provides for the directors, in their capacity as such, as member of the Board of Directors and the Delegated Commission.

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

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation of CEO Mr Manuel Mirat, sole executive director of the Company, if 2019 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2019, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the 2019 annual accounts of the Group are prepared, based on the level of achievement of the objectives established by the Board of Directors.

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

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

In 2019, an accounting expense of EUR 964 thousand was recorded for this item in relation to the CEO of Prisa. This expense is included within “Compensation systems based on shares” in the previous table. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

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

Regarding the 2018 financial year:

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

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

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

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

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

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

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

17.- INFORMATION REGARDING CONFLICT OF INTEREST SITUATIONS OF DIRECTORS

Information regarding conflict of interest situations of directors-

For purposes of article 229 of the Capital Companies Act it is noted that, as at the end of 2019, the Board of Directors had not been advised of direct or indirect conflict situations that directors or persons related thereto (in accordance with article 231 of the aforesaid Act) might have had with the interests of the Company.

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

Director	Activity	Person related to the Director	Activity
Manuel Mirat Santiago	Joint and Several Director of Canal Club de Distribución de Ocio y Cultura, S.A.		
Joseph Oughourlian	*See note below (*)*		
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	Vice Chairman de Dar Al Sharq Printing Publishing & Distribution Co. Vice Chairman de Dar Al Arab Publishing & Distribution Co.		
Dominique D´Hinnin	0.1% interest in the share capital of Lagardère SCA.		
Javier Monzón de Cáceres		Spouse	His spouse is manager and held a shareholding of 75% of the share capital of the company Derecho y Revés, S.L., with publishing activity.

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

The companies in the Prisa Group are not included in this list. As already indicated in the Annual Corporate Governance Report of the Company, as of December 31, 2019, the directors Manuel Mirat Santiago and Manuel Polanco Moreno were members of management bodies of certain companies in the Prisa Group or indirectly participated by Prisa.

18.- LITIGATION AND ONGOING CLAIMS

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

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

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

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

19.- SUBSEQUENT EVENTS

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

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

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

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

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

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

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

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

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

- Operational risk: the changing and unpredictable nature of events could lead to the emergence of a risk of interruption in the provision of services or sales. Therefore, the Company has established contingency plans aimed at monitoring and managing its operations at all times, to minimise the impact of such risk.

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

  This could also have an adverse impact on key indicators for the Company, such as financial leverage ratios and compliance with financial ratios included in the financial agreements of the Company. In this sense, in April 2020, Prisa has agreed with the financial creditors of the Override Agreement and the Super Senior Credit facility, among other aspects, a flexibilization to compliance with the financial ratios (covenants) to which the Company is subject and for a period extending until March 2021. Therefore, this agreement allows Prisa more flexibility to compliance with its financial obligations.

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets of the Company (investments in Group companies and associates, tax credits, receivables, etc.) and on the need to recognise provisions or other liabilities. As soon as adequate and reliable information is available, analyses and calculations will be made to remeasure those assets and liabilities as necessary.

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

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

20.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

DIRECT HOLDINGS

APPENDIX I

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)						
			CARRYING AMOUNT	% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Prisa Activos Educativos, S.L.	Gran Vía, 32. Madrid	The realization of all activities inherent to the publishing business in its broadest sense and, especially, the edition marketing and distribution of all kinds of publications and the provision of editorial, cultural, educational, leisure and entertainment services	314,769	100.00%	2/91	3	8,868	315,260	39,967
Prisa Activos Radiofónicos, S.L.	Gran Vía, 32. Madrid	The provision, on its own behalf or by third parties, of any kind of services related, directly or indirectly, to broadcasting. The advice and provision of services to communication companies in the field of advertising, programming, administration, marketing and technical, computer and commercial issues and any other related to their activity. The production, exploitation and management on their own or by others, by any means, of all kinds of programs and radio and audiovisual products.	155,881	100.00%	2/91	15,486	8,247	156,828	8,116
Prisa Gestión Financiera, S.L. *(Antes Santillana Canarias, S.L.)*	Gran Vía, 32. Madrid	Management and exploitation of information media and social communication whatever their technical support. The action in the capital and monetary market.	-	100.00%	2/91	60	(1,594)	(1,533)	(1,838)
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Rent of commercial and industrial premises and constitution and management of companies	310,407	100.00%	2/91	71,362	(40,576)	310,406	(52,619)
Promotora de Actividades América 2010, S.L. *(En liquidación)*	Gran Vía, 32. Madrid	Production and organization of activities marking the bicentenary of American independence	-	100.00%	2/91	10	(401)	(2,183)	(366)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Audiovisual and communication activities	-	99,00% 1,00%		420	-	69	-
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Holding company	-	100.00%		268,041	(90)	246,793	(117)
Canal Club de Distribución de Ocio y Cultura, S.A. [1]	Calle Hermosilla, 112. Madrid	Catalogue sales	32	25.00%		60	61	128	61
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico	15	98,18% 1,82%		15,344	(2,662)	575	(2,637)
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Management and operation of the media	102,346	100.00%	2/91	38,596	(10,193)	64,827	(6,392)

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

(¹) Information to November 2019

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
EDUCACIÓN							
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing	100.00%		612	411	263
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		1,426	389	113
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	100.00%		113	1,879	1,122
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing	100.00%	2/91	60	137	(6)
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	100.00%		1,788	10,543	639
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	100.00%		1,842	8,697	2,364
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	100.00%		165	842	249
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Publishing	100.00%	2/91	60	82	(2)
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing	100.00%	2/91	60	98	(1)
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		21,119	63,949	27,152
Editora Pintangua, LTDA	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brasil	Publishing	100.00%		25	233	216
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		1,278	568	55
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	100.00%		72	7,647	5,287
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	100.00%		20	3,026	2,185
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	100.00%		118	8,626	6,854
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	100.00%		359	499	87
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		24,019	16,159	4,667
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	100.00%		18	3,498	1,649
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	100.00%		1,676	3,919	344
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		801	(583)	(1,442)
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	100.00%		70	663	121
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	100.00%		16,527	(83)	(15)
Educactiva, S.A.C. (Perú)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Perú	Publishing	100.00%		904	1,900	96
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	100.00%		4,543	5,608	2,219
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	100.00%	2/91	60	106	(1)
Grupo Santillana Educación Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	12,018	95,982	1,533

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

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distribution	100.00%	2/91	408	822	(832)
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	100.00%		132	1,315	121
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies	100.00%		13,038	9,475	-
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Computer consulting and consultancy, software development and sale	70.00%		1	(189)	47
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		25	3,027	1,371
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		4	13,956	5,157
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	100.00%		25	266	265
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	100.00%		302	3,053	2,438
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	100.00%		427	9,530	6,007
Santillana Editores, S.A.	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing	100.00%		50	1,551	2,180
Santillana Educación Pacífico, S.L. *(Antes Grupo Pacifico, S.A. (Panamá))*	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	100.00%	2/91	269	13,330	(1)
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	7,747	87,233	15,260
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online training	100.00%	2/91	300	(1,921)	(402)
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	2,276	1,435	817
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	65	3,280	796
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Consultancy services for the obtainment of quality certification by schools	100.00%		63	4,387	2,123
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	100.00%	2/91	220	25,271	(3)
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	100.00%		465	(256)	(380)
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	100.00%		978	5,016	5,414
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	100.00%		162	426	291
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Perú	Publishing	95.00%		3,275	5,026	1,548
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		11,746	6,515	6,525
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC) *(Antes Uno Educação Ltda.)*	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	100.00%		36,767	16,952	3,661
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	100.00%		3	917	1,784
Zubia Editoriala, S.L.	Polígono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing	100.00%	2/91	60	98	-

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

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
<u>RADIO</u>							
RADIO ESPAÑA							
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	79.65%		135	334	34
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	77.62%		66	4,565	62
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	40.00%		216	4,014	732
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of musical services	80.00%	2/91	100	2,113	(37)
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	72.00%		61	145	23
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	37.00%		70	285	12
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of services to radio companies	64.00%	2/91	1,870	146,172	(7,978)
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	79.95%		373	3,704	764
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	76.00%		480	1,813	1,655
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	79.46%		364	893	64
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	53.20%		50	209	76
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	66.66%		120	1,654	688
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	70.43%		183	4,144	1,528
Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	80.00%	2/91	6,959	148,181	24,496
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	59.68%		379	768	398
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	40.00%		230	1,319	435
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	60.08%		150	408	(2)
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	63.28%		75	116	7
Laudio Irratia, S.L.	Pol.Industrial Ed.Cermámica 1.Alava	Operation of radio broadcasting stations	21.14%		93	254	35
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organization of shows and events	32.00%		120	(82)	(516)
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	28.79%		563	1,090	(2)

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

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
RADIO INTERNACIONAL						
Abril, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	749	3,705	130
Aurora, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	361	3,460	69
Blaya y Vega, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	1,721	18,184	90
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	80.00%	215	(10)	(701)
Caracol Estéreo, S.A.S.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	61.63%	3	1,804	61
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	61.64%	11	29,564	8,717
Comercializadora de Eventos y Deportes, S.A.S. *(Antes Prisa Música América, S.A.S.*	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	80.00%	903	1,829	809
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Prodution and sale of CD's, advertising, promotions and events	80.00%	18,609	33,187	2
Compañía de Comunicaciones de Colombia C.C.C. S.A.S	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	76.00%	25	931	125
Compañía de Radios, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	80.00%	261	1,407	(156)
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	80.00%	400	7,484	3,787
Comunicaciones Santiago, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	80.00%	398	6,390	954
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Advisory services and commercialisation of services and products	80.00%	8	315	-
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	1,578	443	(858)
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	61.44%	-	627	76
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	60.58%	-	138	28
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	2	(2,052)	259
GLR Chile, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	39,261	76,052	9,214
GLR Colombia, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	80.00%	263	84	(3)
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Provision of services to radio broadcasting companies	80.00%	4	2,683	(40)
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	23,899	37,262	4,329
Iberoamericana de Noticias Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	80.00%	2,818	-	-
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	80.00%	23,899	37,262	4,329
La Voz de Colombia, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	60.52%	1	333	17
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	80.00%	4,123	1,681	(1,926)
Multimedios GLP Chile SPA	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	80.00%	1,823	601	261
Nostalgie Amsud, S.A.	Marcelo T. de Alvear 636, 6ª planta . Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	80.00%	1,455	57	(1,017)
Promotora de Publicidad Radial, S.A.S	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	61.63%	1	641	48
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	804	4,517	331
Radio Estéreo, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	80.00%	275	14	(183)
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Holding	80.00%	10,489	26,598	(3)

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Radio Mercadeo, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	36.92%	7	-	(4)
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Rental of equipment and advertising sales	80.00%	6	3,657	164
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	80.00%	230	3,833	(20)
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	79.20%	30	(1,254)	(30)
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	80.00%	1,172	5,721	7,430
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Provision of all types of public telecommunications and broadcasting services	80.00%	5,663	6,024	(83)
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the Latin radio market in the US	20.00%	196	(1,534)	(1)
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the Latin radio market in Panama	27.96%	3,986	(8,227)	(844)
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Commercial radio broadcasting services	35.41%	1	62	14
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	30.82%	120	(224)	31
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogotá, Colombia	Operation of radio broadcasting stations	39.99%	1,042	1,336	546
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	39.60%	589	759	253
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	39.60%	717	988	374
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	40.00%	390	567	184
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	40.00%	14	96	583
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	39.60%	2	74	78
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	40.00%	9,393	55,452	10,582
Sistema Radiópolis, S.A. de C.V. (**)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	26.40%	249	314	(3)
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	20.00%	587	(4,996)	161
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	39.60%	87	206	138

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

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INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
PRENSA							
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile	75.00%		1,490	460	(168)
Diario AS Colombia, SAS	Cl 98, nª 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia	75.00%		385	91	(204)
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA	75.00%		-	2,273	1,056
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper	75.00%	2/91	1,400	45,884	4,672
Diario Cinco Días, S.A (Antes Estructura, Grupo de Estudios Económicos, S.A.)	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper	100.00%	2/91	60	267	276
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina	100.00%		414	72	(302)
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil	100.00%		8,939	106	(1,142)
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico	98,18%		15,344	575	(2,637)
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Holding	100.00%	2/91	4,200	(3,009)	(5,361)
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of editorial products	100.00%	2/91	2,100	1,660	(1,575)
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper	100.00%	2/91	3,306	8,994	6,584
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and explotation of Huffinton Post digital for Spain	100.00%	2/91	8,501	11,451	339
Factoría Prisa Noticias, S.L. *(Antes Agrupación de Servicios de Internet y Prensa, S.L.)*	Valentín Beato, 44. Madrid	Provision of administrative, technological and legal services, as well as the distribution of written and digital media	100.00%	2/91	1,726	1,476	(348)
Fullscreen Solutions, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito JuarezCiudad de México 03100	Video advertising marketing	85.00%		0	(574)	321
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Holding	100.00%	2/91	990	10,848	(27)
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation services	100.00%	2/91	6	(42)	(63)
Mobvious Corp.	2600 Douglas Road Suite 502 Coral GablesMiami Florida USA 33134	Contracting of digital media advertising exclusives	60.00%		55	(182)	(483)
Noticias AS México S.A. de C.V.	Rio Lerma 196 BIS TORRE B 503, Ciudad de México DF	Publication and operation of As newspaper in Mexico	75.00%		1,385	295	(427)
Prisa Brand Solutions MÉXICO, S.A. de C.V	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito JuarezCiudad de México 03100	Contracting of digital media advertising exclusives	100.00%		77	(2,212)	(780)
Prisa Brand Solutions USA, Inc. (Antes Prisa Digital Inc.)	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU.	Contracting of advertising exclusives	100.00%		6,833	1,042	(407)
Prisa Brand Solutions, S.L.U.	C/ Valentín Beato, 48. Madrid	Contracting of advertising exclusives	100.00%	2/91	150	(1,280)	(390)
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia	100.00%		1	1	-
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Management and operation of press	100.00%	2/91	38,596	64,827	(6,392)
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of Internet services	100.00%	2/91	1,260	(35)	(1,044)
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of companies dedicated to printing	100.00%	2/91	3,000	15,634	(8,982)
Promotora General de Revistas, S.A.	Valentín Beato, 48. Madrid	Publication, production and operation of magazines	100,00%	2/91	1,500	(313)	-
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	As on line newspaper marketing in Arabic in the countries of the Middle East and North Africa	49.00%		12	(833)	(139)
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. (¹)	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format	50.00%		53	(416)	112
Le Monde Libre Societé Comandité Simple (²)	17, Place de la Madeleine. París	Holding	20.00%		38	(17,636)	-
Zana investment 2018,S.L.	Calle Juan Ignacio Luca de Tena, nº7.	Media advertised contracting. Designing, organization, management and operation of all type of cultural, sport, promotion and leisure activities and events	33.00%		3	134	(2,119)

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

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APPENDIX II

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

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

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

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2019 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
OTROS							
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia	Operation and advertising marketing	100.00%		49	-	(322)
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	100.00%	2/91	60	72	-
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of all types of administrative, accounting, financial, personnel selection, human resources and legal	100.00%	2/91	3	67	104
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	61.45%		498	(1,719)	(2)
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Provision of local television services	70.00%		1,202	799	(2)
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, coordination and management of projects related to the commemoration of the Bicentennial of the Independence of the American nations	100.00%		3	(1,030)	-
Productora Canaria de Programas, S.A. (¹)	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	40.00%		601	1,045	136
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV	40.00%		910	1,582	122

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

(¹) Information to October 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Directors' Report for 2019

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

DIRECTOR'S REPORT FOR 2019

1. BUSINESS PERFORMANCE

1.1. Analysis of the evolution and result of business

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

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

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

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

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

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

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

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

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

Consolidated Group performance for 2019 was as follows:

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

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

- Key highlights in 2019 include:

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

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

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

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

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

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

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

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

Business performance for FY 2019 was as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Prisa defines the **exchange rate effect** as the difference between the financial magnitude converted using the exchange rate of the current fiscal year and the same financial magnitude converted using the exchange rate on the previous fiscal year. The following table shows the exchange rate effect on operating income and EBITDA for the Education and Radio business and for the Prisa Group (in millions of euros):

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

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

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

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

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

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

1.2. Market environment and trends

1.2.1 Economic situation in Spain and Portugal.

Spain

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

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

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

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

Portugal

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

1.2.2 Evolution of the advertising market

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

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

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

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

1.2.3 *Economic situation in Latin America*

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

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

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

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

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

2.1. Macroeconomic environment

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

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

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

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

2.2. Advertising market

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

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

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

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

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

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

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

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

2.3. Education sector

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

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

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

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

2.4. Digital environment

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

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

3. MAIN RISKS ASSOCIATED TO THE BUSINESS

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

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

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

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

3.1. Risks relating to the financial and equity situation

Financing risk-

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

As of December 31, 2019, the Group's net bank debt level stood at EUR 1,061.1 million and represents a series of risks:

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

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

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

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

Equity situation of the Company-

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

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

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2019, advertising revenue represented 32.1% of Group operating income.

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

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

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

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

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 98.63% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates. A possible increase in interest rates (i.e. Euribor), would mean an increase in interest expense, which would negatively impact in the cash flow of the Group.

Exposure to exchange rate hedges-

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

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

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

Tax risks-

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

As of December 31, 2019, the consolidated Group had active tax credits amounting to EUR 116.3 million; of these, EUR 66.2 million corresponded to the tax consolidation group whose parent company is Prisa.

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

3.2. Strategic and operational risks

Macroeconomic risks-

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

During 2019, 53.6% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 46.4% of Group operating income).

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

Decline in the advertising market-

An important part of Prisa's operating income comes from the advertising market, mainly in its Press and Radio businesses (excluding Media Capital). As of December 31, 2019, advertising revenue represented 32.1% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

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

Changes occurring to the traditional media business-

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

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

Competition risk-

Prisa's businesses operate in highly competitive sectors.

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

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

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

Country risk-

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

Regulatory risk-

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

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

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

Risk of concentration of customers in the public sector-

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

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

Digital transformation process-

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

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

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

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

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

Technology risk-

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

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

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

Litigation and third-party claims risk-

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

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

Data protection-

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

Intellectual property-

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

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

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

4. NON- FINANCIAL INFORMATION

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

5. RESEARCH AND DEVELOPMENT ACTIVITIES

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

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

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

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

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

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

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

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

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

Mobility. Updating of the Apps range

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

Audio players

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

Smart speakers

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

Recommendation algorithm. Tailorcast

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

Radio aggregator. Radioplayer

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

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

Educational innovation

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

Three initiatives were implemented in 2019 to support teachers:

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

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

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

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

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

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

Educational Technology

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

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

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

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

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

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

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

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

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

6. LIQUIDITY AND CAPITAL RESOURCES

6.1. Financing

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

6.2. Contractual commitments

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

6.3. Dividends policy

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

7. TREASURY SHARES

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

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

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

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

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

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

8. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

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

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

As a result of this, as of December 31 2019, Prisa´s share capital amounts to EUR 666,131 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of EUR 0.94, and have been fully paid up and have the same rights.

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

Main shareholders in the Company´s share capital at the end of 2019 were Amber Capital, HSBC, Telefónica, Rucandio, International Media Group, Consorcio Transportista Occher S.A, Inversorea de Carso S.A, Carlos Fernandez, Bank Santander, Melqart Opportunities Master Fund Ltd and Polygon European Equity Opportunity Master Fund . Free float stood at around 21%.

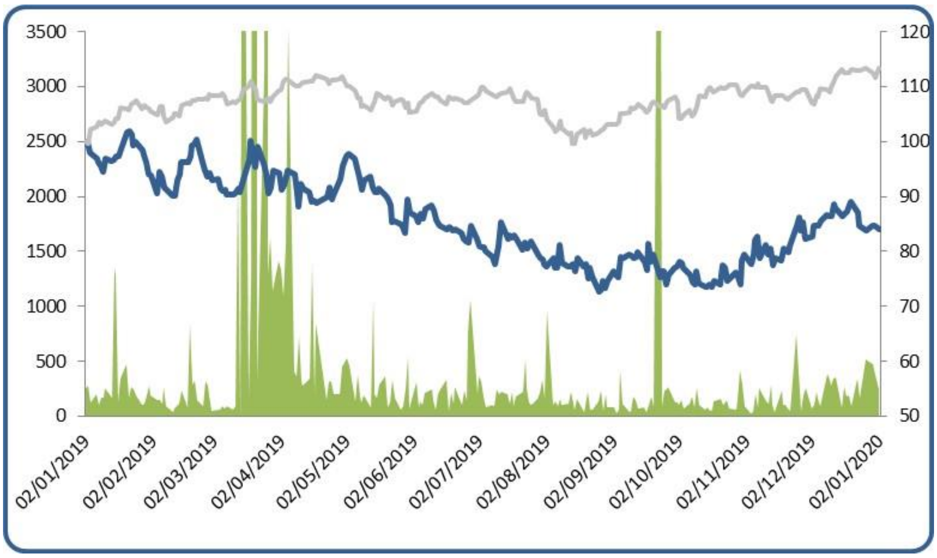
Share price performance

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

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

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

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



Prisa: -13.5% Ibex: +11.8% Prisa Average daily volumen

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

9. AVERAGE SUPPLIER PAYMENT TIME

According to the information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, the average period of payment to suppliers in commercial operations for the companies located in Spain rises, in 2019, to 83 days.

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

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

10. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

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

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

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

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

- Operational risk: the changing and unpredictable nature of events could lead to the emergence of a risk of interruption in the provision of services or sales. Therefore, the Company has established contingency plans aimed at monitoring and managing its operations at all times, to minimise the impact of such risk.

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

  This could also have an adverse impact on key indicators for the Company, such as financial leverage ratios and compliance with financial ratios included in the financial agreements of the Company. In this sense, in April 2020, Prisa has agreed with the financial creditors of the Override Agreement and the Super Senior Credit facility, among other aspects, a flexibilization to compliance with the financial ratios (covenants) to which the Company is subject and for a period extending until March 2021. Therefore, this agreement allows Prisa more flexibility to compliance with its financial obligations.

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets of the Company (investments in Group companies and associates, tax credits, receivables, etc.) and on the need to recognise provisions or other liabilities. As soon as adequate and reliable information is available, analyses and calculations will be made to remeasure those assets and liabilities as necessary.

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

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

Promotora de Informaciones, S.A. and Subsidiaries

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

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

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Promotora de Informaciones, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Promotora de Informaciones, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

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

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Key Audit Matters

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

Recoverability of deferred tax assets	
Description	**Procedures applied in the audit**
The consolidated balance sheet as at 31 December 2019 includes a balance of EUR 116,250 thousand relating to deferred tax assets, of which a significant amount corresponds to tax assets of the Spanish tax group of which the Parent is the head. At 31 December 2019, the Group had an updated tax plan in order to assess the recoverability of the deferred tax assets recognised, taking into account new legislative developments and the most recently approved business plans for the various businesses. The updating of the tax plan gave rise to the derecognition in 2019 of tax assets for a net amount of EUR 21,043 thousand (see Note 19). We identified this matter as key in our audit, since the preparation of the tax plan requires a significant level of judgement, largely in connection with the projections of the performance of the Group's businesses, which affect the estimate of the recoverability of the tax assets corresponding to the Spanish tax group.	Our audit procedures included, among others, the review of the design and implementation of the controls considered relevant established by the directors for the assessment of the recoverability of the deferred tax assets recognised, as well as tests to verify that the aforementioned controls operate effectively. Additionally, we evaluated the reasonableness of the criteria followed by Group management, including the analysis of the key assumptions used, the review that they were consistent with reports from independent third parties and with market information, and the review of the consistency of the actual results obtained by the various business lines with those projected in the tax plans of previous years. We also obtained evidence of the approval by the Board of Directors of the budgeted results included in the tax plan. Furthermore, we conducted a sensitivity analysis of changes in the key assumptions, as well as an evaluation of the degree to which the recoverability of the tax assets included in the tax plan complied with the applicable tax legislation, for which we involved our tax experts. Lastly, we evaluated whether the disclosures provided in Notes 4-m and 19 to the accompanying consolidated financial statements were adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Recognition of revenue from sales of books and training, and from advertising and sponsorship

Description	Procedures applied in the audit
As indicated in Note 14 to the accompanying consolidated financial statements, the Prisa Group obtains revenue from various lines of business. The fact that there are different types of business line means that the Group's revenue recognition is affected by various accounting policies depending on the various products and services provided by the Group and that different computer systems are used depending on the source of revenue. Specifically, the revenue from education-based book sales and training, which accounted for approximately 58% of the Group's total revenue at 31 December 2019, is made up of a significant number of transactions in various countries, subject to different terms and conditions of sale due to the existence of different types of customers and, as a general rule, concentrated in a period of the year according to the school calendar in force in each of the countries in which the Group operates. Also, in certain countries, the period in which sales are concentrated coincides with the annual accounting closing. In turn, the revenue from radio and press advertising and sponsorship, which accounted for approximately 33% of the Group's total revenue at 31 December 2019, relates mainly to insertions of the customers' advertisements in spaces owned by the Group. This revenue is obtained from a large number of transactions directly related to the actual insertion of advertisements, as well as the correct application of the contractual terms and conditions established in specific negotiations with each customer. Because of the significance of the amount of this revenue, the high number of transactions, the existence of different contractual terms and conditions and the diversity of countries in which the Group operates, the occurrence, completeness, accuracy and cutoff of these revenue lines were considered to be key matters in our audit.	The audit procedures performed in this regard included, among others, the review of the design and implementation of the controls considered relevant that mitigate the risks associated with the process involved in the recognition of revenue from Group's various lines of business, as well as tests to verify that the aforementioned controls operate effectively, including tests on the general computer controls, for which we involved our internal technology and systems experts. We also performed the following substantive tests: • For each segment defined, a specific review was carried out, on a selective basis, of the documentation supporting the agreements entered into during the year, in order to verify the recognition thereof in accordance with the contractual terms and conditions agreed upon with customers, including the consideration of any complex items or items that may represent a significant judgement included in the aforementioned contractual agreements. • Substantive analytical procedures on the main accounting line items affected, taking into account their performance in recent years, market data and expectations as to their foreseeable evolution. • A specific review for transactions carried out on dates close to year-end in order to verify whether they had been recognised in the correct period. • Tests of details on the returns received after year-end and their consistency with the estimates made, using sampling techniques. Lastly, we evaluated whether the disclosures provided in Notes 4-k and 14 to the accompanying consolidated financial statements were adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Emphasis of Matters

We draw attention to Notes 1-b and 11-j to the consolidated financial statements, which indicate that at 31 December 2019 the Parent had an equity deficit in connection with the obligation to reduce its share capital within one year, pursuant to Article 327 of the Spanish Limited Liability Companies Law. In this connection, the Parent's Board of Directors resolved to propose to the Annual General Meeting a capital reduction which would allow the Parent's equity deficit to be restored by the statutory deadline. Our opinion is not modified in respect of this matter.

We draw attention to Note 27, Events after the reporting period, to the consolidated financial statements, which describes the effects that the COVID-19 crisis is having on the Group's operations, as well as the impossibility of reliably evaluating all the potential future effects, if any, that the COVID-19 crisis might have on the determination of the recoverable amount of the assets, particularly goodwill, deferred tax assets, accounts receivable and other intangible assets, and on the periods initially envisaged for their recovery, given the relatively short period of time that has elapsed and the numerous uncertainties arising from this extraordinary health emergency situation. Our opinion is not modified in respect of this matter.

Other Information: Consolidated Directors' Report

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

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

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

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

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

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

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 7 y 8, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit, Risk and Compliance Committee

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

Engagement Period

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

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

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

Jesús Mota Robledo
Registered in ROAC under no. 21342

30 April 2020

Appendix I to our auditor's report

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent's audit, risk and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit, risk and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

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

Consolidated Financial Statements together with Directors' Report for 2019

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

Consolidated Financial Statements for 2019

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2019
(Thousands of euros)

ASSETS	Notes	Year 2019	Year 2018
A) NON-CURRENT ASSETS		**652,461**	**813,269**
I. PROPERTY, PLANT AND EQUIPMENT	5	190,728	87,689
II. GOODWILL	6	151,073	408,848
III. INTANGIBLE ASSETS	7	125,008	111,244
IV. NON-CURRENT FINANCIAL ASSETS	12a	20,665	24,611
V. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	48,711	43,077
VI. DEFERRED TAX ASSETS	19	116,250	135,363
VII. OTHER NON-CURRENT ASSETS		26	2,437
B) CURRENT ASSETS		**919,703**	**847,453**
I. INVENTORIES	9a	84,423	150,345
II. TRADE AND OTHER RECEIVABLES			
1. Trade receivables for sales and services	9b	373,339	370,021
2. Receivable from associates		4,149	3,902
3. Receivable from public authorities	19	34,192	37,903
4. Other receivables		33,038	25,289
5. Allowances	9b	(61,364)	(67,025)
		383,354	370,090
III. CURRENT FINANCIAL ASSETS	12a	4,740	24,936
IV. CASH AND CASH EQUIVALENTS	9c	166,580	295,093
V. ASSETS CLASSIFIED AS HELD FOR SALE	10	280,606	6,989
TOTAL ASSETS		**1,572,164**	**1,660,722**

EQUITY AND LIABILITIES	Notes	Year 2019	Year 2018
A) EQUITY	**11**	**(411,604)**	**(235,809)**
I. SHARE CAPITAL		666,131	524,902
II. OTHER RESERVES AND ACCUMULATED PROFIT FROM PRIOR YEARS		(913,209)	(522,239)
III. RESULT FOR THE YEAR ATTRIBUTABLE TO THE PARENT		(182,298)	(269,347)
IV. TREASURY SHARES		(2,591)	(2,856)
V. TRANSLATION DIFFERENCES		(49,393)	(40,918)
VI. NON- CONTROLLING INTERESTS		69,756	74,649
B) NON-CURRENT LIABILITIES		**1,331,843**	**1,325,373**
I. NON-CURRENT BANK BORROWINGS	12b	1,164,869	1,149,661
II. NON-CURRENT FINANCIAL LIABILITIES	12b	117,207	125,703
III. DEFERRED TAX LIABILITIES	19	24,993	18,612
IV. LONG-TERM PROVISIONS	13	22,139	28,567
V. OTHER NON-CURRENT LIABILITIES		2,635	2,830
C) CURRENT LIABILITIES		**651,925**	**571,158**
I. TRADE PAYABLES	25	270,523	270,982
II. PAYABLE TO ASSOCIATES		1,531	2,151
III. OTHER NON-TRADE PAYABLES	9d	52,591	55,601
IV. CURRENT BANK BORROWINGS	12b	50,188	76,121
V. CURRENT FINANCIAL LIABILITIES	12b	23,745	58,643
VI. PAYABLE TO PUBLIC AUTHORITIES	19	41,499	61,811
VII. PROVISIONS FOR RETURNS		11,799	10,797
VIII. OTHER CURRENT LIABILITIES	9e	35,767	32,129
IX. LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	10	164,282	2,923
TOTAL EQUITY AND LIABILITIES		**1,572,164**	**1,660,722**

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated balance sheet at December 31, 2019.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR 2019
(Thousands of euros)

	Notas	Year 2019	Year 2018 (*)
Revenue		1,065,349	1,065,319
Other income		30,201	33,318
OPERATING INCOME	14-18	1,095,550	1,098,637
Cost of materials used		(170,213)	(158,990)
Staff costs	15	(342,575)	(342,419)
Depreciation and amortisation charge	5-7	(87,280)	(58,843)
Outside services	15	(376,643)	(385,716)
Change in allowances, write-downs and provisions	15	(14,974)	(20,174)
Impairment of goodwill	6	(866)	(2,882)
Impairment of assets		(7,471)	(2,595)
OPERATING EXPENSES		(1,000,022)	(971,619)
RESULT FROM OPERATIONS		95,528	127,018
Finance income		3,590	6,273
Finance costs		(76,601)	(104,975)
Changes in value of financial instruments		(5,439)	22,814
Exchange differences (net)		(4,125)	(6,734)
FINANCIAL RESULT	16	(82,575)	(82,622)
Result of companies accounted for using the equity method	8	2,676	3,830
RESULT BEFORE TAX FROM CONTINUING OPERATIONS	18	15,629	48,226
Expense tax	19	(61,033)	(231,069)
RESULT FROM CONTINUING OPERATIONS		(45,404)	(182,843)
Result after tax from discontinued operations	17	(127,414)	(53,732)
CONSOLIDATED RESULT FOR THE YEAR		(172,818)	(236,575)
Result attributable to non-controlling interests	11i	(9,480)	(32,772)
RESULT ATTRIBUTABLE TO THE PARENT		(182,298)	(269,347)
BASIC LOSSES PER SHARE (in euros)	21	(0.27)	(0.54)
DILUTED LOSSES PER SHARE (in euros)	21	(0.27)	(0.54)
- Basic losses per share from continuing activities (in euros)	21	(0.08)	(0.43)
- Basic losses per share from discontinuing activities (in euros)	21	(0.19)	(0.11)

(*) The consolidated income statement for 2018 has been restated for comparative purposes and in accordance with IFRS 5 to present the result of Media Capital as a discontinued operation and has not been audited.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated income statement for 2019.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME FOR 2019
(Thousands of euros)

	Year 2019	Year 2018
CONSOLIDATED PROFIT FOR THE YEAR	**(172,818)**	**(236,575)**
Items that are not reclassified to result of the period	**-**	**(17,145)**
Rest of income and expenses that are not reclassified to result of the period	**-**	**(17,145)**
Items that may be reclassified subsequently to profit or loss	**(9,932)**	**(21,266)**
Translation differences	**(12,888)**	**(22,744)**
Profit/(Loss) for valuation	(12,718)	(22,744)
Amounts transferred to the profit and loss account	(170)	-
Other non-current financial assets at fair value	**397**	**(409)**
Profit/(Loss) for valuation	(18)	(409)
Amounts transferred to the profit and loss account	415	-
Tax effect	**(98)**	**102**
Entities accounted for using the equity method	**2,657**	**1,785**
TOTAL RECOGNIZED INCOME AND EXPENSE	**(182,750)**	**(274,986)**
Attributable to the Parent	(191,604)	(303,186)
Attributable to non-controlling interests	8,854	28,200

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of comprehensive income for 2019.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2019
(Thousands of euros)

	Share capital	Share premium	Reserves	Prior years´ accumulated profit	Treasury shares	Exchange differences	Accumulated profit for the Year	Equity attributable to the Parent	Non-controlling interests	Equity
Balance at December 31, 2017	**83,498**	**95,002**	**(512,124)**	**(89,316)**	**(694)**	**(37,716)**	**(102,564)**	**(563,914)**	**79,050**	**(484,864)**
Capital increase	441,189	122,031						563,220		563,220
Conversion of financial liabiities into equity	215	1,624	(1,770)					69		69
Treasury share transactions (Note 11f)										
- Delivery of treasury shares					95			95		95
- Purchase of treasury shares					(2,709)			(2,709)		(2,709)
- Reserves for treasury shares			(452)		452					
Distribution of 2017 results										
- Prior year's accumulated result			(131,598)	29,034			102,564			
Income and expense recognised in equity										
- Translation differences (Note 11g-11h)				(13,185)		(3,202)		(16,387)	(4,572)	(20,959)
- Result for 2018							(269,347)	(269,347)	32,772	(236,575)
- Measurement of financial instruments (Note 12a)			(307)					(307)		(307)
- Rest of income and expense recognised in equity		(17,145)						(17,145)		(17,145)
Other			10,192	(14,225)				(4,033)	353	(3,680)
Changes in non controlling interest (Note 11i)										
- Dividends paid during the year									(30,702)	(30,702)
- Due to changes in scope of consolidation									(2,252)	(2,252)
Balance at December 31, 2018	**524,902**	**201,512**	**(636,059)**	**(87,692)**	**(2,856)**	**(40,918)**	**(269,347)**	**(310,458)**	**74,649**	**(235,809)**
Capital increase (Note 11a and 11b)	141,229	52,668						193,897		193,897
Treasury share transactions (Note 11f)										
- Purchase and sales of treasury shares					(250)			(250)		(250)
- Reserves for treasury shares			(515)		515					
Distribution of 2018 results										
- Reserves			110,201	(379,548)			269,347			
Income and expense recognised in equity										
- Translation differences (Note 11g-11h)				(1,129)		(8,475)		(9,604)	(626)	(10,230)
- Result for 2019							(182,298)	(182,298)	9,480	(172,818)
- Measurement of financial instruments			(13)					(13)		(13)
- Rest of income and expense recognised in equity			311					311		311
Other			4,893	(177,838)				(172,945)	607	(172,338)
Changes in non controlling interest (Note 11i)										
- Dividends paid during the year									(11,480)	(11,480)
- Due to changes in scope of consolidation									48	48
- Due to changes in percentage of consolidation									(2,922)	(2,922)
Balance at December 31, 2019	**666,131**	**254,180**	**(521,182)**	**(646,207)**	**(2,591)**	**(49,393)**	**(182,298)**	**(481,360)**	**69,756**	**(411,604)**

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2019.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR 2019
(Thousands of euros)

	Notes	Year 2019	Year 2018 (*)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	18	**15,629**	**48,226**
Depreciation and amortisation charge and provisions		110,549	84,433
Changes in working capital		**(49,496)**	**(16,807)**
Inventories	9a	(13,360)	(917)
Accounts receivable	9b	(65,727)	19,085
Accounts payable		29,591	(34,975)
Income tax recovered (paid)	19	(25,013)	(21,140)
Other profit adjustments		**70,700**	**61,609**
Financial results	16	82,575	82,622
Gains and losses on disposal of assets		(9,969)	(17,311)
Other adjustments		(1,906)	(3,702)
CASH FLOWS FROM OPERATING ACTIVITIES	18	**122,369**	**156,321**
Recurrent investments		**(70,352)**	**(62,458)**
Investments in intangible assets	7	(53,218)	(46,993)
Investments in property, plant and equipment	5	(17,134)	(15,465)
Investments in non-current financial assets		(350,248)	(6,198)
Proceeds from disposals		41,895	28,479
Investments in non-current financial assets		943	320
CASH FLOWS FROM INVESTING ACTIVITIES	18	**(377,762)**	**(39,857)**
Proceeds and payments relating to equity instruments		192,053	545,216
Proceeds relating to financial liability instruments	12b	85,189	691,804
Payments relating to financial liability instruments	12b	(16,041)	(1,196,987)
Dividends and returns on other equity instruments paid		(38,812)	(24,728)
Interest paid		(54,657)	(41,348)
Other cash flow from financing activities	12b	(40,316)	(27,853)
CASH FLOWS FROM FINANCING ACTIVITIES	18	**127,416**	**(53,896)**
Effect of foreign exchange rate changes		**464**	**(2,189)**
CHANGE IN CASH FLOWS FROM CONTINUING OPERATIONS	18	**(127,513)**	**60,379**
Cash flows from operating activities from discontinued operations		14,423	36,415
Cash flows from investing activities from discontinued operations		(9,568)	(6,123)
Cash flows from financing activities from discontinued operations		(5,855)	(13,082)
CHANGE IN CASH FLOWS FROM DISCONTINUED OPERATIONS	18	**(1,000)**	**17,210**
CHANGE IN CASH FLOWS IN THE YEAR		**(128,513)**	**77,589**
Cash and cash equivalents at beginning of year	9c	**295,093**	**217,504**
- Cash		250,360	191,394
- Cash equivalents		44,733	26,110
Cash and cash equivalents at end of period	9c	**166,580**	**295,093**
- Cash		107,610	250,360
- Cash equivalents		58,970	44,733

(*) The consolidated statement of cash flow for 2018 has been restated for comparative purposes and in accordance with IFRS 5 to present the cash flow of Media Capital as a discontinued operation and has not been audited.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the consolidated statement of cash flow for 2019.

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

Notes to the Consolidated Financial Statement for 2019

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENT FOR 2019

(1) GROUP ACTIVITIES AND PERFORMANCE

a) Group activities

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

In addition to the business activities carried on directly by the Company, Prisa heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose the Group ("the Prisa Group" or "the Group"). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

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

The Group's consolidated financial statements for 2019 were authorized for issue by the Company's directors on April 30, 2020, for submission to the approval of the General Meeting of Shareholders, it being estimated that they will be approved without modification.

These consolidated financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 2d.

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

b) Evolution of the Group's equity and financial structure

During 2017, 2018 and 2019, the Administrators of Prisa took a number of measures to strengthen the Group's financial and asset structure, such as asset sale operations, capital increases and refinancing of its debt.

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

On January 22, 2018, the Company signed with all the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) an agreement to refinance and modify the terms of Prisa's current financial debt (the Refinancing). On June 29, 2018, the Refinancing came into effect, once the agreements reached with all of its creditors were concluded. On this same date, and as one of the preconditions for the agreement to come into force, the Company cancelled a debt amounting EUR 480,000 thousand with the proceeds from the cash capital increase described above (EUR 450,000 thousand) and cash available from the Company (EUR 30,000 thousand). The basic terms of the Refinancing agreement include the extension of the debt maturity date to November and December 2022 and no redemption obligation until December 2020. With the entry into force of the Refinancing agreement, the Group's financial debt had become a long-term maturity which has led to an improvement in the working capital and the Group's financial structure (*see note 12b*).

On March 20, 2019, the Company agreed to carry out a capital increase amounting to EUR 199,824 thousand, which was fully subscribed in April 2019 (*see note 11*). This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. (“Santillana”) *(see note 3).*

In addition, and in order to strengthen the financial structure of the Group, in September, 2019, the Board of Directors of Prisa agreed to sell to Cofina SGPS, S.A. (“Cofina”) its 100% stake in Vertix SGPS, S.A. (“Vertix”), owner of a 94.69% interest in the Portuguese listed company Grupo Media Capital SGPS, S.A. (“Media Capital”), based on an Enterprise Value of EUR 255,000 thousand, which implied a purchase price, for the 94,69% of Media Capital, of EUR 170,636 thousand. On December 23, 2019 the Board of Directors agreed to amendment the share purchase agreement establishing a final price of the transaction (with no possibility of adjustments) of EUR 123,290 thousand, based on Enterprise Value of EUR 205,000 thousand.

The completion of the sale and purchase was pending to the satisfaction of the condition precedent consisting of inscription with the Portuguese Commercial Registry (Conservatória de Registo Comercial) of the share capital increase approved by Cofina to partially finance the price of the sale and purchase. According to the statements made by Cofina in the Share and Purchase Agreement, Cofina had the necessary commitments to finance the amount required to complete the transaction, on one side from credit institutions and on the other side from Cofina’s significant shareholders in the amount required to cover the share capital increase. On March 11, 2020 Cofina voluntarily waived to continue with the share capital increase approved by Cofina's shareholders on January 29, 2020, which implied a breach of the share purchase agreement and its termination. In this regard, the Company has initiated and will continue to pursue all measures and actions against Cofina in defence of its interests, those of its shareholders and of any others affected by the situation created by Cofina. To this extent, on April 14, 2020 the Company filed an arbitration request before the *Centro de Arbitragem Comercial da Câmara do Comércio e Indústria Portuguesa* in accordance with the sale and purchase agreement. This request does not preclude the exercise of any additional measures and actions against Cofina.

The above meant an accounting loss at the parent Company for EUR 132,549 thousand in 2019 due to the lower valuation of Media Capital (a EUR 131,568 thousand loss in the consolidated financial statements). The assets and liabilities of Vertix and Media Capital are classified since September 2019 and as of December 31, 2019 as *"Non-current assets held for sale"* and *"Liabilities associated with non-current assets held for sale"* in the accompanying consolidated balance sheet as described in note 10. The result of Media Capital is presented in the accompanying consolidated income statements as *"Result after tax from discontinued operations" (see note 17).* The reclassification of the balances to these headings is presented in the notes of this report in the "*Transfers*" column.

As of December 31, 2019, the equity of the parent Company (including participating loans outstanding at year-end) stood at EUR 407,861 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year, according to Article 327 of Spain's Corporate Enterprises Act. This situation was due mainly to the losses recognised by the Company in 2019 because of (i) the impairment of its investment in Vertix as a consequence of the transaction described above and (ii) the impairment of its investment in Prisa Participaciones, S.L.U. resulting from the unfavourable court ruling against Audiovisual Sport, S.L. (subsidiary of Prisa Participadas) due to the conflict with Mediapro described in note 26. In this regard, the Company's Board of Directors has agreed to propose to the shareholders at the Annual General Meeting a reduction in share capital, which will enable the equity balance of the Parent to be restored within the set legal period.

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

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

In accordance with said regulation, in the scope of application of IFRS, and in the preparation of these consolidated financial statements of the Group, the following aspects should be highlighted:

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

- In accordance with IFRSs, these consolidated financial statements include the following consolidated financial statements of the Group:

  - Balance sheet
  - Income statement
  - Statement of comprehensive income
  - Statement of changes in equity
  - Statement of cash flow

- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all transactions, events and items in 2019 and 2018.

In 2019, the following amendment to accounting standard came into force which, therefore, was taken into account when preparing the accompanying consolidated financial statements:

- IFRS 16. Leases
- IFRIC 23. Uncertainty over income tax treatments
- Amendments to IFRS 9. Prepayment features with negative compensation
- Amendments to IAS 28. Long-term interests in associates and joint ventures
- Annual improvements to IFRS Standards 2015-2017 cycle.
- Amendments to IAS 19: Plan Amendment, curtailment or settlement.

<u>IFRS 16 Leases</u>

IFRS 16 "*Leases*" has replaced IAS 17 and associated interpretations as of January 1, 2019 (transition date). The main novelty is that all leases (with some limited exceptions) have been recorded in the balance sheet with an impact similar to that of the previous financial leases, there being an amortization expense for the right-of-use asset and a financial expense for the financial update of the liability arising from the lease. The standard does not introduce significant changes for the accounting of lease contracts by the lessor.

The Group has a significant number of lease contracts as lessee, mainly for buildings and offices, as well as administrative radio concessions. Under IAS 17 these contracts were classified as operating leases.

The Group has opted to apply IFRS 16 on the transition date through the modified retrospective method, without restating the comparative information. In this sense, the following criteria have been applied:

- It has been decided to measure the right-of-use asset on the date of transition for the amount equivalent to the financial liability, measuring the latter as the present value of the remaining lease payments, discounted by the discount rate.

- For the discount rate, the incremental rate of the lessee's debt has been applied, considering, among other factors, economic conditions within the country and the currency of the contract. In this regard, the Group has used common discount rates for groups of contracts with similar characteristics and economic environment. The weighted average discount rate applied to lease liabilities at the date of initial application is between 5.5% and 6%.

- It has been decided not to recognise in the balance sheet the liability and right-of-use asset corresponding to those contracts for the lease of assets of low value.

- The initial direct costs of the initial valuation of the asset on the transition date have been excluded.

A review of the inventory of lease contracts classified as operating leases under the previous standard and of certain service contracts eligible for classification as a lease under the new standard was carried out and no significant differences arose as a result of this analysis.

For those leases previously classified as finance leases in accordance with IAS 17, the amount of the right-of-use asset and that of the financial liability on the transition date has been the equivalent to the carrying amount of the asset and the liability recognised on December 31, 2018.

The impact of the entry into force of IFRS 16, as of January 1, 2019, has led to the recognition of a financial liability in the amount of EUR 155.2 million, with a balancing entry of a tangible and intangible for the right-of-use asset. Likewise, the impact of the aforamentioned standard in the consolidated income statement (excluding Media Capital) has meant an additional annual amortization of some EUR 28 million, an annual financial expense of approximately EUR 8 million in 2019 and a reduction in operating expenses for rental registered on the basis of IAS 17 of approximately EUR 32 million per year *(see notes 5,7,12b and 16).* The impact of IFRS 16 in the consolidated income statement of Media Capital has meant an additional annual amortization of some EUR 2.8 million, a financial expense of EUR 0.3 million in 2019 and a reduction in operating expenses for rental of EUR 2.9 million, that is presented in the accompanying consolidated income statement as *"Result after tax from discontinued operations" (see note 17).*

The cash payments of the financial lease liability are included within cash flows from financing activities of the accompanying consolidated cash flow statement.

Below is the impact of the first application of IFRS 16 in the consolidated financial statements as of January 1, 2019 and the impact of this same standard as of December 31, 2019:

	Thousand of euros	
	01/01/2019 (*)	12/31/2019
Property, plant and equipment	**152,788**	**132,146**
Land and buildings	133,363	116,569
Plant and machinery	1,655	-
Other items of property, plant and equipment	17,770	15,577
Intangible assets	**9,118**	**10,439**
Other intangible assets (administrative concessions)	9,118	10,439
Assets classified as held for sale	**3,794**	**10,157**
TOTAL ASSETS	**165,700**	**152,742**
Non- current financial liabilities for leases	**125,779**	**117,006**
Current financial liabilities for leases	**26,732**	**23,675**
Non- current bank borrowings for leases	**5,225**	**5,305**
Current bank borrowings for leases	**6,463**	**5,668**
Liabilities associated with assets classified as held for sale	**2,641**	**10,082**
TOTAL LIABILITIES	**166,840**	**161,736**

(*) The Group held lease contracts classified as finance leases prior to the entry into force of IFRS 16. The amount of the right-of-use asset and the financial liability (bank borrowings) relating to such contracts was EUR 10,547 thousand and EUR 11,688 thousand, respectively, at January 1, 2019, as per the carrying value at December 31, 2018.
The right-of-use asset and the financial liability of Media Capital Group at December 31, 2019 they are classified as *"Non- current assets held for sale"* and *"Liabilities associated with non-current assets held for sale"* in the accompanying consolidated balance sheet amounting to 9,591 and 9,496 thousand respectively *(see note 10).*

The reconciliation between the amount of operating lease commitments included in the consolidated financial statements at December 31, 2018 and the balance of financial liabilities under IFRS 16 recognised at the date of initial application of January 1, 2019 is as follows:

	Thousands of euros
Future payments for operating lease as of 12/31/2018	**209,996**
Debt for financial leasing IAS 17	11,688
Difference in term	(11,172)
Effect of the update of the financial liability (*)	(42,541)
Administrative concessions	9,118
Effect of the CPI and others	(10,249)
Initial financial liability balance for lease on 01/01/19	**166,840**

(*) The amount of future payments did not include discount factor

The application of the rest of the amendments and interpretations applicable from January 1, 2019 did not have a significant impact on the Group's consolidated financial statements for this year.

At December 31, 2019, the Prisa Group had not applied the following standards or interpretations issued, since the effective application thereof was required subsequent to that date or they have not been adopted by the European Union.

Standards, amendments, and interpretations		Mandatory application for financial years beginning on or after
Approved for use in the EU		
Amendment to IAS 1 and IAS 8	Definition of materiality	January 1, 2020
Amendments to the conceptual framework of the IFRS	Review of the conceptual framework of the IFRS	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
Not yet approved for use in the EU		
Amendment to IFRS 3	Business combinations	January 1, 2020
Amendment to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2022
IFRS 17	Insurance contracts	January 1, 2021

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

b) Fair presentation and accounting principles

The consolidated financial statements were obtained from the separate financial statements of Prisa and its subsidiaries and, accordingly, they present fairly the Group's equity and financial position at December 31, 2019, and the results of its operations, the changes in equity and the cash flows in the year then ended. The Group prepared its financial statements on a going concern basis, as described in note 1b. Also, with the exception of the consolidated statement of cash flows, these consolidated financial statements were prepared in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2019 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

c) Responsibility for the information and use of estimates

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

In the consolidated financial statements for 2019 estimates were occasionally made by executives of the Group and of the entities in order to quantify certain of the assets, liabilities and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to determine the possible existence of impairment losses *(see notes 4d and 4f).*
- The useful life of property, plant, and equipment and intangible assets *(see notes 4b and 4e).*
- The hypotheses used to calculate the fair value of financial instruments *(see note 4g).*
- The assessment of the likelihood and amount of undetermined or contingent liabilities *(see note 4j).*
- Estimated sales returns received after the end of the reporting period *(see note 4k)*.
- Provisions for unissued and outstanding invoices.
- The estimates made for the determination of future commitments (*see note 25)*.
- The recoverability of deferred tax assets *(see note 19)*.
- Determination of the lease term in contracts with renewal option *(see note 4c)*.

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, it is possible that events that may take place in the future force them to modify them, upwards or downwards. In this case, the effects in the corresponding consolidated income statements for future periods, as well as in assets and liabilities, would be recognized.

In 2019, there were no significant changes in the accounting estimates made at the end of 2018, except those referring to the recoverability of deferred tax assets and the value of the investment in Media Capital as described in notes 19 and 10, respectively.

With regard to Vertix and Media Capital and as mentioned in the note 10, those companies have been valued on December 31, 2019 at the fair value (transaction price as result of the transation described in note 1b) less costs to sale, registering the corresponding adjustment for impairment loss in *"Result after tax from discontinued operations"*.

d) Basis of consolidation

The consolidation methods applied were as follows:

Full consolidation-

Subsidiaries are accounted for using the equity method, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the necessary adjustments and eliminations have been carried out. Subsidiaries are companies over which the parent company exercises control, i.e. it has the power to direct their financial and operating policies, it is exposed or is entitled to variable earnings or has the ability to influence their earnings. Subsidiaries accounted for using the equity method are listed in Appendix I.

The results of subsidiaries which are acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of the subsidiary's acquisition over the Parent Company's share of the net fair value of its assets and liabilities is recognized as goodwill. Any deficiency is credited to the consolidated income statement.

The share of third parties of the equity of Group companies is presented under *"Equity – Non-controlling interests"* in the consolidated balance sheet and their share of the profit for the year is presented under *"Profit attributable to non-controlling interests"* in the consolidated income statement.

The interest of non-controlling shareholders is stated at those shareholders' proportion of the fair values of the assets and liabilities recognized.

All balances and transactions between the fully consolidated companies were eliminated on consolidation.

Equity method-

Associates are accounted for using the equity method. Associates are companies in which Prisa holds direct or indirect ownership interests of between 20% and 50%, or even if the percentage of ownership does not reach those levels, it has significant influence over their management.

This method was also applied to joint ventures, considered as arrangements whereby the parties that exercise joint control over the company are entitled to its net assets on the basis of the arrangement. Joint control is the sharing of control that is contractually decided and set out in an agreement, which exists only when decisions concerning major operations require the unanimous consent of the parties that share control.

The companies accounted for using the equity method are listed in Appendix I and II, together with their main financial aggregates.

Under the equity method, investments are recognized in the consolidated balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, for the effect of transactions performed with the Group, plus any unrealized gains relating to the goodwill paid on the acquisition of the company.

Dividends received from these companies are recognized as a reduction in the value of the Group's investment. The Group's share of the profit or loss of these companies is included, net of the related tax effect, in the consolidated income statement under *"Result of companies accounted for using the equity method."*

Other matters -

The items in the balance sheets of the foreign companies included in the scope of consolidation were translated to euros using "the closing rate method", i.e. all assets, rights and obligations were translated at the exchange rates prevailing at the end of the reporting period. Income statement items were translated at the average exchange rates for the year. The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the other items as indicated above is recognized under "*Equity– Translation differences*" in the accompanying consolidated balance sheet.

Venezuela

From 2009 onwards Venezuela is considered to have a hyperinflationary economy. The functional currency of the Venezuelan subsidiary is the bolivar. The Group regularly evaluates the local economic situation and the particular circumstances of its operations in Venezuela in order to determine the exchange rate that better reflects the economic aspects of its activities in the country, taking into account all information available on relevant factors and circumstances at each closing date.

During 2017 and 2018 the economic and political crisis in Venezuela become more acute and this situation sparked a jump in the rate of inflation. However, the official exchange rates did not move accordingly, which meant that they were not representative of the value of the Venezuelan currency and, therefore, did not reflect the real loss of purchasing power of such currency. In May 2017, a new exchange agreement was published. This agreement established a currency exchange auction system with limited fluctuation bands, although no new currency exchange auctions were called since August. In January 2018, another exchange agreement was published. This agreement established a new auction mechanism, where currency offers will mainly come from the private sector, eliminating the protected exchange rate system ("DIPRO"). Structural deficiencies of this mechanism (inadequate depth and transparency) suggested that a significant deviation between the evolution of official exchange rates and inflation continued.

In this context, taking into account the country's economic reality and the absence of official rates representing the economic situation of Venezuela, in 2017 and 2018 the Group deemed necessary to estimate an exchange rate commensurate with the evolution of inflation in Venezuela, which appropriately reflected the economic-financial and equity situation of its Venezuelan subsidiary when drawing up the Group's consolidated financial statements (synthetic exchange rate). The methodology applied in this sense consisted in considering an exchange rate as a representative starting point, due to the closer approximation between the official auction exchange rate, the existing alternative rates and the exchange rates obtained by applying macroeconomic methodologies; and updating it with the inflation rates published by the Finance Commission of the Venezuelan National Assembly. In the second half of 2018, the Venezuelan government carried out a monetary reconversion that meant removing 5 zeros from its currency and denominating it in sovereign bolivars. The exchange rate used as at December 31, 2018 when translating the financial statements of the Venezuelan subsidiary, resulting from the methodology described above, amounted to 6,000 sovereigns bolivars per euro.

In October 2019 the Central Bank of Venezuela published the inflation rates, data that was absent from 2016 until September 2019. Data for the last quarter of 2019 was published in February 2020, ending 2019 with an accumulated inflation rate of 9,585.5%, thereby indicating a slowdown in inflation compared to 2018.

An easing of currency controls was carried out, which leads to the official rate of the dollar being brought in line with the parallel market price. This causes official exchange rates to be used for the translating of financial statements. The exchange rate used as at December 31, 2019 when translating the financial statements of the Venezuelan subsidiary, comes from Venezuela Central Bank, amounted to 52,332 sovereigns bolivars per euro.

When the operations of a Venezuelan entity (entities that uses the Venezuelan bolivar as their functional currency) are translated into the currency of a non-hyperinflationary economy, in this case to euros, paragraph IAS 21.42 (b) states that "comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates)".

Argentina

From the third quarter of 2018, the economy of Argentina is considered hyperinflationary. The functional currency is the Argentine peso. This means:

- Updating all the non-monetary assets and liabilities on December 31, 2019 with the effect of accumulated inflation and the income statement for 2019 with the effect of the inflation of the current financial year. The inflation rates from January to December 2019 and from January to December 2018 were 53.8% and 47.74%, respectively.

- Converting the balance sheet and the income statement of the Argentine subsidiaries to the exchange rate on December 31, 2019, which was 67.19 EUR/Argentine peso.

Prior to the consideration of Argentina as a hyperinflationary economy, the financial statements of this country's subsidiaries were developed using the historical cost method.

The exchange rate in the consolidated income statement for 2019 was a decrease in the operating income and of the operating profit, of EUR 17.5 million and EUR 5.5 million, respectively. The item "*Financial expenses*" also includes EUR 1.9 million of positive adjustments for inflation due to Argentina being considered a hyperinflationary economy.

Non- monetary headings of the balance sheet are adjusted to reflect changes in prices in accordance with local laws, before they are translated to euros, as contained in the notes to these consolidated financial statements separately under the column "*Monetary adjustment*". The effect of inflation for the financial year as to monetary assets and liabilities is included under "*Finance costs*" in the attached consolidated income statement. The effect of the adjustment for inflation on the net equity of companies to which this accounting practice applies (Venezuela and Argentina) (positive impact of EUR 1.3 million, which EUR 0.9 million come from Argentina) and the translation differences associated with them (negative impact of EUR 4.1 million, of which EUR 3.6 million come from Argentina) have been registered under heading *"Translation differences"* on the accompanying consolidated statement of comprehensive income. Likewise, this effect has been registered under "*Equity- Accumulated profit for prior years*" on the accompanying consolidated balance sheet.

The operations and investments in Latin America may be affected by various risks typical of investments in countries with emerging economies, such as currency devaluation, inflation, restrictions on the movement of capital. Specifically, in Venezuela the movement of funds is affected by complex administrative procedures, expropriation or nationalization, tax changes , changes in policies and regulations or unstable situations.

The data relating to Sociedad Española de Radiodifusión, S.L., Grupo Santillana Educación Global, S.L., Prisa Brand Solutions, S.L. (sole trader), Grupo Latino de Radiodifusión Chile, Ltda., Sistema Radiópolis, S.A. de C.V. and Grupo Media Capital SGPS, S.A. contained in these notes were obtained from their respective consolidated financial statements.

e) Information comparison

Since September 2019, as a consequence of the contract signed with Cofina for the sale of Vertix, which is the owner of Media Capital, the results of Media Capital were reclassified as a discontinued operation under "*Result after tax from discontinued operations".*

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement and the consolidated cash flow statement for the 2018 financial year and their disclosures in the notes have been modified to present Media Capital as a discontinued operation *(see notes 17 and 18).*

Also, with Media Capital representing a segment of the Group, and being presented as a discontinued operation, this segment has been eliminated in the 2019 financial year and financial year 2018 has been modified for comparison purposes *(see note 18).*

(3) CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in 2019 were as follows:

Subsidiaries

In February 2019, GLR Chile, Ltda, acquired 50% of Multimedios GLP Chile SPA, thus acquiring 100% of the company. Following the deal, Multimedios GLP Chile SPA is now reported using the full integration method and no longer under the equity method.

In March 2019, Prisa Inc, a company owned by Prisa Participadas, S.L., was liquidated.

In May 2019, the merger by absorption of Sogecable Música, S.L. with Sociedad Española de Radiodifusión, S.L. was produced.

In August 2019, following mergers by absorption are produced in Grupo Media Capital:

- Argumentos para Audiovisual, Lda mergers with Plural Enterainment Portugal, S.A.
- Polimedia- Publicidade e Publicações, Lda and Radiodifuçao e Publicidade, Unipessoal, Lda merger with Leirimedia, Produções e Publicidade, Lda.
- Flor Do Éter Radiodifusäo, Lda. and Rádio Voz de Alcanena, Lda. merger with Drums Comunicações Sonoras, Unipessoal, Lda.

In September 2019, the liquidation of Plural Entertainment Canarias, S.L. took place.

Also, in September 2019, LS4 Radio Continental, S.A. acquired 100% of Nostalgie Amsud, S.A.

Likewise, in September 2019, Pressprint, S.L.U. and Norprensa, S.A. merge with Prisaprint, S.L.

In October 2019, the merger by absorption of Sociedad de Impresa Radio Paralelo, Lda. and Rádio do Concelho de Cantanhede, Lda. with Radio XXI, Lda. were produced, companies belonging to Grupo Media Capital.

Also, in October 2019, the merger by absorption of Prisa Producciones de Video, S.L. with Prisa Participadas, S.L. was produced.

In December 2019, the company Santillana Administraçao de Bens Própios, Ltda was sale *(see note 14)*.

Likewise, in December 2019, the liquidation of Audiovisual Sport, S.L. took place.

Also, in December 2019, the merger by absorption of Iniciativas Radiófonicas, S.A. with Sociedad Española de Radiodifusión, S.L. was produced.

Associates

In June 2019, Prisa Brand Solution, S.L.U. acquired 33.33% of Zana Investments 2018, S.L., this company is consolidated by the equity method.

In December 2019, Factoría Plural, S.L. and its investee Chip Audiovisual, S.A. were sale.

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

When comparing the information for 2019 and 2018, these changes, the effect of which is presented separately in these notes to the consolidated financial statements in the "*Changes in the consolidation scope*" column, should be taken into account.

Significant operations

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

In that same date, Prisa Activos Educativos, S.L.U. - a subsidiary wholly owned by Prisa - and DLJ entered into a sale and purchase agreement in relation to the quotas representing 25% of the share capital of Santillana. The price of the acquisition was established at a fixed amount of EUR 312.5 million.

The acquisition was finally closed on April 12, 2019 after the mandatory authorization by the National Commission of Markets and Competition and the receipt of the capital increase funds (*see note 1b*).

This acquisition has led to a reduction in consolidated net equity attributable to the parent of EUR 181.6 million because, in accordance with IFRS 10, it corresponds to an equity transaction, due to the transaction is about the acquisition of minority percentages that has not given rise to a change in control. That reduction occurs as a result of deducting on acquisition price the associated non-controlling interest balance amounting to EUR 3.2 million and, the deregistered of the financial liability for the amount of EUR 127.7 million, that accounted the obligation to pay a preferential dividend for a minimum annual amount of USD 25.8 million to DLJ, without significant impact on the accompanying consolidated income statement, as there are hardly any difference between the financial liability recorded in books and the fair value thereof at the date of the transaction (calculated as the present value of the preferential annual dividends discounted at the interest rate applicable to instruments with similar credit characteristics).

The short-term liability corresponding to the payment obligation of the preferred dividend accrued during the financial year 2018 and accrued during 2019 up to the time of the transaction, in April 2019, amounting to EUR 29.5 million, has also been deregister as a result of the payment on that date *(see note 12b).*

(4) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2019 and comparative information were as follows:

a) Presentation of the consolidated financial statements

In accordance with IAS 1, the Group opted to present the assets in its consolidated balance sheet on the basis of a current/non-current assets distinction. Also, income and expenses are presented in the consolidated income statement according to the nature of the related item. The statement of cash flows was prepared using the indirect method.

b) Property, plant, and equipment

Property, plant and equipment are carried at cost, net of the related accumulated depreciation and of any impairment losses.

Property, plant and equipment acquired prior to December 31, 1983, are carried at cost, revalued pursuant to applicable legislation. Subsequent additions are stated at cost, revalued, if apply, pursuant to Royal Decree-Law 7/1996.

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

Period upkeep and maintenance expenses are charged directly to the consolidated income statement.

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

	Years of estimated useful life
Buildings and structures	10 - 50
Plant and machinery	5 – 10
Other items of property, plant and equipment	3 – 15

The gain or loss arising on the disposal or derecognition of an asset is determined as the difference between the selling price and the carrying amount of the asset and is recognized in the consolidated income statement.

c) Leases

IFRS 16 establishes the principles for the recognition, measurement and presentation of leases, whereby all leases (with certain limited exceptions) are recognised in the consolidated balance sheet and there is an amortisation expense for the right-of-use asset and a finance cost for the change in value of the liability arising from the lease. *Note 2a* details the main impacts of its initial application on January 1, 2019.

As a general rule, at the beginning of a contract, the Group assesses whether the contract is or contains a lease, i.e. whether the right to control the use of an identified asset for a period of time is transferred in exchange for a consideration.

At the commencement date of the lease, the lessee recognises an asset (property, plant and equipment or intangible) representing the right to use the underlying asset during the lease term for an amount equal to the initial value of the lease financial liability plus any initial direct costs incurred and payments made to the lessor before the commencement date, less any incentives received, and any estimated costs that will be incurred by the lessee in dismantling and removing the asset or returning it to the required level on the required terms and conditions.

The right-to-use asset is subsequently measured at cost, less any accumulated depreciation and recognised impairment losses, and adjusted for any remeasurement of the lease liability. The asset is depreciated on a straight-line basis over the life of the contract, except where the useful life of the asset is shorter. The Group has applied the requirements included in IAS 36 to determine the impairment of the right-of-use asset (*see note 4f*).

Also, at the commencement date of the lease, the lessee recognises a financial liability, calculated at the present value of the lease payments payable over the lease term, discounted by the discount rate. In this regard, lease payments include committed fixed payments less lease incentives to be received, variable payments dependent on an index or interest rate (measured at the index or rate on the commencement date), amounts expected to be paid for residual value guarantees and payments for purchase options if the lessee is reasonably certain to exercise that option.

The lease term of the contracts has been determined as the non-cancellable period considering the options of extension and termination when there is a reasonably high probability of their execution and it is at the discretion of the lessee. After the commencement date, the Group reassesses the term of the lease if there is a significant event or change in the circumstances under its control that may affect its ability to exercise an option to extend the lease or not to exercise an option to terminate the lease. The discount rate is calculated as the tenant's incremental borrowing rate.

After the commencement date, the lessee values the lease liability by increasing its carrying amount to reflect the interest accrued on the liability and reducing it by the payments made.

The amount of the lease liability is reviewed and adjusted in certain cases (generally as an adjustment to the right-of-use asset), such as, for changes in the length of the non-cancellable period of the contract (with regard to the initial consideration), changes in the expected amount payable for value guarantees or in the purchase option, or changes in lease payments due to changes in indices with regard to what would have been considered at the beginning of the contract.

The Group chooses not to recognise in the balance sheet the liability and the right-of-use asset corresponding to low value asset lease contracts. In this case, the amount accrued for the lease is recognised as an operating expense on a straight-line basis over the term of the contract.

Payments associated with lease financial liabilities are included in the cash flow from financing activities in the consolidated cash flow statement.

d) Goodwill

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts at the date of acquisition or at the date of first time consolidation, provided that the acquisition is not after control is obtained, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets whose market values were higher than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment was similar to that of the same assets of the Group.

- If it is attributable to non-contingent liabilities, by recognizing it in the consolidated balance sheet if it is probable that the outflow of resources to settle the obligation embody economic benefits and the fair value can be measured reliably.
- If it is attributable to specific intangible assets, by recognizing it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognized as goodwill.

Changes in ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Once control is obtained, additional investments in subsidiaries and decreases in ownership interest without the loss of control do not affect the amount of goodwill. When a parent loses control of a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities and the share of non-controlling interests, recognizing the fair value of the consideration received and any residual ownership in the subsidiary. The remaining difference is taken to profit or loss in the income statement for the year.

The assets and liabilities acquired are measured provisionally at the acquisition date, and the provisional amounts are reviewed within a period of a year from the acquisition date. Therefore, until the definitive fair value of the assets and liabilities has been established, the difference between the acquisition cost and the carrying amount of the company acquired is provisionally recognized as goodwill.

Goodwill is considered to be an asset of the company acquired and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is valued in that subsidiary's functional currency and is translated to euros using the exchange rate prevailing at the balance sheet date.

Goodwill acquired on or after January 1, 2004 is measured at acquisition cost and that acquired earlier is recognized at the carrying amount at December 31, 2003, in accordance with Spanish GAAP. In both cases, since January 1, 2004, goodwill has not been amortized and at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment loss is recognized *(see note 4f)*.

e) Intangible assets

The main items included under *"Intangible assets"* and the measurement bases used were as follows:

Computer software-

"Computer software" includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized by the straight-line method, depending on the type of program or development, during the period in which contribute to the generation of profits.

Prototypes-

This account includes basically prototypes for the publication of books, which are measured at the costs incurred in materials and work performed by third parties to obtain the physical medium required for industrial mass reproduction. The prototypes are amortized using the straight-line method over three years from the date on which they are launched on the market, in the case of textbooks and languages, atlases, dictionaries encyclopaedias and major works. The cost of the prototypes of books that are not expected to be published is charged to the income statement for the year in which the decision not to publish is taken.

Advances on copyrights-

This account includes the advances to authors, whether or not paid on account of future rights or royalties for the right to use the different forms of intellectual property. These advances are taken to expenses in the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion charged to income. This cost is reviewed each year and, where necessary, an allowance is recognized based on the projected sales of the related publication.

Audiovisual rights-

"Audiovisual rights" in the accompanying consolidated balance sheet included, until 2018, the amount paid by Media Capital for the acquisition of allowance of films, series and children's animation and documentaries amount whose programming was expected to took place in a period exceeding twelve months. These rights were depreciated according to the generation of revenues derived from them. They were reported to its expected recoverable.

In 2019, the audiovisual rights are included in the "*Non-current assets held for sale*" heading of the accompanying consolidated balance sheet *(see notes 7 and 10).*

Other intangible assets-

"Other intangible assets" includes basically the amounts paid to acquire administrative concessions for the operation of radio frequencies, which are subject to temporary administrative concessions. These concessions are granted for renewable multi-years periods, in accordance with regulations of each country, and are amortized using the straight-line method over the term of the arrangement, except in cases where the renewal costs are not significant and the required obligations easily attainable, in which case they are deemed to be assets with an indefinite useful life.

f) Losses due to impairment of non-financial assets

Annually, at the end of each fiscal year and, when ever, there is evidence of impairment, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate cash flows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash-generating units to which goodwill has been assigned or intangible assets with an indefinite useful life are systematically tested for impairment at the end of each reporting period or when the circumstances so warrant.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on most recent budgets approved by management. These budgets include the best estimates available of the income and costs of the cash-generating units based on industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business. These cash flows are discounted to their present value at a rate that reflects the weighted average cost of capital employed adjusted by the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2019 the rates used ranged from 6.9% to 22.7% depending on the business being analysed.

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

In case the goodwill of a company with minority interests was fully recognized in the consolidated financial statements of the parent company, the assignment of the corresponding impairment between the parent company and the minority interests is made in accordance with their participation in the profit and losses of the company, that means in accordance with the participation in the share capital of the company.

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the consolidated income statement. An impairment loss recognized for goodwill must not be reversed.

g) Financial instruments

Financial assets are classified in three categories: (i) amortized cost, (ii) fair value with changes in other comprehensive income (equity) and (iii) fair value with changes in profit and loss, belonging to almost all financial assets from the Group to the category of amortized cost.

Non-current financial assets at amortized cost-

This heading includes the following categories:

- *Loans and receivables:* this includes financial assets originating from the sale of goods or from the provision of services during the company's traffic operations or those that, not having have any commercial substance, are not equity instruments or derivatives and have fixed or determinable payments and are not traded in an active market, meaning that the Group intends to keep them to obtain the contractual cash flows. These assets are valued at amortized cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables.

- *Other assets at amortized cost:* financial assets with fixed or determinable payments and established maturities for which the Group has the intention and ability to hold to maturity to obtain the contractual cash flows.

Financial assets at fair value with changes in other comprehensive income (equity) -

- This category mainly includes the equity investments. These assets are carried on the consolidated balance sheet at fair value when this can be measured reliably, recorded in Equity resulting from changes in fair value, until the sale or impairment of the asset (as described below in *Impairment of financial assets*), at which time the cumulative results previously recognized in equity is included in the income statement.

  If the market value of investments in unlisted companies cannot be determined reliably, which is generally the case, these investments are measured at acquisition cost or at a lower amount if there is any indication of impairment.

I*mpairment of financial assets*

On the date of initial recognition of financial assets, the expected loss is recognised that results from a "default" event during the next 12 months or while the contract remains in force, depending on the evolution of the credit risk of the financial asset from its initial recognition on the balance sheet or by applying the "simplified" models allowed by the standards for some financial assets. The Group applied the simplified focus to recognise the expected credit loss during the period in which the receivables are in force that result from transactions under IFRS 15. In this way, the Group creates an allowance for a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sales by customer type.

Cash and cash equivalents-

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

Financial liabilities-

This category includes debits for commercial operations and debits for non-commercial operations. These external resources are classified as current liabilities, unless the Company has an unconditional right to defer their liquidation for at least 12 months after the balance sheet date. Debits for commercial operations that have an expiration of no more than one year and that do not have a contractual interest rate, both initially and subsequently, for their nominal value when the effect of not updating the cash flows is not significant.

The financial debt is initially recognised by its fair value, also recording the costs incurred obtaining it. The amortised cost is recorded in subsequent periods, i.e. for the amount at which it was measured in its initial recognition, deducting the repayments from the principal, plus any difference between the initial amount and the amount upon expiry, using the effective interest method.

Compound financial instruments

Compound financial instruments are non-derivative instruments that have both a liability and an equity component.

The Group recognizes, measures and presents separately the liability and equity components created by a single financial instrument.

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 recognized 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 and the amount assigned to the liability component.
c. The transaction costs are distributed in the same proportion.

Derivative financial instruments and hedge accounting-

The Group is exposed to fluctuations in the exchange rates of the various countries in which it operates. In order to mitigate this risk, foreign currency hedges are used, on the basis of its projections and budgets, when the market outlook so requires.

Similarly, the Group is exposed to foreign currency risk as a result of potential fluctuations in the various currencies in which its bank borrowings and debts to third parties are denominated. Accordingly, it uses hedging instruments for transactions of this nature when they are material and the market outlook so requires.

The Group is also exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. In this regard, the Group arranges interest rate hedges, basically through contracts providing for interest rate caps, when the market outlook so requires.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

For instruments settled at a variable amount of shares or in cash, the Company recognizes a derivative financial liability when measuring these financial instruments using the Black - Scholes model.

h) Investments accounted for using the equity method

As discussed in *note 2d*, investments in companies over which the Group has significant influence or joint control are accounted for using the equity method. The goodwill arising on the acquisition of these companies is also included under this heading.

Investments in companies accounted for using the equity method whose carrying amount is negative at the end of the reporting period are recognized under *"Long- term provisions" (see notes 8 and 13)* at their negative excluding the financial effect given the nature of the investments.

i) Inventories

Inventories of raw materials and supplies and inventories of commercial products or finished goods purchased from third parties are measured at the lower of their average acquisition cost and market value.

Work in progress and finished goods produced in-house are measured at the lower of average production cost and market value. Production cost includes the cost of materials used, labor and in-house and third-party direct and indirect manufacturing expenses.

In the heading of inventories included, until 2018, the "*Audiovisual Rights*" of Media Capital, which relate mainly to allowances of movies, series and other television programs acquired from third parties, as well as, the cost incurred in the program production, which are valued at cost of acquisition or production and were charged to results in accordance with expectations of income generation thereof.

The Group also recognises expenditure for the cost of inventories the broadcasting rights of which have expired or the recovery value of which is considerably lower than the acquisition cost.

In 2019, the audiovisual rights of Media Capital are included in the "*Non-current assets held for sale*" heading of the accompanying consolidated balance sheet *(see notes 9a and 10)*.

Obsolete, defective or slow-moving inventories are reduced to their realizable value.

The Group assesses the net realizable value of the inventories at the period end and recognizes the appropriate write-down if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

j) Long-term provisions

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

Provisions for taxes-

The provisions for taxes relate to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfilment of certain conditions.

Provisions for indemnities and third-party liability-

Long term provisions also includes the estimated amount required to cover probable claims arising from obligations assumed by the companies in the course of their commercial operations, and probable or certain liabilities arising from litigation in progress, compensation to workers who are terminated their labor relations or other outstanding obligations of undetermined amount, as in the case of collateral and other similar guarantees provided by the Group.

Likewise, it includes the amount of the companies accounted for using the equity method with negative net value at the year end.

k) Recognition of income and expenses

Revenue is recognised when control of the goods and services is transferred to the client for the amount at which the Group estimates that the goods and services will be traded. Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

To calculate revenue, in accordance with IFRS 15, the contract or contracts, as well as the different obligations included in goods and service provision contracts must be identified, the transaction price must be determined and distributed among the cited contractual obligations, based on their respective independent sales prices or an estimation thereof and the revenue is recognised inasmuch as the entity complies with each of its obligations.

The standard coming into force mainly affected recognition of revenue from Santillana's digital teaching systems in the areas of Educación UNO and Compartir.

The accounting policies applied to recognize the revenue of the Group's main businesses are as follows:

- *Advertising revenue* is recognized when the advertisement appears in the media, less the amount of volume rebates offered to the media agencies. The average payment period is around 90 days.

- *Revenue from book sales* is recognized on the effective delivery thereof. Where the sales of the copies are subject to sales returns, the actual sales returns are deducted from the revenue recognized. Also, the amounts corresponding to rebates or trade discounts are deducted from revenue. The collection period is variable and is established in the different sales contracts. The sales returns estimation is calculated using historical return percentages.

- *Revenue from digital teaching systems:* the revenue from the goods and services provided is recognised once control thereof is transferred to the client, in accordance with the criteria described below:

  - Printed teaching material and digital content: revenue is reported when ownership is transferred to the school or student.
  - Equipment made available to schools and other services: the respective revenue will be recognised during the school year.

  The price and value of revenue from these goods and services is determined by analysing margins and independent sale prices of the goods that have separate marketing. This means that a higher sales price is assigned for equipment and other services provided, to the detriment of printed teaching material and digital content, compared to how it was treated until 2017. These revenues are collected in two different ways, either the total at the start of the school year or by means of payments throughout the year.

- *Revenue from the sale of newspapers and magazines* is recognized on the effective delivery thereof, net of the related estimated provision for sales returns. Also, the amounts relating to distributors' fees are deducted from revenue. The collection for the sale of newspapers and magazines occurs in the month in which the sales are made.

- The *revenue* and the costs associated with *audiovisual production* agreements are recognized in the income statement as control of the sold content (episodes ready to be shown by the buyer) is transferred at the moment of delivery, with there being no other significant performance obligations to be completed from this moment onwards. When the final outcome of the agreement cannot be estimated reliably, the revenue must only be recognized to the extent that it is probable that the costs incurred will be recovered, whereas the costs are recognized as an expense for the year in which they are incurred. In any case, the expected future losses would be recognized immediately in the income statement. The collection period is established in the agreed contracts.

- *Revenue related to intermediation services* is recognized at the amount of the fees received when the goods or services under the transaction are supplied.

- *Other services:* this item includes music sales, organization and management of events, e- commerce and internet services.

The Group does not adjust the considerations received due to the impact of significant financing components, as the period between the moment at which the goods and services are transferred to the client and the moment at which the client pays for the good or service is less than one year in nearly all of the contracts.

The commissions given to employees for obtaining contracts are recognized mainly as expenses in the financial year instead of as a fixed amortisation asset because the amortisation period of this asset would be less than one year.

l) Offsetting

Assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, they arise from transactions in which the Group has a contractual or legally enforceable right to set off the recognized amounts and its intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

m) Tax matters

The expense or income due to tax on the year's earnings, is calculated by adding the current tax expense and the deferred tax expense. The current tax expense is determined by applying the applicable tax rate to the taxable income, and deducting from that result the amount of allowances and deductions generated and applied during the year, determining the payment obligation to the Public Administration.

The assets and liabilities due to deferred taxes, arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from the difference between the book value of assets and liabilities and their tax base, as well as non-deductible expenses that acquire deductibility at a later time. These amounts are recorded applying the tax rate at which they are expected to be recovered or settled to the temporary difference.

Deferred tax assets also arise as a result of carry forward losses and credits due to tax deductions generated and not applied and non-deductible financial expenses.

The corresponding liability due to deferred taxes is recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of its completion, affects neither the accounting nor the tax profit/loss.

Meanwhile, deferred tax assets, identified using deductible temporary differences, are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them and they do not arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects the tax profit/loss or the accounting profit/loss. The remaining deferred tax assets (losses and carry forward deductions) are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them.

At each accounting period end, recorded deferred taxes (assets and liabilities) are reviewed in order to check whether they are still applicable, making the appropriate adjustments, in accordance with the results of the analyses performed and the applicable tax rate at all times.

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

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

n) Result after tax from discontinued operations

A discontinued operation is a component of the Group, whose operations and cash flows can be clearly distinguished from the rest (operationally and for financial reporting purposes), that has been disposed or classified as held for sale and represents a separate major line of business or geographical area from the Group.

The income and expenses of the discontinued operations are presented separately in the consolidated income statement under *"Result after tax from discontinued operations"*.

o) Assets and liabilities classified as held for sale

Non-current assets classified as held for sale are considered to be groups of assets directly associated with them, to be disposed of together as a group in a single transaction, on which it is estimate that its realization is highly likely and within twelve months from the date of their classification under this heading and up to the date on which the requirements established in IFRS 5 are no longer complied with.

Assets classified as held for sale are presented separately from other assets and measured at the lower of carrying amount and fair value less costs to sell. Likewise, liabilities classified as held for sale are presented separately form the other liabilities.

p) Share-based payments

The Group recognizes, on the one hand, goods and services received as an asset or as an expenditure, taking into account its nature at the time it is obtained and, on the other hand, the corresponding increase in equity if the transaction is settled with equity instruments, or the corresponding liabilities if the transaction is settled in cash with an amount based on the value of equity instruments.

In the case of transactions settled with equity instruments, both the services provided and increases in equity are valued at the fair value of the equity realized, as of the date of the agreement to realize it (date of measurement). Conversely, in case of settlement with cash, goods and services received and the corresponding liabilities are recognized at the fair value of the latter as of the date on which the requirements for their recognition are met.

q) Foreign currency transactions

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

r) Current/non-current classification

Debts are recognized at their effective amount and debts due to be settled within twelve months from the balance sheet date are classified as current items and those due to be settled within more than twelve months as non-current items.

s) Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Changes in cash flows in the year: inflows and outflows of cash and cash equivalents, which are short-term, highly -liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and in cash equivalents. For transactions between the parent and non-controlling interests, these only include those representing a change of control.
- Financing activities: activities that result in changes in the size and composition of equity and borrowings, as well as transactions between the parent and non-controlling interests which do not represent a change of control. Additionally, the cash payment of the financial liability for lease is included.

t) Environmental impact

In view of the printing activities carried on by certain consolidated Group companies and in accordance with current legislation, these companies control the degree of pollution caused by waste and emissions, and have an adequate waste disposal policy in place. The expenses incurred in this connection, which are not significant, are expensed currently.

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

5) PROPERTY, PLANT, AND EQUIPMENT

2019-

The changes in 2019 in *"Property, plant and equipment"* in the consolidated balance sheet were as follows:

	Thousands of euros								
	Balance at 12/31/2018	Initial impact of IFRS 16	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2019
Cost:									
Land and buildings	62,211	-	295	(692)	(850)	563	(3,108)	(10,019)	48,400
Plant and machinery	237,801	(2,032)	545	(1,087)	(167)	3,067	(11,037)	(104,696)	122,394
Other items of property, plant and equipment	116,081	(26,377)	4,017	(2,883)	72	7,476	(2,276)	(19,661)	76,449
Advances and equipment in the course	2,025	-	-	7	-	2,382	(3)	(3,757)	654
Total cost	**418,118**	**(28,409)**	**4,857**	**(4,655)**	**(945)**	**13,488**	**(16,424)**	**(138,133)**	**247,897**
Accumulated depreciation:									
Buildings	(25,434)	-	(274)	467	100	(1,132)	2,897	7,899	(15,477)
Plant and machinery	(208,672)	377	(484)	1,005	168	(7,240)	10,092	98,806	(105,948)
Other items of property, plant and equipment	(91,080)	17,485	(3,108)	2,477	(51)	(7,239)	1,535	18,566	(61,415)
Total accumulated depreciation	**(325,186)**	**17,862**	**(3,866)**	**3,949**	**217**	**(15,611)**	**14,524**	**125,271**	**(182,840)**
Impairment losses:									
Land and buildings	(4,058)	-	-	-	-	(2,630)	-	832	(5,856)
Plant and machinery	(921)	-	-	-	-	-	664	-	(257)
Other items of property, plant and equipment	(264)	-	-	(4)	-	(96)	2	-	(362)
Total impairment losses	**(5,243)**	**-**	**-**	**(4)**	**-**	**(2,726)**	**666**	**832**	**(6,475)**
Net property, plant and equip.	**87,689**	**(10,547)**	**991**	**(710)**	**(728)**	**(4,849)**	**(1,234)**	**(12,030)**	**58,582**
Cost of property, plant and equipment in lease:									
Buildings	-	133,363	1,175	(1,599)	-	9,151	(968)	(5,650)	135,472
Plant and machinery	-	2,032	-	-	-	1,874	-	(3,906)	-
Other items of property, plant and equipment	-	35,257	-	21	-	8,137	(2,721)	(1,319)	39,375
Total cost of property, plant and equipment in lease	**-**	**170,652**	**1,175**	**(1,578)**	**-**	**19,162**	**(3,689)**	**(10,875)**	**174,847**
Accumulated depreciation of property, plant and equipment in lease:									
Buildings	-	-	(289)	371	-	(20,993)	879	1,129	(18,903)
Plant and machinery	-	(377)	-	-	-	(332)	-	709	-
Other items of property, plant and equipment	-	(17,487)	-	6	-	(9,385)	2,628	440	(23,798)
Total accumulated depreciation of property, plant and equipment in lease	**-**	**(17,864)**	**(289)**	**377**	**-**	**(30,710)**	**3,507**	**2,278**	**(42,701)**
Net property, plant and equipment in lease	**-**	**152,788**	**886**	**(1,201)**	**-**	**(11,548)**	**(182)**	**(8,597)**	**132,146**
TOTAL NET PROPERTY, PLANT AND EQUIPMENT	**87,689**	**142,241**	**1,877**	**(1,911)**	**(728)**	**(16,397)**	**(1,416)**	**(20,627)**	**190,728**

2018-

The changes in 2018 in *"Property, plant and equipment"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2017	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2018
Cost:								
Land and buildings	80,986	2,548	(2,736)	(8,146)	649	(9,443)	(1,647)	62,211
Plant and machinery	347,106	4,502	(2,902)	(18,071)	4,834	(94,719)	(2,949)	237,801
Other items of property, plant and equipment	118,709	5,336	(6,429)	(1,050)	12,453	(12,207)	(731)	116,081
Advances and equipment in the course	379	-	(63)	-	3,096	(10)	(1,377)	2,025
Total cost	**547,180**	**12,386**	**(12,130)**	**(27,267)**	**21,032**	**(116,379)**	**(6,704)**	**418,118**
Accumulated depreciation:								
Buildings	(26,814)	(1,178)	750	1,120	(1,477)	1,571	594	(25,434)
Plant and machinery	(296,545)	(4,207)	2,323	10,214	(8,770)	84,438	3,875	(208,672)
Other items of property, plant and equipment	(91,810)	(4,043)	4,566	1,658	(13,512)	11,325	736	(91,080)
Total accumulated depreciation	**(415,169)**	**(9,428)**	**7,639**	**12,992**	**(23,759)**	**97,334**	**5,205**	**(325,186)**
Impairment losses:								
Buildings	(15,074)	-	-	4,605	(360)	6,771	-	(4,058)
Plant and machinery	(18,574)	-	-	7,851	(450)	10,252	-	(921)
Other items of property, plant and equipment	(544)	-	26	68	116	70	-	(264)
Total impairment losses	**(34,192)**	**-**	**26**	**12,524**	**(694)**	**17,093**	**-**	**(5,243)**
Net property, plant and equipment	**97,819**	**2,958**	**(4,465)**	**(1,751)**	**(3,421)**	**(1,952)**	**(1,499)**	**87,689**

Monetary adjustment and translation adjustment-

The column *"Monetary adjustment"* includes the effect of hyperinflation in Venezuela and Argentina in 2019 and 2018. Furthermore, the column *"Translation adjustment"* includes the impact of exchange rates variation in Latin America, highlighting the contribution in 2019 of Brazil, Chile, Argentina and Venezuela (Brazil, Colombia, Chile, Argentina and Venezuela in 2018).

Changes in scope of consolidation-

In 2018, the column *"Changes in scope of consolidation"* mainly includes property, plant and equipment of Bidasoa Press, S.L., company sold in December 2018.

Additions-

The most significant additions in 2019 were as follows:

- *"Plant and machinery,"* in the amount of EUR 3,067 thousand (EUR 4,834 thousand in 2018), mainly due to investments made by Grupo Media Capital, SGPS, S.A.

until August 31, 2019 in postproduction system and by group Prisa Radio for the investments made in technical equipment in Colombia and Spain.

- *"Other items of property, plant and equipment,"* in the amount of EUR 7,476 thousand (EUR 12,453 thousand in 2018), mainly due to the acquisition of technological equipment in Santillana for use in the classroom by students and teachers integrated into teaching systems and the acquisition of computer to the Group.

Additions includes the investments of Media Capital up to August 31, 2019 amounting to EUR 1,834 thousand, the date when the property, plant and equipment of Media Capital were reclassified in the section '*Non-current assets held for sale*' on the consolidated balance sheet, as described in *notes 1b and 10.* These additions as of December 31, 2019 amounted to EUR 4,161 thousand.

Disposals-

In 2019, the disposals included in the headings "*Land and buildings*" and "*Plant and machinery*" mainly include the disposal of the assets of the printing plant of Barcelona, fully amortized and / or impairment.

In 2018, fully depreciated "*plant and machinery*" derecognized mainly in the companies of dedicated to printing, within the Press business unit. *"Other items of property, plant and equipment"* mainly included derecognition of fully depreciated assets linked to digital developments and Santillana's learning systems.

Transfers-

In 2019, the transfer column includes the balances of property, plant and equipment of Media Capital Group as of August 31, 2019, the date when the assets of Media Capital Group were reclassified to *"Non-current assets held for sale"* as described in notes 1b and 10.

Impairment losses-

In 2019 there was registered an impairment of EUR 1,753 thousand of the printing plant in Seville in the heading "*Land and buildings*".

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 116,569 thousand as of December 31, 2019. 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 8,757 thousand, in the heading "*Other items of property, plant and equipment*".

The property, plant and equipment amortization expense recorded in 2019 totaled EUR 41,225 thousand (EUR 23,759 thousand in 2018) of which EUR 23,067 thousand corresponding to the amortization of property, plant and equipment held under leases.

There are no restrictions on holding title to the property, plant, and equipment other than those indicated in note 12b.

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

At December 31, 2019, the Prisa Group´s assets included fully amortized property, plant, and equipment amounting to EUR 275,647 thousand (December 31, 2018: EUR 233,607 thousand).

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant, and equipment are exposed. At December 31, 2019 and at December 31, 2018, the insurance policies taken out sufficiently covered the related risks.

6) GOODWILL

2019-

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2019 is as follows:

	Thousands of euros					
	Balance at 12/31/2018	Translation adjustment	Changes in scope of consolidation	Impairment	Transfer	Balance at 12/31/2019
Editora Moderna, Ltda.	49,566	(591)	-	-	-	48,975
Grupo Latino de Radiodifusión Chile, Ltda.	51,377	(2,721)	-	-	-	48,656
Grupo Media Capital, SGPS, S.A.	254,460	-	-	(76,379)	(178,081)	-
Propulsora Montañesa, S.A.	8,608	-	-	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	35,585	-		-	-	35,585
Other companies	9,252	(3)	866	(866)		9,249
Total	**408,848**	**(3,315)**	**866**	**(77,245)**	**(178,081)**	**151,073**

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2019 is as follows:

	Thousands of euros					
	Balance at 12/31/2018	Translation adjustment	Changes in scope of consolidation	Impairment	Transfer	Balance at 12/31/2019
Radio	102,408	(2,721)	866	(866)	-	99,687
Education	51,322	(594)	-	-	-	50,728
Other	255,118	-	-	(76,379)	(178,081)	658
Total	**408,848**	**(3,315)**	**866**	**(77,245)**	**(178,081)**	**151,073**

In the 'Other' segment, in September 2019 and as a result of the value of Vertix and Media Capital at the transaction price less costs of sale *(see notes 1b and 10)* an impairment of EUR 76,379 thousand was recorded in goodwill allocated to this company in the section *"Result after tax from discontinued operations"* in the consolidated income statement *(see note 17)*. The remaining amount (EUR 178,081 thousand) was reclassified as a non-current asset held for sale.

2018-

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2018 is as follows:

	Thousands of euros			
	Balance at 12/31/2017	Translation adjustment	Impairment	Balance at 12/31/2018
Editora Moderna, Ltda.	55,693	(6,127)	-	49,566
Grupo Latino de Radiodifusión Chile, Ltda.	55,594	(4,217)	-	51,377
Grupo Media Capital, SGPS, S.A.	330,559	-	(76,099)	254,460
Propulsora Montañesa, S.A.	8,608	-	-	8,608
Sociedad Española de Radiodifusión, S.L.	35,585	-	-	35,585
Other companies	12,076	58	(2,882)	9,252
Total	**498,115**	**(10,286)**	**(78,981)**	**408,848**

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2018 is as follows:

	Thousands of euros			
	Balance at 12/31/2017	Translation adjustment	Impairment	Balance at 12/31/2018
Radio	106,625	(4,217)	-	102,408
Education	57,475	(6,153)	-	51,322
Other	334,015	84	(78,981)	255,118
Total	**498,115**	**(10,286)**	**(78,981)**	**408,848**

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Group tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount of goodwill at an amount less than the net cost recorded.

To perform the above mentioned impairment test, the goodwill is allocated to one or more cash-generating units. The recoverable amount of each cash- generating unit is the higher of value in use and the net selling price that would be obtained from the assets associated with the cash-generating unit. In the case of the main cash-generating units to which goodwill has been allocated (Editora Moderna, Ltda., Grupo Latino de Radiodifusión Chile, Ltda. and Sociedad Española de Radiodifusión, S.L.), their recoverable amount is their value in use.

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

These projections cover the following five years and include a residual value that is appropriate for each business, applying a constant expected growth rate ranging from 0% to 2.5%, as in 2018. The expected growth rate that has been used in the most relevant impairment tests (Editora Moderna, Ltda. and Grupo Latino de Radiodifusión Chile, Ltda.) is located between 0% and 1.5% in 2019 and in 2018.

In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2019 the rates used ranged from 6.9% to 22.7% (6.9% and 17.7% in 2018) depending on the business being analysed. The rate that has been used for the most relevant impairment tests (Editora Moderna, Ltda. and Grupo Latino de Radiodifusión Chile, Ltda.) is between 9% and 12% (9% and 13% in 2018).

Results of the impairment tests-

- Media Capital

In 2018, the Media Capital impairment was the result of increasing the applicable discount rate, and decreasing the long term growth rate, of the company, due to developments that have taken place in 2018, especially in the second half of the year. Among them we saw increased Portugal country risk due to rising geopolitical uncertainty in Europe, and increased market volatility and lower long term growth prospects in the free-to-air television industry in Europe, all of which had negatively impacted the valuation of comparable companies. Taking these adjustments into account in our impairment test, an impairment of EUR 76,099 thousand was recorded in the consolidated income statement in 2018, that is presented in *"Result after tax from discontinued operations".*

- Latam Digital Ventures

The performance of Latam Digital Ventures, LLC in 2018, as well as the projections available to the Directors, revealed the non-recoverability of goodwill, therefore it was completely impaired for the amount of EUR 2,882 thousand.

In accordance with the estimates and projections available to the Company's Directors, the expected future cash flows allocable to the rest of the cash-generating units to which goodwill is allocated indicate that the net value of each goodwill allocated as of December 31, 2019 may be recovered.

Sensitivity to changes in key assumptions-

- Editora Moderna, Ltda.

  To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would exceed the book value by EUR 53.6 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 55.3 million.

- Grupo Latino de Radiodifusión Chile, Ltda.

  To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would be less than the book value by EUR 1.7 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would be less than the book value by EUR 0.5 million.

7) INTANGIBLE ASSETS

2019-

The changes in 2019 in *"Intangible assets"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2018	Initial impact of IFRS 16	Monetary adjustment	Translation adjustment	Additions	Disposals	Transfers	Balance at 12/31/2019
Cost:								
Computer software	143,114	-	533	(680)	14,494	(1,617)	(8,352)	147,492
Prototypes	202,771	-	4,704	(6,461)	37,855	(6,371)	(433)	232,065
Advances on copyrights	7,604	-	1	(58)	905	(951)	(215)	7,286
Audiovisual rights	6,056	-	-	69	-	-	(6,125)	-
Other intangible assets	69,157		86	(947)	350	(1,320)	(18,887)	48,439
Total coste	**428,702**	**-**	**5,324**	**(8,077)**	**53,604**	**(10,259)**	**(34,012)**	**435,282**
Accumulated amortization:								
Computer software	(113,003)	-	(428)	625	(11,026)	1,211	7,879	(114,742)
Prototypes	(147,051)	-	(4,336)	5,881	(29,576)	3,726	237	(171,119)
Advances on copyrights	(5,165)	-	-	18	(672)	399	116	(5,304)
Audiovisual rights	(6,056)	-	-	(69)	-	-	6,125	-
Other intangible assets	(38,610)	-	(85)	867	(1,247)	1,040	16,303	(21,732)
Total accumulated amortization	**(309,885)**	**-**	**(4,849)**	**7,322**	**(42,521)**	**6,376**	**30,660**	**(312,897)**
Impairment losses:								
Computer software	(4,652)	-	-	-	(430)	261	-	(4,821)
Prototypes	(1,376)	-	(53)	59	(2,933)	2,203	330	(1,770)
Advances on copyrights	(654)	-	(2)	15	(128)	25	-	(744)
Other intangible assets	(891)	-	-	-	(1,214)	715	909	(481)
Total impairment losses	**(7,573)**	**-**	**(55)**	**74**	**(4,705)**	**3,204**	**1,239**	**(7,816)**
Net intangible assets	**111,244**	**-**	**420**	**(681)**	**6,378**	**(679)**	**(2,113)**	**114,569**
Cost of intangible assets in lease:								
Other intangible assets	-	9,118	-	-	5,709	(553)	-	14,274
Total cost of intangible assets in lease	**-**	**9,118**	**-**	**-**	**5,709**	**(553)**	**-**	**14,274**
Accumulated amortization of intangible assets in lease:								
Other intangible assets	-	-	-	7	(4,395)	553	-	(3,835)
Total accumulated amortization of intangible assets in lease	**-**	**-**	**-**	**7**	**(4,395)**	**553**	**-**	**(3,835)**
Net intangible assets in lease	**-**	**9,118**	**-**	**7**	**1,314**	**-**	**-**	**10,439**
TOTAL NET INTAGIBLE ASSETS	**111,244**	**9,118**	**420**	**(674)**	**7,692**	**(679)**	**(2,113)**	**125,008**

2018-

The changes in 2018 in *"Intangible assets"* in the consolidated balance sheet were as follows:

	Thousands of euros							
	Balance at 12/31/2017	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	Balance at 12/31/2018
Cost:								
Computer software	136,689	10,320	(10,836)	(28)	11,585	(4,649)	33	143,114
Prototypes	210,138	35,787	(36,529)	-	34,171	(40,796)	-	202,771
Advances on copyrights	7,659	32	(224)	-	1,170	(730)	(303)	7,604
Audiovisual rights	5,527	-	(4)	-	-	-	533	6,056
Other intangible assets	93,725	2,943	(5,199)	(19,702)	626	(3,109)	(127)	69,157
Total cost	**453,738**	**49,082**	**(52,792)**	**(19,730)**	**47,552**	**(49,284)**	**136**	**428,702**
Accumulated amortization:								
Computer software	(107,337)	(10,173)	10,428	26	(10,886)	4,414	525	(113,003)
Prototypes	(155,442)	(35,132)	33,220	-	(28,150)	38,297	156	(147,051)
Advances on copyrights	(5,444)	-	119	-	(366)	177	349	(5,165)
Audiovisual rights	(5,527)	-	4	-	(533)	-	-	(6,056)
Other intangible assets	(40,709)	(2,938)	4,203	408	(1,781)	2,230	(23)	(38,610)
Total accumulated amortization	**(314,459)**	**(48,243)**	**47,974**	**434**	**(41,716)**	**45,118**	**1,007**	**(309,885)**
Impairment losses:								
Computer software	(4,454)	-	(1)	-	(101)	150	(246)	(4,652)
Prototypes	(1,446)	7	77	-	(597)	712	(129)	(1,376)
Advances on copyrights	(669)	(5)	41	-	(70)	50	(1)	(654)
Other intangible assets	(17,245)	-	1	15,824	(1,071)	1,574	26	(891)
Total impairment losses	**(23,814)**	**2**	**118**	**15,824**	**(1,839)**	**2,486**	**(350)**	**(7,573)**
Net intangible assets	**115,465**	**841**	**(4,700)**	**(3,472)**	**3,997**	**(1,680)**	**793**	**111,244**

Monetary adjustment and translation adjustment-

The column *"Monetary adjustment"* includes the effect of hyperinflation in Argentina y Venezuela in 2019 and 2018. Furthermore, the column *"Translation adjustment"* includes the impact of exchange rates variation in Latin America, highlighting the contribution in 2019 of Brazil, Chile, Argentina and Venezuela (Brazil, Chile, Argentina and Venezuela in 2018).

Changes in scope of consolidation-

In 2018, the column *"Changes in scope of consolidation"* mainly included intangible assets of GLR Southern California, LLC. and W3 Comm Inmobiliaria, S.A. de C.V., companies sold in July 2018.

Additions-

The most significant additions in 2019 were as follows:

- *"Prototypes,"* amounting to EUR 37,855 thousand (EUR 34,171 thousand in 2018), relating to new prototypes for the publication of books at Grupo Santillana, mainly in Brazil and in Spain.

- *"Computer software,"* amounting to EUR 14,494 thousand (EUR 11,585 thousand in 2018), relating to the computer software acquired and/or developed by third parties for Group companies, mainly in Santillana, Prisa Noticias and Radio Spain.

Additions includes the investments of Media Capital up to August 31, 2019 amounting to EUR 385 thousand, the date when the intangible assets of Media Capital were reclassified in the section '*Non-current assets held for sale*' on the consolidated balance sheet, as described in notes 1b and 10. These additions as of December 31, 2019 amounted to EUR 617 thousand.

Disposals-

Grupo Santillana derecognized, in 2019, EUR 3,726 thousand of fully depreciated prototypes (December 31, 2018: EUR 37,860 thousand).

Additionally, in 2019 and 2018, the different business segments derecognized fully depreciated or impairment computer software.

Transfers-

In 2019, the *"transfer"* column includes the balances of property, plant and equipment of Grupo Media Capital as of August 31, 2019, the date when the assets of Grupo Media Capital were reclassified to *"Non-current assets held for sale"* as described in notes 1b and 10.

The intangible asset has been increased in 2019 due to the activation of the leases of administrative concessions of Radio, for a net amount at December 31, 2019 of EUR 10,439 thousand.

The intangible asset amortization expense recorded in 2019 totalled EUR 46,053 thousand (EUR 41,716 thousand in 2018), of which EUR 4,395 thousand corresponding to the amortization of intangible assets held under leases.

"Other intangible assets" includes administrative concessions acquired amounting to EUR 26,281 thousand (December 31, 2018: EUR 26,807 thousand), which are considered to be intangible assets with indefinite useful lives because it is highly probable that they will be renewed and the related costs are not material.

At the end of each reporting period, the residual useful life of these concessions is analyzed in order to ensure that it continues to be indefinite; if this is not the case, the concessions are amortized.

At December 31, 2019, the Prisa Group's assets included fully amortized intangible assets amounting to EUR 219,234 thousand (December 31, 2018: EUR 212,618 thousand).

There are no restrictions on holding title to the intangible assets other than those indicated in *note 12b.*

There are no future relevant intangible asset purchase commitments other than those indicated in *note 25.*

8) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2019-

The changes in 2019 in *"Investments accounted for using the equity method"* in the consolidated balance sheet were as follows:

	Thousands of euros						
	Balance at 12/31/2018	Translation adjustment	Changes in scope of consolidation	Share of results / Impairment losses	Transfers	Disposals/ Dividens	Balance at 12/31/2019
Investments accounted for using the equity method:							
Sistema Radiópolis, S.A. de C.V.	40,701	2,460	-	3,468	-	(5)	46,624
Other companies	2,376	(87)	53	(791)	579	(43)	2,087
Total	**43,077**	**2,373**	**53**	**2,677**	**579**	**(48)**	**48,711**

During 2019, changes in "*Investments accounted for using the equity method*" in the accompanying consolidated balance sheets, is mainly due to the equity in Sistema Radiópolis, S.A. de C.V. profits amounting to EUR 3,468 thousand and to the exchange rate effect.

2018-

The changes in 2018 in *"Investments accounted for using the equity method"* in the consolidated balance sheet were as follows:

	Thousands of euros						
	Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Share of results / Impairment losses	Transfers	Disposals/ Dividens	Balance at 12/31/2018
Investments accounted for using the equity method:							
Sistema Radiópolis, S.A. de C.V.	34,243	1,714	-	5,044	-	(300)	40,701
Other companies	3,004	(181)	(692)	(1,214)	1,567	(108)	2,376
Total	**37,247**	**1,533**	**(692)**	**3,830**	**1,567**	**(408)**	**43,077**

During 2018, changes in "*Investments accounted for using the equity method*" in the accompanying consolidated balance sheets, is mainly due to the equity in Sistema Radiópolis, S.A. de C.V. profits amounting to EUR 5,044 thousand and to the exchange rate effect.

At December 31, 2019 and at December 31, 2018, the Group had ownership interests in companies accounted for using the equity method, the net negative value of which is recognized under *"Long-term provisions" (see note 13)*.

9) CURRENT ASSETS AND LIABILITIES

a) Inventories

The detail of *"Inventories,"* in thousands of euros, at December 31, 2019 and at December 31, 2018, is as follows:

	12/31/2019			12/31/2018		
	Cost	Write-downs	**Carrying amount**	Cost	Write-downs	**Carrying amount**
Finished goods	95,599	(30,673)	**64,926**	164,928	(27,531)	**137,397**
Work in progress	3,652	-	**3,652**	374	-	**374**
Raw materials and other supplies	16,700	(855)	**15,845**	14,539	(1,965)	**12,574**
Total	**115,951**	**(31,528)**	**84,423**	**179,841**	**(29,496)**	**150,345**

At December 31, 2019, *"Finished goods"* includes publications amounting to a net EUR 64,075 thousand (2018: EUR 57,702 thousand). *"Raw materials and other supplies"* includes mainly paper.

At December 31, 2019, audiovisual rights of Media Capital are classified as "*Assets classified as held for sale*" for a net amount of EUR 78,604 thousand *(see note 10)*. In 2018 these rights amounted to EUR 79,282 thousand and were classified under this heading.

b) Trade and other receivables

The detail of the changes in 2019 and 2018 in *"Trade and other receivables- Allowances"* is as follows:

Thousands of euros					
Balance at 12/31/2018	Translation adjustment	Charge for the year/Excess	Amounts used	Transfers	Balance at 12/31/2019
67,025	187	2,936	(5,106)	(3,678)	61,364

Thousands of euros						
Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Charge for the year/Excess	Amounts used	Transfers	Balance at 12/31/2018
55,537	(1,991)	(1,336)	18,982	(3,289)	(878)	67,025

The impact of IFRS 9 entails an allowance for a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sale by customer type. The impact of applying IFRS 9 led to an increase in the item "*Trade receivables and other receivables- Provisions*" of EUR 6.7 million on January 1, 2018, included in the "*Change for the year/Excesses*" column. The rest of the allowance amount corresponds to the recognition of the expected credit loss throughout the lifetime of trade receivables at December 31, 2018.

The most significant heading included in *"Trade and other receivables"* is *"Trade receivables for sale and services"* amounting to EUR 316,524 thousand, net of allowance at December 31, 2019 (EUR 308,962 at December 31, 2018). The details of the aging of this amount is as follows:

	Thousands of euros	
	Balance at 12/31/2019	Balance at 12/31/2018
0-3 months	293,117	277,188
3-6 months	14,868	13,439
6 months - 1 year	7,680	15,703
1 year- 3 years	745	2,144
More than 3 years	114	488
Total	**316,524**	**308,962**

c) Cash and cash equivalents

The balance of the heading "*Cash and cash equivalents*" in the accompanying consolidated balance sheet to December 31, 2019 amounts to EUR 166,580 thousand (EUR 295,093 thousand at December 31, 2018). This amount included approximately EUR 81,000 thousand belong to companies of Radio and Education segments located in Latin America. It also includes EUR 10,000 thousand received under the escrow agreement related to the Vertix sales agreement described in note 1b, and that once Cofina has terminated the agreement, its availability will be subject to the conditions established in said contract.

In 2018, this amount included EUR 97,808 thousand from the capital increase of February 2018, EUR 35,658 thousand from the capital increase subscribed by International Media Group, S.á.r.l. in December 2015 and approximately EUR 74,000 thousand belong to companies of Radio and Education segments located in Latin America.

d) Other non-trade payables

The heading *"Other non-trade payables"* of the accompanying consolidated balance sheet at December 31, 2019 amounts to EUR 52,591 thousand (EUR 55,601 thousand at December 31, 2018) and mainly include remuneration payable.

e) Other current liabilities

The heading *"Other current liabilities"* of the accompanying consolidated balance sheet at December 31, 2019 amounts to EUR 35,767 thousand (EUR 32,129 thousand at December 31, 2018) and includes accrual adjustments generated by unfulfilled obligations, mainly generated in the Educational and Radio segments.

The detail of the changes in 2019 in accrual adjustments is as follows:

Thousands of euros					
Balance at 12/31/2018	Translation adjustment/ Monetary adjustment	Additions/ Disposals	Amounts used	Transfers	Balance at 12/31/2019
32,129	3,430	81,239	(78,660)	(2,371)	35,767

As of December 31, 2019, the execution obligations pending to be paid amounted to EUR 35,767 thousand, which will mainly be paid and transferred to the consolidated income statement during the year 2020 and correspond, mainly, to recorded collections or invoices issued in 2019 income will accrue throughout the following year, as the performance obligations associated with the contracts are executed.

The detail of the changes in 2018 in accrual adjustments was as follows:

Thousands of euros						
Balance at 12/31/2017	Translation adjustment/ Monetary adjustment	Changes in scope of consolidation	Additions/ Disposals	Amounts used	Transfers	Balance at 12/31/2018
25,454	(39)	(27)	132,804	(125,995)	(68)	32,129

As of December 31, 2018, the execution obligations pending to be paid amounted to EUR 32,129 thousand. Almost all of them have been paid and transferred to the consolidated income statement during the year 2019 and corresponded, mainly, to recorded collections or invoices issued in 2018 whose income has accrued throughout 2019, as the performance obligations associated with the contracts has been executed.

10) NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

As of December 31, 2019, and due to the transaction describe in note 1b, the assets and liabilities of Media Capital and Vertix are presented in the consolidated balance sheet *as "Non-current assets held for sale"* and *"Non-current liabilities linked to assets held for sale"*, to the extent that on that date the requirements established in IFRS 5 were met for the presentation as assets and liabilities held for sale.

The contribution of the aforementioned companies in each of the main balance sheet entries is as follows (in thousands of euros):

	12/31/2019
Non-current assets-	**153,924**
Property, plant, and equipment	23,015
Goodwill	117,930
Intangible assets	9,163
Other non-current assets	3,816
Current assets-	**122,865**
Inventories	78,604
Trade receivables and other receivables	41,295
Cash and cash equivalents	2,966
Total assets	**276,789**
Non-current liabilities-	**69,276**
Non-current bank borrowings	60,806
Other non-current liabilities	8,470
Current liabilities-	**92,037**
Commercial creditors	40,690
Other non-trade payables	12,025
Current bank borrowings	23,991
Public administrations	12,117
Other current liabilities	3,214
Total liabilities	**161,313**

Media Capital and Vertix are valued on the consolidated balance sheet at fair value (selling price of the transaction agreement) less costs to sell, because is less than the book value.

From the moment of classification as an non-current asset held for sale, the goodwill has been deteriorated by an additional amount of EUR 55,189 thousand, correspond to the revision of the value of the sale transaction to December 2019. Additionally the goodwill has been adjusted by the decrease in the net assets of Media Capital *(see notes 1b and 17)*.

11) EQUITY

a) Share capital

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

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

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

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

On December 31, 2019, the share capital of Prisa amounts to EUR 666,131 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of 0.94 euros, and have been fully paid up.

On December 31, 2019, the significant shareholders of Prisa, according to information published on the website of the Comisión Nacional del Mercado de Valores ("CNMV") and in some cases, information that has been provided by the shareholders to the Company, are the following:

Shareholder's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights (1)
AMBER CAPITAL UK LLP (2)	-	211,174,916	29.80%
HSBC HOLDINGS PLC (3)	-	64,263,202	9.07%
TELEFONICA, S.A.	63,986,958	-	9.03%
RUCANDIO, S.A.	-	53,938,328	7.61%
INTERNATIONAL MEDIA GROUP, S.A.R.L (4)	36,400,079	-	5.14%
GHO NETWORKS, S.A. DE CV	-	35,570,206	5.02%
INVERSORA CARSO, S.A. DE CV (5)	-	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ (6)	-	28,539,429	4.03%

The aforementioned indirect shareholding is held as follows:

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights	Total % of Voting Rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	101,837,224	14,37%
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	22,169,209	3,13%
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, S.A.R.L	87,168,483	12.30%
HSBC HOLDINGS PLC	HSBC BANK PLC	64,263,202	9.07%
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	90,456	0.01%

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights	Total % of Voting Rights
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	125,949	0.02%
RUCANDIO, S.A.	AHERLOW INVERSIONES, S.L.	53,721,923	7.58%
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	35,570,206	5.02%
INVERSORA CARSO, S.A. DE CV	CONTROL EMPRESARIAL DE CAPITALES S.A. DE CV	30,509,047	4.30%
CARLOS FERNANDEZ GONZALEZ	FCAPITAL LUX S.A.R.L.	28,539,429	4.03%

(1) The percentages of voting rights have been calculated on the total voting rights in Prisa at December 31, 2019 (i.e. 708,650,193 rights).

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

(3) HSBC Bank Plc is owned by HSBC UK Holdings Limited which, in turn, is owned by HSBC Holdings Plc.

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

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

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

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

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

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

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

Additionally, as of December 31, 2019 and according to the information that is published on the CNMV's website, the ownership of significant participations on financial instruments that have Prisa's underlying voting rights is as follows:

Shareholder's Name	Number of voting rights that may be acquired if the instrument is exercised/converted	Total % of Voting Rights
MELQART ASSET MANAGEMENT (UK) LTD (1)	18.341.219	2.59%
POLYGON EUROPEAN EQUITY OPPORTUNITTY MASTER FUND (2)	7.090.807	1,00%
HSBC HOLDINGS PLC (3)	286.000	0,04%

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

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

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

b) Share premium

The Recast Text of the Capital Companies Act no specific restriction whatever regarding the availability of the balance of this reserve.

As a result of the capital increase described above, the share premium increased in an amount of EUR 58,595 thousand. Expenses related the capital increase have been accounted as a lower amount of the share premium.

The issue premium reserve at December 31, 2019 amounts to EUR 254,180 thousand and it is totally unrestricted.

c) Reserves of parent company

Legal reserve-

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

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

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

The balance of this account at December 31, 2019 amounts to EUR 18,070 thousand, after the distribution of the result of 2018 (EUR 7,050 thousand at December 31, 2018).

Reserve for treasury shares-

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

The balance of this account at December 31, 2019 amounts to EUR 2,591 thousand (EUR 2,856 thousand at December 31, 2018).

d) Reserves for first-time application of IFRS

As a result of the first-time application of IFRSs to the Group's consolidated financial statements, certain assets and liabilities arose at January 1, 2004, the effect on equity of which is included in this account.

e) Accumulated profit – From prior years

These reserves include the results not distributed by the companies that form part of the consolidated group, minus the dividend charged to the year's income.

f) Treasury shares

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

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

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

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

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

In July 2019, the Company signed an annual liquidity contract, which is solely intended to encourage liquidity and regularity in the Company's share price, within the limits established by the Company's General Meeting and by the applicable regulations, in particular Circular 1/2017. In the framework of this contract, the Company has purchased a total of 1,143,560 shares and sold a total of 967,473, and therefore the net purchases in the 2019 financial year have been 176,087 shares and EUR 250 thousand.

g) Translation differences

The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the balance sheet items using the closing rate and the income statement items at the average exchange rate is recognized under "*Equity– Translation differences*" in the accompanying consolidated balance sheet *(see note 2d)*.

The translation differences are included in the consolidated statement of comprehensive income in the heading "*Translation differences".*

Exchange loss at December 31, 2019, amounted to EUR 49,393 thousand (December 31, 2018: exchange loss of EUR 40,918 thousand). In 2019, the most significant translation differences are generated in Colombia, Brazil, Mexico, Chile and USA by the evolution of exchange rates.

The detail, by business segment, of the exchange differences is as follows (in thousands of euros):

	12/31/2019	12/31/2018
Radio	(21,066)	(17,371)
Education	(27,554)	(23,491)
Press	(29)	19
Other	(744)	(75)
Total	**(49,393)**	**(40,918)**

h) Translation differences in accumulated profit from prior years

The accumulated profit from prior years includes the effect of the exchange rate on the eliminations of the consolidation process of companies in which their functional currency is different from the euro. These differences are included in the Consolidated Statement of Comprehensive Income, under the heading "*Translation differences.*"

The detail, by company, of the translation differences in 2019 and 2018 is as follows:

	Thousands of euros	
	12/31/2019	12/31/2018
Radio	(12,438)	(13,874)
Education	(61,514)	(58,443)
Press	519	464
Other	(560)	(669)
Total	**(73,993)**	**(72,522)**

i) Minority interest

The minority interest is the stake in the equity and income of the Group companies that are fully consolidated. The changes in this line-item in 2019 and 2018 were as follows:

	Thousands of euros						
	Balance at 12/31/2018	Translation adjustment/ Monetary adjustment	Participation in results	Changes in scope of consolidation	Dividends paid/ received	Other	Balance at 12/31/2019
Caracol, S.A.	8,300	220	1,206	-	-	1,457	11,183
Diario As, S.L.	11,945	-	1,043	-	(1,631)	(191)	11,166
GLR Chile, Ltda.	15,201	(856)	1,470	-	(651)	7	15,171
Grupo Santillana Educación Global, S.L. and subsidiaries	3,421	(74)	6,420	-	(6,362)	(3,212)	193
Grupo Media Capital, SGPS, S.A. and subsidiaries	8,139	(4)	(2,906)	-	-	-	5,229
Prisa Radio, S.A. and subsidiaries (Spain)	20,796	-	3,547	-	(2,689)	50	21,704
Other companies	6,847	276	(1,300)	47	(147)	(613)	5,110
Total	**74,649**	**(438)**	**9,480**	**47**	**(11,480)**	**(2,502)**	**69,756**

	Thousands of euros						
	Balance at 12/31/2017	Translation adjustment	Participation in results	Changes in scope of consolidation	Dividends paid/ received	Other	Balance at 12/31/2018
Caracol, S.A.	12,161	(469)	2,694	-	(5,713)	(373)	8,300
Diario As, S.L.	11,789	-	1,066	-	(687)	(223)	11,945
GLR Chile, Ltda.	16,425	(1,253)	870	-	(807)	(34)	15,201
Grupo Santillana Educación Global, S.L. and subsidiaries	7,899	(3,403)	22,668	-	(22,581)	(1,162)	3,421
Grupo Media Capital, SGPS, S.A. and subsidiaries	8,028	(9)	1,146	-	(935)	(91)	8,139
Prisa Radio, S.A. and subsidiaries (Spain)	16,628	-	3,951	-	1,578	(1,361)	20,796
Other companies	6,120	562	377	(2,252)	(1,557)	3,597	6,847
Total	**79,050**	**(4,572)**	**32,772**	**(2,252)**	**(30,702)**	**353**	**74,649**

j) Capital management policy

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

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

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

On June 29, 2018, the agreement reached with all the financial creditors of the *Override Agreement (*agreement to refinance the Group's debt signed in December 2013), to refinance and modify the terms of Prisa's current financial debt, came into effect. This agreement enables the maturity schedule of bank debt to be adapted to the cash generation profile of the Group's businesses, allowing the maturity of the 2018 and 2019 debt to be extended to 2022, with there being no repayment obligations until December 2020. Moreover, and as one of the prerequisites for the agreement coming into force, the Company paid EUR 480,000 thousand of debt with funds from the aforementioned capital increase and with the cash available to the Company.

Likewise, on March 20, 2019, the Company agreed to carry out a capital increase amounting to EUR 199,824 thousand, which was fully subscribed in April 2019 (*see note 11*). This capital increase has been used to partially fund the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. *(see note 3).*

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

12) NON- CURRENT FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial investments

The breakdown by category of financial investments of the Group at December 31, 2019 and 2018 is as follows:

2019 –

	Thousands of euros		
	Non-current financial assets at amortized cost		
	Loans and receivables	Other financial assets at amortized cost	**Total**
Other financial assets	9,411	11,254	20,665
Non-current financial investments	**9,411**	**11,254**	**20,665**
Other financial assets	989	3,751	4,740
Current financial investments	**989**	**3,751**	**4,740**
Total	**10,400**	**15,005**	**25,405**

2018 –

	Thousands of euros			
	Financial assets at fair value with changes in other comprehensive income	Non-current financial assets at amortized cost		
		Loans and receivables	Other financial assets at amortized cost	**Total**
Equity instruments	577	-	-	577
Other financial assets	-	13,554	10,480	24,034
Non-current financial investments	**577**	**13,554**	**10,480**	**24,611**
Other financial assets	-	4,284	20,652	24,936
Current financial investments	**-**	**4,284**	**20,652**	**24,936**
Total	**577**	**17,838**	**31,132**	**49,547**

In 2019, the decrease in current financial investments is due mainly to the use of the deposit of EUR 15,000 thousand to settle the unfavourable outcome of the dispute with Mediapro *(see note 26)* and to the payment of the outstanding balances from the sale of Bidasoa Press, S.L. and the assets of Santillana USA Publishing Co. Inc. in 2018.

In 2018, the increase in the current financial investments is mainly due to the increase in loans to affiliated companies due to changes in the scope and method of consolidation, as well as receivables from the sale of Bidasoa Press, S.L. and from the assets of Santillana USA Publishing Co. Inc.

Non-current financial assets

The changes in *"Non-current financial assets"* in the consolidated balance sheet in 2019 by type of transaction were as follows:

	Thousands of euros				
	Balance at 12/31/2018	Translation / monetary adjustment	Additions / allowance	Disposals / Transfers	Balance at 12/31/2019
Financial assets at amortized cost	**24,034**	**(126)**	**(564)**	**(2,679)**	**20,665**
Loans and receivables	*13,554*	*(252)*	*(1,341)*	*(2,550)*	*9,411*
-Loans to associates	35,194	170	666	2,704	38,734
-Long-term loans to third parties	8,501	(358)	2	(5,895)	2,250
-Allowance	(30,141)	(64)	(2,009)	641	(31,573)
Other financial assets at amortized cost	*10,480*	*126*	*777*	*(129)*	*11,254*
- Non-controlling equity interests	5,916	-	266	(55)	6,127
- Other financial assets at amortized cost	9,860	126	673	(72)	10,587
- Allowance	(5,296)	-	(162)	(2)	(5,460)
Financial assets at fair value with changes in other comprehensive income	**577**	**-**	**-**	**(577)**	**-**
Other non-current financial assets at fair value	*577*	-	-	*(577)*	-
Total	**24,611**	**(126)**	**(564)**	**(3,256)**	**20,665**

The variation in the heading *"Loans and receivable" in 2018* is mainly due to the short-term transfer of the account receivable derived from the sale of radio companies in the USA by GLR Services, Inc in 2018 for the amount of EUR 2,968 thousand.

The changes in *"Non-current financial assets"* in the consolidated balance sheet in 2018 by type of transaction were as follows:

	Thousands of euros					
	Balance at 12/31/2017	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	Balance at 12/31/2018
Financial assets at amortized cost	**24,581**	**(77)**	**(693)**	**4,193**	**(3,970)**	**24,034**
Loans and receivables	*10,937*	*16*	*(693)*	*3,509*	*(215)*	*13,554*
-Loans to associates	35,479	352	(693)	953	(897)	35,194
-Long-term loans to third parties	5,272	160	-	3,284	(215)	8,501
-Allowance	(29,814)	(496)	-	(728)	897	(30,141)
Other financial assets at amortized cost	*13,644*	*(93)*	-	*684*	*(3,755)*	*1,.480*
- Non-controlling equity interests	5,921	(1)	-	-	(4)	5,916
- Other financial assets at amortized cost	13,023	(92)	-	684	(3,755)	9,860
- Allowance	(5,300)	-	-	-	4	(5,296)
Financial assets at fair value with changes in other comprehensive income	**986**	**-**	**-**	**-**	**(409)**	**577**
Other non-current financial assets at fair value	*986*	-	-	-	*(409)*	*577*
Total	**25,567**	**(77)**	**(693)**	**4,193**	**(4,379)**	**24,611**

The variation in the item "*Loans and receivables*" was mainly due to the long-term receivables from the sale of the radio companies in the USA by GLR Services, Inc.

The decrease in the item "*Other financial assets at amortised cost*" was a result of the decrease in finances associated with the institutional sale of Chile.

The carrying amount of the financial assets does not vary significantly from their fair value.

b) Financial liabilities

The breakdown by category of financial liabilities at December 31, 2019 and 2018 is as follows:

	Thousands of euros	
	12/31/2019	12/31/2018
Bank borrowings	1,164,869	1,149,661
Financial liabilities for leases	117,006	-
Other financial liabilities	201	125,703
Non-current financial liabilities	**1,282,076**	**1,275,364**
Bank borrowings	50,188	76,121
Financial liabilities for leases	23,675	-
Other financial liabilities	70	58,643
Current financial liabilities	**73,933**	**134,764**
Total	**1,356,009**	**1,410,128**

Bank borrowings

The detail, in thousands of euros, of the bank borrowings at December 31, 2019, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranche 2)	November 2022	991,512	15,000	976,512
Syndicated loan Prisa (Tranche 3)	December 2022	161,080	-	161,080
Super Senior credit facility	2022	116,500	-	36,500
Credit facilities	2020	50,300	20,185	-
Loans	2020-2023	13,384	8,155	2,872
Finance leases, interest and other	2020-2023	12,154	6,848	5,305
Fair value in financial instruments	2022	-	-	(17,400)
Total		**1,344,930**	**50,188**	**1,164,869**

The detail, in thousands of euros, of the bank borrowings at December 31, 2018, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranche 2)	November 2022	956,512	-	956,512
Syndicated loan Prisa (Tranche 3)	December 2022	161,080	-	161,080
Super Senior credit facility	2022	86,500	-	-
Credit facilities	2019	69,594	17,515	-
Loans	2019-2024	105,035	45,364	49,671
Finance leases, interest and other	2019-2022	18,530	13,305	5,226
Loan arrangement costs	2019-2022	-	(63)	-
Fair value in financial instruments	2019-2022	-	-	(22,828)
Total		**1,397,251**	**76,121**	**1,149,661**

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

	Thousands of euros	
	12/31/2019	12/31/2018
Bank borrowings at beginning of year	**1,225,782**	**1,740,438**
Amortization / debt disposition (*)	69,148	(514,388)
Accrual / Cancellation of loan arrangement costs	-	17,275
Fair value in financial instruments	5,428	(22,828)
Capitalizable fixed cost (PIK)	-	7,852
Effect of foreign exchange rate changes in debt	373	(2,432)
Transfer	(86,044)	-
Others	370	(135)
Bank borrowings at end of year	**1,215,057**	**1,225,782**

(*)Movement that generates cash flow

In 2019, the transfer is a consequence of the reclassification of the bank borrowings of Media Capital under the heading "*Liabilities associated to non-current assets held for sale*" of the consolidated balance sheet as described in the notes 1b and 10.

Of the total bank borrowings at December 31, 2019, 97.42% were denominated in euros (98.45% at December 31, 2018) and the remainder in foreign currencies.

The average interest rates on the Group's bank borrowings were 4.54% in 2019 and 3.68% in 2018.

Of the total bank borrowings at December 31, 2019, 98.63% were linked to floating interest rates and the rest to fixed ones (98.01% to floating interest at December 31, 2018).

In accordance with IFRS 13, to determine the theoretical calculation of the fair value of the financial debt at December 31, 2019 we used the Euribor curve and the discount factor supplied by the financial entity and the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market (level 2 variables, estimates based on other observable market methods). The fair value of the Tranche 2 and 3 of syndicated loan, of the super senior credit facility and of the accrued interest pending to be paid, according to this calculation, would amount to EUR 1,194,197 thousand at December 31, 2019 considering a -0.39% average discount over the real principal payment obligation to the creditor entities.

Refinancing-

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

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

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

- The amount of the debt of Tranche 2 was set at EUR 956,512 thousand and the maturity of which is extended to November 2022.
- The amount of the debt of Tranche 3 was set at EUR 161,080 thousand and with a maturity that is extended to December 2022.
- The cost of the debt of Tranches 2 and 3 is referenced to the Euribor plus a negotiated margin, equal for both tranches.
- The payment schedule establishes two partial and obligatory debt repayments on December 31, 2020 and 2021 for EUR 15 and 25 million respectively, as well as additional partial amortisations in 2021 and 2022 conditioned on the cash generation of the Prisa Group.
- The financial creditors agreed that Tranche 2 is preferred over Tranche 3.
- The partial modification of the package of debt guarantees.

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

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

EUR 35,000 thousand of Tranche 2 debt, included in the Refinancing, was drawn down in September 2019 to settle the payment of the unfavourable ruling in the Mediapro dispute of March 29, 2019 *(see notes 15 and 26).* This provision replaces the guarantee issued to cover the aforementioned litigation.

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

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

The Company carried out an analysis of the conditions agreed upon in the framework of the refinancing carried out, concluding that they constituted a substantial modification of the previous conditions, for which reason the original financial liability cancelled and a new liability derived from the refinancing recognised. The initial recognition of the financial liability made at fair value of the debt. A financial income amounting to EUR 25,546 thousand recognised in "*Fair value of financial instruments*" in the accompanying consolidated income statement, for the difference between the nominal value of the debt and its fair value at the date it was initially recorded. To determine the fair value a credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market used (level 2 variables, estimates based on other observable market methods). The fair value of the Refinancing debt, according to this calculation, amount to EUR 1,092,046 thousand at June 30, 2018. All of the expenses and commissions corresponding to the financial indebtedness have been recognised in "*Financial expenses*" of the accompanying consolidated income statement.

Other aspects of debt-

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

Personal guarantees

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

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

Guarantees

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

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

Other aspects

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

Super senior credit facility -

On June 29, 2018, and within the framework of Refinancing the debt, the Company established a Super Senior credit facility for a maximum amount of up to EUR 86.5 million, of which EUR 50 million had the objective of financing the Company's operating needs. In April 2019, as a result of the acquisition of 25% of Santillana, the credit facility was increased by EUR 30 million, for a maximum amount of up to EUR 116.5 million. As of December 31, 2019, EUR 36.5 million has been draw down to finance the acquisition by Prisa Radio, S.A. of shares of 3i in treasury shares *(see section "Other financial liabilities").*

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

Credit facilities-

Under this heading are included mainly the amounts drawn down against credit lines used to finance the Prisa Group companies' operating requirements. Borrowing facilities maturing in 2020 total EUR 20,185 thousand and are recognized under *"Current bank borrowings"* on the consolidated balance sheet. The interest rate applicable to these credit facilities is Euribor or Libor plus a market spread.

Derivative financial instruments

The Prisa Group arranges derivative financial instruments with Spanish and international banks with high credit ratings.

Foreign currency derivatives-

In 2019, the Group arranged foreign currency hedges in order to mitigate exposure to exchange rate fluctuations.

In order to determine the fair value of the derivatives, the Prisa Group uses valuations provided by financial entities by applying the group's credit risk provided by an independent expert.

			Nominal value		
Company	Instrument	Expiry	Thousand of USD	Thousand of euros	Fair value (thousands of euros)
Editora Moderna LTDA (Brasil)	Forward	2020	11,943	10,667	(49)
Editora Moderna LTDA (Brasil)	Forward	2020	1,654	1,478	46
Editora Moderna LTDA (Brasil)	Forward	2020	1,645	1,469	42
Editora Moderna LTDA (Brasil)	Forward	2020	124	111	3
Editora Moderna LTDA (Brasil)	Forward	2020	109	98	2
Editora Moderna LTDA (Brasil)	Forward	2020	482	431	11
Editora Moderna LTDA (Brasil)	Forward	2020	342	305	6
			16,300	**14,558**	**62**

Analysis of sensitivity to exchange rates

The changes in the fair value of the foreign currency hedges arranged by the Prisa Group depend on fluctuations in the EUR/USD and USD/BRL exchange rates.

Following is a detail, in thousands of euros, of the sensitivity (changes in fair value) of the foreign currency hedges:

Sensitivity (before tax)	**12/31/2019**
+10% (increase in USD exchange rate)	(6)
-10% (decrease in USD exchange rate)	7

The sensitivity analysis shows that the exchange rate derivatives shows decreases in their fair value, in the event of increases in exchange rates, while in the event of decreases in exchange rates, the fair value of these derivatives would increase.

Liquidity and interest rate risk tables

The management of liquidity risk includes the detailed monitoring of the repayment schedule of the Group's borrowings and the maintenance of credit lines and other financing channels that enable it to cover foreseeable cash needs at short, medium and long term.

The table below details the liquidity analysis of the Prisa Group in 2019 in relation to its bank borrowings, which represent substantially all the non-derivative financial liabilities. The table has been prepared using the cash outflows of the contractually stipulated maturities. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2019.

Maturity	Thousands of euros	Floating euro rates
Within 6 months	58,881	0.00%
From 6 to 12 months	31,759	0.00%
From 1 to 3 years	1,370,133	0.00%
From 3 to 5 years	-	0.00%
After 5 years	-	0.00%
Total	**1,460,773**	

Fair value of financial instruments: applicable valuation techniques and assumptions for measuring fair value

The financial instruments are grouped together on three levels based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: those determinable on the basis of valuation techniques, which include inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Prisa Group's derivatives are classified as level-2 derivatives. Likewise, the medium-term incentive plan described in note 15 is classified as level 1 and 3.

Financial liabilities for leases

The application of IFRS 16 Leases has resulted in an addition of the financial liabilities associated with the leases, amounting at December 31, 2019 to EUR 117,006 thousand in the long term and EUR 23,675 thousand in the short term *(see note 2a).*

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

Maturity	Thousands of euros
Within 6 months	10,918
From 6 to 12 months	12,757
From 1 to 3 years	35,493
From 3 to 5 years	24,526
After 5 years	56,987
Total	**140,681**

In 2019, the payment associated with financial liabilities for leases amounts to EUR 32.4 million, included in *"Other cash flow from financing activities"* of the consolidated statement of cash flow.

Other financial liabilities

"Other financial liabilities" mainly included in 2018 a financial liability for the obligation to pay a preferential dividend in an annual minimum amount of USD 25.8 million to DLJ for its stake in 25% of Grupo Santillana Educación Global, S.L.

As a result of the purchase of shares of Grupo Santillana Educación Global, S.L. described in *note 3- Other significant operations* have been written off the non-current financial liabilities amounting to EUR 127,749 thousand (EUR 125,450 thousand as of December 31, 2018), as well as the current financial liabilities amounting to EUR 22,581 thousands registered for the preferred dividend to DLJ accrued during the year 2018 and paid at the time of the operation, together with the preferred dividend accrued during the year 2019 until the date of the transaction.

Likewise, the heading *"Current financial liabilities"* included the commitments derived from the agreement reached in November 2013 by Prisa Radio, S.A. with 3i Group plc for the acquisition by Prisa Radio, S.A. of the shares of 3i Group plc in treasury stock, which have been written off after the execution of the acquisition of the shares on February 27, 2019 amounting to EUR 35,987 thousand. This acquisition was financed with the Super Senior credit facility *(see section "Super senior credit facility").*

13) LONG-TERM PROVISIONS

The changes in 2019 in "*Long-term provisions*" were as follows:

	Thousands of euros						
	Balance at 12/31/2018	Translation adjustment	Changes in scope of consolidation	Charge for the year	Amounts used /Disposals	Transfers	Balance at 12/31/2019
For taxes	8,698	-	-	262	(270)	(5,306)	3,384
For indemnities	5,425	(9)	-	1,113	(2,468)	-	4,061
For third-party liability and other	14,444	(19)	(209)	4,342	(3,960)	96	14,694
Total	**28,567**	**(28)**	**(209)**	**5,717**	**(6,698)**	**(5,210)**	**22,139**

The changes in 2018 in "*Long-term provisions*" were as follows:

	Thousands of euros						
	Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Charge for the year	Amounts used /Disposals	Transfers	Balance at 12/31/2018
For taxes	22,133	2	(6)	2,852	(16,263)	(20)	8,698
For indemnities	7,025	(93)	-	1,126	(2,691)	58	5,425
For third-party liability and other	15,647	(1,020)	-	5,003	(4,246)	(940)	14,444
Total	**44,805**	**(1,111)**	**(6)**	**8,981**	**(23,200)**	**(902)**	**28,567**

In 2019, the *"Transfers"* column includes EUR 5,800 thousand for the balance of the long-term provisions of Media Capital as of August 31, 2019, the date on which the company's liabilities were reclassified under *"Liabilities associated with assets classified as held for sale"* in the consolidated balance sheet, as described in notes 1b and 10.

The *"Provision for taxes"* relates to the estimated amount of tax debts arising from the tax audit carried out at various Group companies.

In 2018, the "*Provision for taxes*" entry mainly corresponded to the reversion of the provision for taxes since the procedures covered by it were completed without the occurrence of the risks associated with it, and the allowance included the projection of the concepts that were formalised by the audit in the verification procedure finalised in 2018 *(see note 19*).

The *"Provision for indemnities"* includes the provision booked in the previous years to record the probable or certain responsibilities arising from workers' compensation to terminate their labor relations *(see note 15)*. In 2019, the Group booked an additional provision for this item of EUR 1,113 thousand (December 31, 2018: EUR 1,126 thousand), has used EUR 2,001 thousand (December 31, 2018: EUR 1,055 thousand) as a result of indemnity payments and commercial paper issuances and has reversed EUR 467 thousands (December 31, 2018: 1,636 thousand). The Group expects to use this provision in the next two years.

The *"Provision for third-party liability and other"* relates to the estimated amount required to meet possible claims and litigation brought against Group companies. At December 31, 2019, the Group had ownership interests in companies accounted for using the equity method, the negative net value of which is recognized under *"Long-term provisions"* in the accompanying consolidated balance sheet, the detail being as follows *(see note 8)*:

	Thousands of euros
WSUA Broadcasting Corporation	1,249
Green Emerald Business, Inc.	2,878
Other	2,566
Total	**6,693**

In view of the nature of the contingencies covered by these provisions, it is not possible to determine a reasonable payment schedule, if indeed there is one, or their financial effect. However, the Prisa Group's legal advisers and directors consider that the outcome of these procedures and claims will not have a significant effect on the consolidated financial statements for the years in which they come to an end additional to the amount provisioned in the accounting records.

14) OPERATING INCOME

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

	Thousands of euros	
	2019	2018
Advertising sales	351,868	359,190
Sales of books and training	615,712	578,718
Newspaper and magazine sales	61,190	68,267
Sales of add-ons and collections	11,538	9,815
Sale of audiovisual rights and programs	-	2,192
Intermediation services	5,648	10,563
Other services	19,393	36,574
Revenue	**1,065,349**	**1,065,319**
Income from non-current assets	10,442	19,536
Other income	19,759	13,782
Other income	**30,201**	**33,318**
Total operating income	**1,095,550**	**1,098,637**

The most significant exchange transactions occurred under *"Advertising sales"* and the most significant segment was Radio, whose exchanges with third parties amounted to EUR 3,161 thousand in 2019 (December 31, 2018: EUR 3,191 thousand).

In 2019, the heading "*Income from non-current assets*" mainly includes the profit from the sale of Radio Chile frequencies in the amount of EUR 4,850 thousand and the result of leaseback of the Moderna building, owned to Santillana Administraçao de Bens Própios, Ltda., amounting to EUR 3,649 thousand.

In 2018, this heading included the result of the sale of certain assets of Santillana USA Publishing Co. Inc., which generated a profit of EUR 7,127 thousand, as well as an income of the sale of building owned by Santillana in Argentina amounting to EUR 6,249 thousand.

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

	Advertising sales and sponsorship		Sales of books and training		Newspaper and magazine sales		Sale of audiovisual rights and programs		Others		Total operating income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Europe	**270,174**	**271,830**	**133,547**	**114,625**	**60,067**	**67,012**	**-**	**2,192**	**48,706**	**61,049**	**512,494**	**516,708**
Spain	270,174	271,830	129,382	110,993	60,067	67,012	-	2,192	48,635	61,004	508,258	513,031
Rest of Europe	-	-	4,165	3,632	-	-	-	-	71	45	4,236	3,677
America	**81,694**	**87,360**	**482,165**	**464,093**	**1,123**	**1,255**	**-**	**-**	**18,074**	**29,221**	**583,056**	**581,929**
Colombia	53,237	55,486	35,272	32,241	-	-	-	-	3,203	6,815	91,712	94,542
Brazil	-	55	192,311	168,688	-	-	-	-	2,748	2,502	195,059	171,245
Mexico	876	1,040	87,990	81,449	940	926	-	-	1,058	1,523	90,864	84,938
Chile	21,065	23,699	27,739	31,751	-	87	-	-	5,686	785	5,490	56,322
Rest of America	6,516	7,080	138,853	149,964	183	242	-	-	5,379	17,596	150,931	174,882
TOTAL	351,868	359,190	615,712	578,718	61,190	68,267	-	2,192	66,780	90,270	1,095,550	1,098,637

The following table shows the breakdown of the Group's incomes by type of client (thousands of euros):

	2019	2018
Advertising sales and sponsorship	**351,868**	**359,190**
Digital	70,121	65,960
Non digital	281,747	293,230
Sales of books and training	**615,712**	**578,718**
Public sales	131,221	121,057
Learning system	142,294	125,794
Private sales	342,197	331,867
Newspaper and magazine sales	**61,190**	**68,267**
Sale in newsstand	54,377	58,110
Rest	6,813	10,157
Sale of audiovisual rights and programs	**-**	**2,192**
Others	**66,780**	**90,270**
TOTAL	1,095,550	1,098,637

The breakdown of the balances from Group contracts affected by IFRS 15 is as follows:

	Thousands of euros	
	2019	2018
Trade and other receivables (*see note 9b)*	373,339	370,021
Allowances	(56,814)	(61,059)
Other current liabilities- performance obligations pending to satisfied (*see note 9e*)	35,767	32,129

15) OPERATING EXPENSES

Staff costs

The detail of staff costs is as follows:

	Thousands of euros	
	2019	2018
Wages and salaries	263,973	254,267
Employee benefit costs	53,332	50,316
Termination benefits	10,615	24,571
Other employee benefit costs	14,655	13,265
Total	**342,575**	**342,419**

The expense for compensation in the years 2019 and 2018 is mainly due to the adaptation of the workforce to digital environments in media businesses and the renewal of profiles based on the needs of the businesses.

The average number of employees of the Group and the number of employees at December 2019 and 2018, by professional categories, was as follows:

	2019		2018	
	Average	Final	Average	Final
Executives	356	367	370	365
Middle management	1,121	1,140	1,126	1,095
Other employees	7,232	7,444	7,042	7,020
Total	**8,709**	**8,951**	**8,538**	**8,480**

The breakdown of the average number of employees, by gender, was as follows:

	2019		2018	
	Women	Men	Women	Men
Executives	118	238	110	260
Middle management	487	634	485	641
Other employees	3,445	3,787	3,268	3,774
Total	**4,050**	**4,659**	**3,863**	**4,675**

The breakdown of the number of employees, by gender, was as follows:

	2019		2018	
	Women	Men	Women	Men
Executives	127	240	110	255
Middle management	500	640	474	621
Other employees	3,546	3,898	3,316	3,704
Total	**4,173**	**4,778**	**3,900**	**4,580**

During 2019 the average number of employees with a disability greater than or equal to 33% was 32 (37 during 2018).

The previous employee figures included staff at Media Capital, and expenditure on personnel is included under *"Result after tax from discontinued operations"* in the accompanying consolidated income statement *(see notes 1b and 17).*

The breakdown of the Media Capital workforce was as follows:

	2019		2018	
	Average	Final	Average	Final
Executives	51	53	55	54
Middle management	51	51	46	50
Other employees	952	1,019	921	971
Total	**1,054**	**1,123**	**1,022**	**1,075**

The breakdown of the average workforce, by gender, at Media Capital was as follows:

	2019		2018	
	Women	Men	Women	Men
Executives	11	40	13	42
Middle management	20	31	18	28
Other employees	391	561	384	537
Total	**422**	**632**	**415**	**607**

The breakdown of the final workforce, by gender, at Media Capital was as follows:

	2019		2018	
	Women	Men	Women	Men
Executives	13	40	12	42
Middle management	20	31	20	30
Other employees	433	586	409	562
Total	**466**	**657**	**441**	**634**

Transactions with payments based on equity instruments

Medium-Term Incentive Plan for the period between 2018 and 2020:

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

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

- The fair value of the "theoretical shares" linked to the performance of the stock exchange value of Prisa shares was determined using a known statistical model in accounting practices on the date of measurement, which supposed a unit value of EUR 1.03246 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, is 5,600,000.

- The fair value of the "theoretical shares" linked to the achievement of certain quantitative targets was determined by the market price of the share on the date of measurement (considering the dividends expected during the Plan period), which supposed a unit value of EUR 1.616 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, amounts to an additional 5,600,000.

The expense corresponding to 2019 is EUR 4,906 thousand (EUR 2,531 thousand in 2018) and is recorded in the personnel expenses item of the consolidated income statement, with no effect on the net equity of the Group, as it is a transaction settled with equity instruments, which implies an increase in the consolidated net equity for the same amount.

Outside services

The detail of outside services in 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Independent professional services	82,659	98,711
Leases and fees	7,238	50,542
Advertising	40,298	38,875
Intellectual property	26,019	28,400
Transport	27,735	32,771
Other outside services	192,694	136,417
Total	**376,643**	**385,716**

The heading "*Other external services*" includes the expense derived from the unfavorable court order in the conflict with Mediapro dated March 29, 2019 for an amount of EUR 51,036 thousand *(see note 26).*

Additionally, this heading includes an expense of EUR 240 thousand corresponding to the liability insurance of executives and directors (EUR 232 thousand in 2018).

The heading "*Leases and fees*" mainly includes those leases of low value assets, as well, other fees (canon) of Santillana.

Fees paid to auditors

The fees for financial audit services relating to the 2019 financial statements of the various companies composing the Prisa Group and subsidiaries provided by Deloitte, S.L. and by other entities related to the auditor amounted to EUR 1,607 thousand (2018: EUR 1,600 thousand), of which EUR 297 thousand relate to Prisa (2018: EUR: 294 thousand). Also, the fees relating to other auditors involved in the 2019 audit of the various Group companies amounted to EUR 253 thousand (2018: EUR 257 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor, and fees paid in this connection to other auditors participating in the audit of the various Group companies are as follows (in thousands of euros):

	2019		2018	
	Principal auditor	Other audit firms	Principal auditor	Other audit firms
Other verification services	861	96	622	60
Tax advisory services	30	500	71	569
Other services	8	775	63	1,073
Other professional services	**899**	**1,371**	**756**	**1,702**

Fees for professional services provided to Group companies by the auditing firms are registered under *"Outside services"* in the accompanying consolidated income statement, except for those related to Media Capital Group amounting to EUR 530 thousand (2018: EUR 395 thousand), which are registered under "*Result after tax from discontinued operations*" (*see note 17*).

Change in allowances, write-downs and provisions

The detail of the change in allowances, write-downs and provisions is as follows:

	Thousands of euros	
	2019	2018
Change in operating allowances	3,576	13,485
Change in inventory write-downs	9,726	5,647
Change in provision for sales returns	1,672	1,042
Total	**14,974**	**20,174**

16) FINANCIAL LOSS

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

	Thousands of euros	
	2019	2018
Income from current financial assets	1,100	690
Income from equity investments	174	125
Other finance income	2,316	5,458
Finance income	**3,590**	**6,273**
Interest on debt	(57,708)	(50,297)
Adjustments for inflation	1,730	(5,827)
Loan arrangement costs	-	(41,891)
Other finance costs	(20,623)	(6,960)
Finance costs	**(76,601)**	**(104,975)**
Exchange gains	47,775	50,155
Exchange losses	(51,900)	(56,889)
Exchange differences (net)	**(4,125)**	**(6,734)**
Change in fair value of financial instruments	**(5,439)**	**22,814**
Financial loss	**(82,575)**	**(82,622)**

As of December 31, 2019, the heading "*Other finance costs*" includes EUR 8,130 thousand for the effect of updating the financial liability associated with the lease agreements *(see note 2a).*

In 2018 the item "*Loan arrangement expenses*" included, in addition to the expenses and fees corresponding to the previous financial indebtedness pending allocation, those corresponding to the expenses associated with the 2018 Refinancing (*see note 12b*).

As of December 31, 2019 the heading "*Change in fair value of financial instruments*" includes the financial expense accrued in 2019 due to the transfer to the consolidated income statement of the difference between the amount in the initial registration date of the debt associated to the Refinancing and its nominal amount along the duration of the debt, using the effective interest method. In 2018, the financial income corresponded to the difference between the nominal value of the Refinancing debt and its fair value at the initial registration date (*see note 12b*).

17) RESUL AFTER TAX FROM DISCONTINUED OPERATIONS

As of December 31, 2019, the headline *"Result after tax from discontinued operations"* includes the following items, associated with Media Capital as described in notes 1b and 10:

- Impairment of the goodwill for the loss resulting from the valuation of Vertix and Media Capital at the price of the sale agreement (less costs to sale) of September 2019 for an amount of EUR 76,379 thousand *(see note 6).*
- The recording of an additional impairment from the revision of the value of the transaction as of December 31, 2019, for EUR 55,189 thousand *(see notes 1b and 10).*
- The contribution of the result of Media Capital to the results of the Group during the year 2019, for a negative amount of EUR 54,064 thousand, offset by the positive effect of the decrease in the net assets of Media Capital from the moment of acceptance of the

binding offer amounting to EUR 57,485 thousand, due to, mainly, to the impairment of the goodwill included in its consolidated financial statements (*see note 10*).

For comparison purposes, the results of Media Capital as of December 31, 2018 have been reclassified in this section. The breakdown is as follows:

(Thousand of euros)	2019	2018
Operating income-	**164,965**	**181,651**
Revenue	163,236	180,797
Other income	1,729	854
Operating expenses-	**(214,399)**	**(147,245)**
Cost of materials used	(23,094)	(22,652)
Staff costs	(42,875)	(40,995)
Depreciation and amortisation charge	(9,651)	(6,632)
Outside services	(81,432)	(76,489)
Change in allowances, write-downs and provisions	(5)	(477)
Impairment of goodwill	(57,342)	-
Profit from operations	**(49,434)**	**34,406**
Financial loss	(2,249)	(2,957)
Expense tax	(2,381)	(9,082)
Result after tax from discontinued operations	**(54,064)**	**22,367**

Additionally, in 2018 Prisa registered an impairment of goodwill of Media Capital for EUR 76,099 thousand *(see note 6)*.

18) BUSINESS SEGMENTS

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

The business segments were determined based on the Prisa Group's organizational structure at year-end 2019 considering the nature of the products and services offered, and the customer segments which they target.

The Media Capital segment has been eliminated because being presented as a discontinued operation. The information of 2018 has been modified for comparison purposes. Therefore, at December 31, 2019, Prisa's operations are divided into three main segments:

- Education, which includes primarily the sale of educational books and the services and materials related to the education systems;
- Radio, the main source of revenue from which is the broadcasting of advertising and, in addition, the organization and management of events and the provision of other supplementary services;
- Press, which groups together mainly the activities relating to the sale of newspapers and

magazines, advertising, promotions and printing. From January 1, 2019 this segment includes the central advertising services and technology services that, until December 31, 2018 were included in *"Others"* (the information of 2018 has been modified for comparison purposes).

The column *"Others"* includes Promotora de Informaciones, S.A., Promotora de Actividades América 2010, S.L., Promotora de Actividades América 2010 México, S.A. de C.V., Prisa Participadas, S.L., GLP Colombia, Ltda., Vertix, SGPS, S.A., Grupo Media Capital, SGPS, S.A., Prisa Gestión de Servicios, S.L., Promotora de Actividades Audiovisuales de Colombia, Ltda., Prisa Activos Educativos, S.L.U., Prisa Activos Radiofónicos, S.L.U., Prisa Gestión Financiera, S.L., Productora Audiovisual de Badajoz, S.A., Productora Extremeña de Televisión, S.A. y Málaga Altavisión, S.A.

Segment information about these businesses for 2019 and 2018 is presented below. The column *"Eliminations and adjustments"* mainly includes transactions between group companies:

	EDUCATION		RADIO		PRESS		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating income	**627,967**	**600,542**	**273,810**	**287,580**	**210,827**	**221,140**	**14,933**	**28,559**	**(31,987)**	**(39,184)**	**1,095,550**	**1,098,637**
- External sales	**627,122**	**599,319**	**272,005**	**287,216**	**194,068**	**203,017**	**1,225**	**7,730**	**1,130**	**1,355**	**1,095,550**	**1,098,637**
- Advertising	0	0	248,062	257,150	104,392	102,040	0	0	(586)	0	351,868	359,190
- Books and training	615,711	578,718	0	0	0	0	0	0	1	(33,292)	615,712	545,426
- Newspapers and magazines	0	0	0	0	61,190	68,267	0	0	0	0	61,190	68,267
- Sale of audiovisual rights and programs	0	0	0	0	0	0	0	2,193	0	(1)	0	2,192
- Other	11,411	20,601	23,943	30,066	28,486	32,710	1,225	5,537	1,715	34,648	66,780	123,562
- Intersegment sales	**845**	**1,223**	**1,805**	**364**	**16,759**	**18,123**	**13,708**	**20,829**	**(33,117)**	**(40,539)**	**0**	**0**
- Advertising	0	0	1,600	467	1,644	1,878	0	0	(3,244)	(2,345)	0	0
- Books and training	0	0	0	0	0	0	0	0	0	0	0	0
- Newspapers and magazines	0	0	0	0	0	0	0	0	0	0	0	0
- Sale of audiovisual rights and programs	0	0	0	0	0	0	0	2	0	(2)	0	0
- Other	845	1,223	205	(103)	15,115	16,245	13,708	20,827	(29,873)	(38,192)	0	0
Operating expenses	**(515,103)**	**(496,499)**	**(230,592)**	**(244,487)**	**(210,380)**	**(228,301)**	**(75,936)**	**(50,233)**	**31,989**	**47,901**	**(1,000,022)**	**(971,619)**
- Cost of materials used	(130,377)	(119,679)	(62)	(176)	(40,161)	(39,203)	2	(115)	385	183	(170,213)	(158,990)
- Staff costs	(153,330)	(147,894)	(103,408)	(95,863)	(73,374)	(75,297)	(12,455)	(23,492)	(8)	127	(342,575)	(342,419)
- Depreciations and amortisation charge	(58,426)	(45,639)	(17,559)	(8,152)	(9,916)	(4,788)	(1,376)	(258)	(3)	(6)	(87,280)	(58,843)
- Outside services	(154,246)	(165,714)	(107,025)	(138,628)	(84,642)	(102,857)	(61,541)	(16,318)	30,811	37,801	(376,643)	(385,716)
- Change in operating provisions	(14,839)	(15,809)	134	(1,430)	(516)	(2,811)	248	(124)	(1)	0	(14,974)	(20,174)
- Changes in valuation allowances to Group companies	0	0	0	0	(2)	0	11	(9,795)	(10)	9,795	(1)	0
- Other expenses	(3,885)	(1,764)	(2,672)	(238)	(1,769)	(3,345)	(825)	(131)	815	1	(8,336)	(5,477)
Result from operations	**112,864**	**104,043**	**43,218**	**43,093**	**447**	**(7,161)**	**(61,003)**	**(21,674)**	**2**	**8,717**	**95,528**	**127,018**
Finance income	**2,332**	**2,351**	**2,052**	**2,765**	**2,998**	**3,109**	**62,924**	**53,559**	**(66,716)**	**(29,966)**	**3,590**	**31,818**
- Interest income	1,051	1,549	1,771	2,159	2,839	2,640	14,728	8,123	(18,580)	(12,312)	1,809	2,159
- Other financial income	1,281	802	281	606	159	469	48,196	45,436	(48,136)	(17,654)	1,781	29,659
Finance costs	**(17,417)**	**(35,799)**	**(9,060)**	**(5,432)**	**(6,166)**	**(3,422)**	**(74,224)**	**(98,123)**	**24,827**	**35,070**	**(82,040)**	**(107,706)**
- Interest expenses	(8,536)	(5,922)	(2,081)	(1,603)	(3,044)	(2,402)	(62,614)	(52,796)	18,567	12,426	(57,708)	(50,297)
- Other financial expenses	(8,881)	(29,877)	(6,979)	(3,829)	(3,122)	(1,020)	(11,610)	(45,327)	6,260	22,644	(24,332)	(57,409)
Exchange differences (net)	**(3,534)**	**(5,916)**	**(563)**	**(238)**	**(144)**	**(611)**	**117**	**30**	**(1)**	**1**	**(4,125)**	**(6,734)**
Financial result	**(18,619)**	**(39,364)**	**(7,571)**	**(2,905)**	**(3,312)**	**(924)**	**(11,183)**	**(44,534)**	**(41,890)**	**5,105**	**(82,575)**	**(82,622)**
Result of companies accounted for using the equity method	0	0	3,115	4,040	(717)	(316)	(0)	1	278	105	2,676	3,830
Result before tax from continuing operations	**94,245**	**64,679**	**38,762**	**44,228**	**(3,582)**	**(8,401)**	**(72,186)**	**(66,207)**	**(41,610)**	**13,927**	**15,629**	**48,226**
Expense tax	(33,933)	(26,621)	(16,178)	(14,128)	(6,490)	(53,517)	(4,431)	(149,938)	(1)	13,135	(61,033)	(231,069)
Result from continuing operations	**60,312**	**38,058**	**22,584**	**30,100**	**(10,072)**	**(61,918)**	**(76,617)**	**(216,145)**	**(41,611)**	**27,062**	**(45,404)**	**(182,843)**
Result after tax from discontinued operations	**0**	**0**	**0**	**0**	**0**	**0**	**(131,817)**	**0**	4,403	(53,732)	**(127,414)**	**(53,732)**
Consolidated result for the year	**60,312**	**38,058**	**22,584**	**30,100**	**(10,072)**	**(61,918)**	**(208,434)**	**(216,145)**	**(37,208)**	**(26,670)**	**(172,818)**	**(236,575)**
Non-controling interests	**(58)**	**(87)**	**(1,689)**	**(2,617)**	**(863)**	**(925)**	**0**	**0**	(6,870)	(29,143)	**(9,480)**	**(32,772)**
Result atributable to the Parent	**60,254**	**37,971**	**20,895**	**27,483**	**(10,935)**	**(62,843)**	**(208,434)**	**(216,145)**	**(44,078)**	**(55,813)**	**(182,298)**	**(269,347)**

	EDUCATION		RADIO		PRESS		MEDIA CAPITAL		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
BALANCE SHEET														
Assets	**599,530**	**523,012**	**438,273**	**402,399**	**246,556**	**188,017**	**0**	**398,977**	**3,062,463**	**2,786,096**	**(2,774,658)**	**(2,637,779)**	**1,572,164**	**1,660,722**
- Non-current (except accounted for using the equity method)	226,428	194,336	244,663	198,363	87,888	37,083	0	284,889	2,362,362	2,182,380	(2,317,591)	(2,126,859)	603,750	770,192
- Investments accounted for using the equity method	0	0	52,762	46,708	47	(602)	0	0	0	0	(4,098)	(3,029)	48,711	43,077
- Current	373,102	328,676	137,009	150,264	158,621	151,536	0	114,088	589,656	603,716	(619,291)	(507,816)	639,097	840,464
- Assets classified as held for sale	0	0	3,839	7,064	0	0	0	0	110,445	0	166,322	(75)	280,606	6,989
Equity and liabilities	**599,530**	**523,012**	**438,273**	**402,399**	**246,556**	**188,017**	**0**	**398,977**	**3,062,463**	**2,786,096**	**(2,774,658)**	**(2,637,779)**	**1,572,164**	**1,660,722**
- Equity	237,911	90,385	258,148	250,708	(34,194)	(23,053)	0	248,605	1,256,582	1,103,639	(2,130,051)	(1,906,093)	(411,604)	(235,809)
- Non-current	52,391	157,163	79,511	16,615	51,915	7,449	0	52,968	1,334,692	1,291,232	(186,666)	(200,054)	1,331,843	1,325,373
- Current	309,228	275,464	97,590	132,092	228,835	203,621	0	97,404	471,189	391,225	(619,199)	(531,571)	487,643	568,235
- Liabilities classified as held for sale	0	0	3,024	2,984	0	0	0	0	0	0	161,258	(61)	164,282	2,923

The next table breaks down the cash flow statement for the continuing operations by segment in 2019 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Education	130,081	(45,821)	(95,675)	497	**(10,918)**
Radio	41,819	(35,988)	(16,057)	(53)	**(10,279)**
Press	5,608	(7,848)	(9,718)	20	**(11,938)**
Others	(55,139)	(288,105)	248,866	-	**(94,378)**
Total	**122,369**	**(377,762)**	**127,416**	**464**	**(127,513)**

The next table breaks down the cash flow statement for the continuing operations by segment in 2018 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Education	128,541	(30,600)	(52,706)	(1,414)	**43,821**
Radio	44,598	(3,719)	(3,717)	(908)	**36,254**
Press	(14,854)	(5,827)	(2,139)	44	**(22,776)**
Others	(1,964)	289	4,666	89	**3,080**
Total	**156,321**	**(39,857)**	**(53,896)**	**(2,189)**	**60,379**

The next table breaks down the cash flow statement for the discontinuing operations (generated by Media Capital) in 2019 and 2018 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Change in cash flows in the year
2019	14,423	(9,568)	(5,855)	**(1,000)**
2018	36,415	(6,123)	(13,082)	**17,210**

The detail of capex for the continuing operations in 2019 and 2018 by business segment is as follows (in thousands of euros):

	2019			2018		
	Property, plant and equipment	**Intangible assets**	**Total**	**Property, plant and equipment**	**Intangible assets**	**Total**
Education	10,741	43,276	**54,017**	10,537	39,901	**50,438**
Radio	4,940	2,425	**7,365**	3,649	1,920	**5,569**
Press	1,157	7,312	**8,469**	1,147	5,080	**6,227**
Other	296	205	**501**	132	92	**224**
Total	**17,134**	**53,218**	**70,352**	**15,465**	**46,993**	**62,458**

The table below shows a breakdown of the investments of discontinued operations, i.e. by Media Capital in 2019 and 2018 with property, plant and equipment and intangible assets (in thousands of euros):

	2019	2018
Property, plant and equipment	6,097	5,567
Intangible assets	617	559
Total	**6,714**	**6,126**

The Group's activities are located in Europe and America. Operations in Europe are carried out mainly in Spain. The activity in America develops in more than 20 countries mainly in Brazil, Mexico, Colombia and Chile.

The following table shows the breakdown of income and the result before minority interests and taxes of the Group according to the geographical distribution of the entities that originate them:

	Thousands of euros					
	Revenue		**Other income**		**Profit before tax from continuing operations**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Europe	**496,975**	**502,776**	**15,519**	**13,932**	**(81,940)**	**(47,965)**
Spain	492,811	499,145	15,447	13,886	(83,461)	(46,731)
Rest of Europe	4,164	3,631	72	46	1,521	(1,234)
America	**568,374**	**562,543**	**14,682**	**19,386**	**97,569**	**96,191**
Colombia	89,633	92,089	2,079	2,453	14,057	13,834
Brazil	193,375	170,448	1,684	797	24,088	24,982
Mexico	89,987	84,137	877	801	12,705	9,325
Chile	49,051	55,659	5,439	663	15,115	12,662
Rest of America	146,328	160,210	4,603	14,672	31,604	35,388
TOTAL	**1,065,349**	**1,065,319**	**30,201**	**33,318**	**15,629**	**48,226**

The following table shows the breakdown of assets of the Group according to the geographical distribution of the entities that originate them:

	Thousands of euros			
	Non- current assets (*)		Total assets	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Europe	**233,945**	**403,833**	**852,627**	**1,037,437**
Spain	233,787	126,990	573,595	645,701
Rest of Europe	158	276,843	279,032	391,736
America	**281,601**	**249,462**	**719,537**	**623,285**
Colombia	39,199	25,109	94,536	82,210
Brazil	91,324	85,563	274,291	210,160
Mexico	64,479	57,808	122,695	104,560
Chile	63,716	65,133	108,509	108,458
Rest of America	22,883	15,849	119,506	117,897
TOTAL	**515,546**	**653,295**	**1,572,164**	**1,660,722**

(*) Include property, plant and equipment, goodwill, intangible assets, investments accounted for using the equity method and other non-current assets.

19) TAX MATTERS

In Spain, Promotora de Informaciones, SA, is subject to the special tax consolidation regime, in accordance with the Corporate Tax Law, which is the dominant entity of the Group identified as number 2/91 and composed of all those subsidiaries *(see Annexe I)* which meet the requirements for this status by the regulations governing the taxation of consolidated profits of the Groups of Companies.

GLR Services, Inc. also files consolidated tax returns in the United States together with its subsidiaries that meet the requirements for application of this special consolidated tax regime.

Vertix, SGPS, S.A. and those subsidiaries that also meet the conditions required under Portuguese law constitute a consolidated tax group in Portugal.

The other Group subsidiaries file individual tax returns, in accordance with the tax legislation prevailing in each country.

In financial year 2019, as in prior years, certain Group companies performed or participated in corporate restructuring operations under the special tax neutrality regime. The disclosures required by the tax legislation that arises from the application of the aforementioned transactions are included in the notes to the financial statements of the related Group companies for the year in which these transactions were carried out.

Also, in prior years, several tax group companies availed themselves of tax credits for the reinvestment of extraordinary income under Article 21 of the repealed Spanish Corporation Tax Law 43/1995. The disclosures required by this Law are made in the notes to the financial statements of the corresponding companies.

In the Corporate Income Tax for financial year 2014, several tax group companies availed themselves of certain tax credits for the reinvestment of extraordinary income. The disclosures required by current legislation in that financial year were included in the notes to the financial statements of the companies involved. In all cases, the requirement to reinvest the sales price was met through the acquisition of property, plant and equipment, intangible assets and financial assets, under the terms established in the regulations.

In previous years, some of the companies in this tax group deducted from taxable income, for tax purposes and without accounting allocation, the losses arising from the impairment of securities representing the participation in the capital of entities, as provided for in Article 12.3 of the repealed Consolidated Text of the Corporate Tax Law. The disclosures required by this Law are made in the notes to the financial statements of the corresponding companies.

a) Reconciliation of the accounting profit to the taxable profit

The following table shows reconciliation, in thousands of euros, of the result of applying the current standard tax rate in Spain to the consolidated net accounting profit of continuing operations, calculated under International Financial Reporting Standards, to the consolidated Group's income tax expense for 2019 and 2018.

	Income statement	
	2019	**2018**
CONSOLIDATED NET PROFIT UNDER IFRS BEFORE TAX FROM DISCONTINUED OPERATIONS	**15,629**	**48,226**
Tax charge at 25%	3,907	12,057
Consolidation adjustments	9,529	(6,969)
Temporary differences	(277)	2,210
Permanent differences (1)	4,458	14,226
Tax loss carry forwards	(501)	(684)
Deductions and bonuses	(188)	(505)
Non-activation effect of tax income (2)	7,845	1,825
Effect of applying different tax rates (3)	4,492	1,754
Current income tax expense	**29,265**	**23,914**
Deferred tax expense for temporary differences	**277**	**(2,210)**
Previous income tax	**29,542**	**21,704**
Adjustment of prior years' tax (4)	23,231	203,907
Foreign tax expense (5)	5,206	3,185
Employee profit sharing and other expense concepts (6)	2,120	2,273
Adjustments to consolidated tax	934	-
TOTAL INCOME TAX	**61,033**	**231,069**

* Parentheses indicate income

(1) The permanent differences mainly arise from (i) the different accounting and tax recording criteria of the expenses derived from certain provisions, (ii) non-deductible expenses, (iii) the negative adjustment that can be accounted for by the merger tax difference, attributable to 2018, arising from the merger of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (absorption merger described in Note 17 of the Report of Promotora de Informaciones, S.A. for the year 2013), and applying the requirements of the then current article 89.3 of the Tax Law to grant it a tax effect, (iv) the minimum integration into five years of the reversal of the impairment losses on the equity securities of entities that would have been fiscally deductible, established by Royal Decree-Law 3/2016 of December 2 (which generated an additional tax expense of EUR 3,531

thousand), (v) a negative adjustment resulting from the recovery for tax purposes of one tenth of the amount adjusted in previous years as a result of the limitation of the deductibility of amortization expense, (vi) from tax loss derived from Audiovisual Sport, S.L. dissolution, and (vii) from limitation of the deductibility of financial expenses outlined in article 16 of the Income Tax Law.

(2) This relates to the effect of companies that have not recognised a deferred tax asset because they accrued losses in the year.

(3) This relates to the effect of taxation of profits from American subsidiaries at different rates.

(4) It refers to the effect on the income statement arising from the regularization of Corporate Income Tax for previous years and the accounting record of the write-off of the tax credits of the tax consolidation group.

(5) This relates to the expense for taxes paid abroad, which arose from withholdings at source on the income from exports of services provided by the Group's Spanish companies abroad and dividends.

(6) The P.T.U. is one more component of the Income Tax expense in some countries such as Mexico, Peru and Ecuador.

b) Deferred tax assets and liabilities

2019-

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2019 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:	12/31/2018	Transfers	Additions	Disposals	12/31/2019
Non-deductible financial expenses	56,589	(89)		(16,256)	40,244
Non-deductible provisions and amortization	25,758	(319)	4,712	(2,219)	27,932
Unused tax credit recognized	20,217	-	-	(3,781)	16,436
Tax loss carry forwards	17,425	-	684	(1,285)	16,824
Other	15,374	(1,754)	1,603	(409)	14,814
Total	**135,363**	**(2,162)**	**6,999**	**(23,950)**	**116,250**

DEFERRED TAX LIABILITIES ARISING FROM:	12/31/2018	Additions	Disposals	12/31/2019
Impairment losses on equity investments and goodwill	659	-	(442)	217
Deferral for reinvestment of extraordinary income	1,802	-	(379)	1,423
Accelerated amortization	1,204	2,102	(69)	3,237
Different accounting and tax recognition criteria for income and expenses	4,151	3,018	-	7,169
Other	10,796	2,175	(24)	12,947
Total	**18,612**	**7,295**	**(914)**	**24,993**

2018-

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2018 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:	12/31/2017	Transfers	Additions	Disposals	12/31/2018
Non-deductible financial expenses	144,538	(49,458)	-	(38,491)	56,589
Non-deductible provisions and amortization	22,792	-	5,444	(2,478)	25,758
Unused tax credit recognized	76,733	-	1,339	(57,855)	20,217
Tax loss carry forwards	77,856	49,458	2,935	(112,824)	17,425
Other	13,315	-	3,271	(1,212)	15,374
Total	**335,234**	**-**	**12,989**	**(212,860)**	**135,363**

DEFERRED TAX LIABILITIES ARISING FROM:	12/31/2017	Transfers	Additions	Disposals	12/31/2018
Impairment losses on equity investments and goodwill	1,055	-	-	(396)	659
Deferral for reinvestment of extraordinary income	2,181	-	-	(379)	1,802
Accelerated amortization	514	714	351	(375)	1,204
Different accounting and tax recognition criteria for income and expenses	9,564	-	-	(5,413)	4,151
Other	10,156	(714)	1,436	(82)	10,796
Total	**23,470**	**-**	**1,787**	**(6,645)**	**18,612**

The tax assets and liabilities on the consolidated balance sheet at year-end 2019 are recognized at their estimated recoverable or cancellable amount.

There are no significant temporary differences arising from investments in subsidiaries, branches, associates or joint ventures that generate deferred tax liabilities.

There are no significant amounts arising from temporary differences associated with retained earnings of subsidiaries in jurisdictions where different tax rates are applied and, therefore, no deferred tax liabilities were recognized in this connection.

The majority of the balance of deferred tax assets corresponds to (i) tax credits arising from tax loss carryforwards, (ii) deductions to the Spanish Corporate Income Tax amount due to double taxation and investments, (iii) tax credits derived from the limitation in deductibility of financial expenses mainly from Prisa's 2/91 tax consolidation group and (iv) tax credits of not deductible amortisations and provisions.

Included below is the breakdown, in thousands of euros, of the prior years' tax losses of Spanish companies available for offset against future profits, showing the year in which they were incurred.

	2019			2018		
Year incurred	Amount	Recognized	Not recognized	Amount	Recognized	Not recognized
1998	13,357	-	13,357	13,357	-	13,357
1999	73,978	-	73,978	73,978	-	73,978
2000	64,017	-	64,017	64,017	-	64,017
2001	57,007	-	57,007	57,007	-	57,007
2002	84,009	-	84,009	84,008	-	84,008
2003	45,380	-	45,380	45,380	-	45,380
2004	60,097	243	59,853	60,116	243	59,873
2005	1,357	267	1,090	1,357	178	1,179
2006	673	244	429	673	-	673
2007	2,790	-	2,790	2,790	-	2,790
2008	2,273	145	2,128	2,273	145	2,128
2009	236	-	236	236	-	236
2010	23	-	23	23	-	23
2011	140,042	5,377	134,664	140,254	6,398	133,856
2012	240,687	21,514	219,173	245,156	22,865	222,291
2013	45,400	3,389	42,010	53,528	4,166	49,362
2014	55,132	3,325	51,807	68,072	5,337	62,735
2015	631,705	1,701	630,004	634,586	1,714	632,872
2016	88	-	88	88	68	20
2017	154,581	400	154,181	160,337	486	159,851
2018	68,066	-	68,066	37,641	-	37,641
2019	21,569	-	21,569	-	-	-
TOTAL	**1,762,465**	**36,606**	**1,725,859**	**1,744,877**	**41,600**	**1,703,277**

The breakdown by country of the tax loss carryforwards of the Group's foreign companies is shown below, in thousands of euros:

2019-

Year incurred	Argentina	Brazil	Colombia	Chile	Mexico	Puerto Rico	USA	TOTAL
2002							22	22
2003							73	73
2004							575	575
2005				306			1,612	1,918
2006				1			6,246	6,247
2007		157		19			4,944	5,120
2008		139		25			3,611	3,775
2009		73		19			3,532	3,624
2010		46		303	41		2,037	2,427
2011		99		784	532		568	1,983
2012		2,010		1,144	947		2,302	6,403
2013		4,381		1,017	484		2,884	8,766
2014	519	4,000		943	437		2,573	8,472
2015	749	993		383	1,063			3,188
2016	205	1,515		524	4,528	124	1,922	8,818
2017	407	1,449	2,309	848	2,788	27	1,921	9,749
2018	370	304		1,087	3,355			5,116
2019	19	1,104		2,882	4,410			8,415
TOTAL	**2,269**	**16,270**	**2,309**	**10,285**	**18,585**	**151**	**34,822**	**84,691**
RECOGNIZED		4,779	2,309	9,773	8,132	151		25,145
NOT RECOGNIZED	2,269	11,491		512	10,453		34,822	59,546
Period for offset	5 years	Unlimited	Unlimited	Unlimited	10 years	Unlimited	20 years /15 years	

2018-

Year incurred	ARGENTINA	BRASIL	COLOMBIA	CHILE	MEXICO	PERU	PORTUGAL	PUERTO RICO	USA	TOTAL
2002									22	22
2003									72	72
2004									566	566
2005				316					1,588	1,904
2006				1					6,150	6,151
2007		159		20					4,868	5,047
2008		156		26					3,555	3,737
2009		74		19	470				3,478	4,041
2010	40	59		620	37				2,006	2,762
2011		100		811	483				559	1,953
2012		2,063		1,183	859				2,267	6,372
2013	6	7,235		1,323	439				2,840	11,843
2014	771	4,048	214	1,077	397				2,534	9,041
2015	1,171	1,005	516	396	964					4,052
2016	197	1,533	246	827	4,071	629	528	901	1,893	10,825
2017	472	1,466	2,411	1,266	2,529		683	27	1,891	10,745
2018	454	307		2,014	3,215		185			6,175
TOTAL	**3,111**	**18,205**	**3,387**	**9,899**	**13,464**	**629**	**1,396**	**928**	**34,289**	**85,308**
RECOGNIZED		7,694	3,243	8,025	3,433			928		23,323
NOT RECOGNIZED	3,111	10,511	144	1,874	10,031	629	1,396	0	34,289	61,985
Period for offset	5 years	No limit	No limit	No limit	10 years	4 years/no limit	12 años/5 años	No limit	20 years/15 years	

Once the analysis of the recovery of tax credits has been carried out, in accordance with the criteria established by accounting standards, tax credits corresponding to the following were written off in the consolidated balance sheet as of December 31, 2019: (i) deductions for investments for a total amount of EUR 1,128 thousand; (ii) deductions for double taxation for the amount of EUR 2,653 thousand; (iii) tax credits derived from the non-deductibility of the net financial expense for the amount of EUR 16,235 thousand; and (iv) credits for negative tax bases for the amount of EUR 1,027 thousand.

These reductions were due to higher estimated annual financial costs in the medium term, mainly as a result of (i) lower estimated debt repayment derived mainly from a lower valuation of Media Capital, and (ii) higher net debt to resolve the dispute with Mediapro *(see note 26).*

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

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

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

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

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

Once the adjustment mentioned in the previous paragraphs is made, the companies' business plans, together with specific tax planning actions, allow for recovery of the deferred tax assets and liabilities recorded in the consolidated balance sheet on December 31, 2019 within legal term established in accounting regulations.

Based on the measures approved by Royal Decree-Law 3/2016, of December 2, a higher tax expense was recorded in the amount of EUR 3,531 thousand, as a result of the minimum integration in five years of carrying forward the losses due to impairment of the securities representing the equity interest of entities that would have been tax deductible.

c) Years open for review by the tax authorities

The fiscal years open for review by the tax authorities for the main taxes vary from one consolidated company to another, although they generally include the last four fiscal years, with the exceptions discussed below.

In 2013 the tax audits for the Corporate Tax corresponding to 2006 to 2008 ended with the opening of a signed Notice of disagreement for the amount of EUR 9 thousand, which was paid by the Company. However, the Company was not in agreement with the criteria maintained by the audit in the regularisation proposed by it, and the relevant claims and appeals were filed, and on the date of formulation of these financial statements, they are pending resolution before the National Court. No additional equity impact will be derived from these actions.

The verification of the individual Corporate Tax for 2008 of Sociedad Española de Radiodifusión, S.L. ended in 2013, with the opening of a Notice for the amount of EUR 219 thousand, which was paid by that company. However, the corresponding economic-administrative appeal was filed with the TEAC and, later, a contentious-administrative appeal before the National Court, which is currently pending resolution. No additional equity impact will be derived from these actions.

With regard to the Value Added Tax for the period from June 2007 to December 2008, the audits were finalized in 2013, with the opening of two Notices, one for EUR 539 thousand, and the other for EUR 4,430 thousand, both of which have been the subject of economic-administrative appeals before the TEAC. A resolution partially upheld by the TEAC was received against the one filed in the corresponding contentious -administrative resource that is pending resolution. The tax debt arising from these Notices was paid. No additional equity impact will be derived from these actions.

The audit procedure regarding the Value Added Tax for the period of May 2010 to December 2011 of VAT Group 105/08 of which Promotora de Informaciones, S.A. is the parent company, ended in 2016, with the signing of a Notice of agreement for the amount of EUR 512 thousand, which was paid and recorded in 2016; and another Notice of disagreement for the amount of EUR 7,785 thousand, which, although it is being subject to administrative economic claim before the TEAC, was also paid and recorded with a charge to the income statement. No additional equity impact will be derived from these actions.

Also, the audit procedure for income tax withholdings for the period between May 2010 and December 2012 ended in that year with the signing by Promotora de Informaciones, S.A. of a notice of disagreement for the amount of 196 thousand euros, which is now under appeal before the TEAC. No additional equity impact will be derived from these actions.

The audits related to the Corporate Tax corresponding to 2009 to 2011 in Fiscal Consolidation Group 2/91, of which Promotora de Informaciones is the parent company, and in Fiscal Consolidation Group 194/09, of which Prisa Radio, SA was the parent company, were completed in 2016. For Promotora de Informaciones, S.A., these resulted in the signing of a Notice of disagreement with no amounts payable and whose impact was recorded in that fiscal year. The Company filed the corresponding economic-administrative appeal with the TEAC, and then, a contentious-administrative appeal with the National Court, which is currently pending resolution. Regarding Prisa Radio, SA a Notice of disagreement amounting EUR 866 thousand was signed, in relation to which the relevant economic-administrative appeal with the TEAC was filed, and on the date of these consolidated financial statements, it has been dismissed. Prisa Radio, S.A. will submit the corresponding appeal before the National Court. No additional equity impact will be derived from these actions.

In 2018, the inspections ended in relation to Value-Added Tax for the years 2012-2015 of the VAT Group 105/08 of which Promotora de Informaciones, S.A. is the parent, with the signing of a notice of agreement for the amount of 3,182 thousand euros, which was paid in 2019, but which did not have any impact on equity since it was provided for in previous fiscal years.

In 2019, the 2012 and 2013 Corporate Income Tax inspections for the Group 194/09 of which Prisa Radio, S.A, was the parent 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 parent, 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, not in agreement with the adjustment made by the Tax Inspection, have submitted the corresponding economic-administrative claims to the TEAC, which are pending resolution.

On the date of authorisation for issue of these consolidated financial statements, inspections have been initiated regarding the Value Added Tax for the periods 2016-2018, of the VAT Group 105/08, of which Promotora de Informaciones, S.A., is the parent company.

Aside from the explanations given in previous sections, the last four fiscal years of the Company are open to audit for the entirety of the main taxes.

The provision for taxes *(see note 13)* includes an amount of EUR 3,384 thousand to cover, mainly, the impact of potential unfavourable rulings upheld during the various tax proceedings described above.

It is not expected that there will be accrued liabilities of consideration, in addition to those already registered, as a result of these procedures or of a future and possible inspection.

20) ALLOCATION OF RESULTS

The proposal for the allocation of the loss of Promotora de Informaciones, S.A. by the Directors for 2019 is as follows (in thousands of euros):

	Amount
Basis of appropriation	
Result for the year	(209,557)
Distribution-	
Prior year losses	(209,557)

21) EARNINGS PER SHARE

Basic earnings/(loss) per share was calculated by dividing the profit/(loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares in circulation during the period.

The basic result per share attributed to equity holders of the Parent corresponding to continuing and discontinued operations in 2019 and 2018 were the following:

	Thousands of euros	
	12/31/2019	12/31/2018
Result for the year from continuing operations attributable to the Parent	(54,884)	(215,615)
Result after tax from discontinued operations attributable to the Parent	(127,414)	(53,732)
Result for the year attributable to the Parent	(182,298)	(269,347)
Weighted average number of ordinary shares outstanding (thousands of shares)	664,972	496,683
Basic result per share of continuing operations (euros)	**(0.08)**	**(0.43)**
Basic result per share of discontinued operations (euros)	**(0.19)**	**(0.11)**
Basic result per share (euros)	**(0.27)**	**(0.54)**

In 2018, considering the same weighted average number of ordinary shares outstanding than in 2019, basic loss per share of continuing operations was EUR 0.32 and of the discontinuing operations was EUR 0.08.

The effect on the number of ordinary shares of the medium-term incentive for the calculation of the benefit per diluted share was not considered, since it would have an anti-dilution effect when reducing the losses per share.

Weighted average number of ordinary shares outstanding in 2019 and 2018:

	Thousands of shares	
	2019	**2018**
Ordinary shares at December 31	558,407	88,827
Share capital increases	108,257	408,949
Weighted average of treasury shares	(1,692)	(1,093)
Weighted average number of ordinary shares outstanding for basic earnings per share	**664,972**	**496,683**

22) RELATED PARTY TRANSACTIONS

The detail of the balances receivable from and payable to associates and related parties in 2019 and 2018 is as follows:

	12/31/2019		12/31/2018	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Trade receivables	4,149	1,433	3,902	842
Receivables- loans	10,057	-	11,012	-
Total receivables	**14,206**	**1,433**	**14,914**	**842**
Trade payables	1,531	5,267	2,151	3,131
Payables- loans	2	414,517	2	405,040
Total payables	**1,533**	**419,784**	**2,153**	**408,171**

Balance with Group employees, companies or entities-

Receivables loans at December 31, 2019 mainly include the credit granted by Prisa Noticias, S.L. to Le Monde Libre Société en Commandité Simple, in the net amount of EUR 6,790 thousand (EUR 6,351 thousand at December 31, 2018) and the loans granted by Sociedad Española de Radiodifusión S.L. to Green Emerald Business Inc in the amount of EUR 2,542 thousand (EUR 2,472 thousand at December 31, 2018).

Balance with significant shareholders-

The aggregate amount of EUR 1,433 thousand mainly includes the amounts pending of collection for advertising services of Prisa Group companies to Banco Santander, S.A. y Telefónica, S.A.

The aggregate amount of EUR 419,784 thousand is mainly accounted the loans granted to Prisa Group companies by:

- Banco Santander, S.A. amounting to EUR 46,902 thousand (EUR 37,425 thousand at December 31, 2018).

- HSBC Holding, PLC amounting to EUR 367,615 thousand (EUR 367,615 thousand at December 31, 2018).

The transactions performed with related parties in 2019 and 2018 were as follows (in thousands of euros):

	12/31/2019			12/31/2018		
	Directors and executives	Group employees, companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Services received	-	136	7,749	-	309	8,381
Finance expenses	-	1,800	15,798	-	981	18,985
Leases	-	376	2,202	-	480	2,239
Other expenses	9,966	966	69	9,943	387	88
Total expenses	**9,966**	**3,278**	**25,818**	**9,943**	**2,157**	**29,693**
Finance income	-	805	-	-	1,015	-
Dividends received	-	20	-	-	20	-
Provision of services	-	4,474	3,452	-	2,155	4,202
Leases	-	-	9	-	34	20
Other income	-	-	1,060	-	30	293
Total revenues	**-**	**5,299**	**4,521**	**-**	**3,254**	**4,515**

All related party transactions have taken place under market conditions.

Transactions between with Directors and executives -

The aggregate amount of EUR 9,966 thousand relates to the accrued salaries of directors for an amount of EUR 3,278 thousand *(see note 23)* and executives for an amount of EUR 6,688 thousand.

Senior management compensation

The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be the members of the Management Committee that are not executive directors and have an employment or mercantile relationship with Prisa and other companies in the Group, managers who regularly attend meetings of the Committee, and the Internal Audit Manager of Prisa. Specifically, as of December 31, 2019, it is that of the following executives: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Augusto Delkáder, Mr. Jorge Rivera, Ms. Marta Bretos, Mr. Miguel Angel Cayuela, Mr. Pedro García- Guillén, Mr. Alejandro- Martinez Peón, Ms. Virginia Fernández, Mr. Luis Cabral and Mr. Jorge Bujía (the two latest have joined the management team in July and June 2019, respectively). Until July 2019, Ms. Rosa Cullel (former CEO of Media Capital) was also part of the management team.

The total aggregate compensation of members of senior management of Promotora de Informaciones, S.A. and other companies in the Group is the accounting reflection of the overall compensation of managers and therefore do not match with the remuneration accrued in 2019 that will be included in the Annual Report of Corporate Governance 2019 in which is followed the criteria required by the CNMV in the “Circular 2/2018 of the CNMV”, which is not the accounting provision basis.

The total aggregate compensation in 2019 amounts to EUR 6,688 (EUR 6,790 thousand in 2018).

Regarding fiscal year 2019:

i) The compensation of Mr. Luis Cabral and Mr. Jorge Bujía is that from their appointment as CEO of Media Capital and Director of Risk Control and Management Control, in July and June 2019, respectively.

It is also included the compensation of Ms. Rosa Cullel up to the time of her cease as CEO of Media Capital in July 2019.

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

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if 2019 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2019, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the 2019 annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- Regularization of 2018 bonus paid in April 2019.

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

  In 2019, an accounting expense of EUR 2,228 thousand was recorded for this item in relation to the senior management. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

Regarding fiscal year 2018:

i) It has been included the remuneration of Mr. Augusto Delkáder, Mr. Jorge Rivera, Ms Marta Bretos, Mr Pedro-García Guillén and Mr Alejandro Martinez- Peón from their appointment, during the first quarter of 2018, as Chief Editor, Chief of Communication and Institutional

Relations, Head of Talent Management, CEO of Prisa Radio, and Ceo of Prisa Noticias, respectively.

The remunerations of Ms Bárbara Manrique de Lara, Mr. Ignacio Soto and Mr Andrés Cardó, was that until they ceased in the first half of 2018 as Chief of Communication and Institutional Relations, Chief Revenue Officer, and CEO of Prisa Radio, respectively, were also included within the total compensation of senior management.

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

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

- Regularization of 2017 bonus paid in April 2018 of those who were members of senior management at December 31, 2017, which included the adjustments in the bonus corresponding to Mr. Manuel Mirat, CEO of Prisa, for his responsibilities as CEO of Prisa Noticias in 2017.

- 1,017 thousands of euros in respect of the post-contractual non-competition agreement and compensation for termination of contracts of senior management in 2018.

- An accounting expense of 1,140 thousand euros in relation to the "Incentive Plan 2018-2020".

iii) Finally, it is noted that Mr. Fernando Martinez Albacete, the representative of the director Amber Capital, was a member of Prisa's senior management until June 2017 and, due to the termination of his contract with the Company, he received amounts in the form of non-competition agreement, until May 2018. These amounts were not included in the Director´s remuneration (EUR 6,790 thousand) as they did not refer to payments received due to their status as a director or member of Senior Management in 2018.

Transactions between Group employees, companies or entities-

The aggregate amount of EUR 3,278 thousand is mainly includes the expenditure derived from the leasing of frequencies of radio with associates companies and the financial cost impairment of the loans granted to certain companies of radio in Panamá and Argentina.

Finally, the aggregate amount of EUR 5,299 thousand mainly includes the income received by Radio in Spain from provision of technical assistance and advisory services, the income for sale of newspapers to Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L., the income for sale of advertising to Sistema Radiópolis, S.A. de C.V. and income received for commercialization of advertising with Zana Investment 2018, S.L.

Transactions between with significant shareholders -

The aggregate amount of EUR 25,818 thousand mainly consists of expenditure on telephony and internet by Prisa Group companies with Telefónica, S.A., the expense by the leasing of offices in Tres Cantos with Telefónica, as well as finance costs derived from credits granted by major shareholders to Prisa Group companies, mainly the Refinancing interest expenses corresponding to HSBC Holding, PLC, and Banco Santander, S.A. amounting to EUR 15,033 thousand *(see note 12b).*

Meanwhile, the aggregate amount of EUR 4,521 thousand mainly consists of income of Prisa Group companies for advertising services with Banco Santander, S.A. and Telefónica, S.A.

The detail of other transactions performed with related parties in 2019 and 2018 is as follows (in thousands of euros):

	12/31/2019		12/31/2018
	Group employees, companies or entities	Significant shareholders	Significant shareholders
Financing agreements: loans granted	20	-	-
Financing agreements: loans received	-	-	378,897
Commitments/Guarantees cancelled	-	131	-
Other transactions	-	7,375	8,810

Transactions between with significant shareholders -

As of December 31, 2019 the aggregate amount of EUR 7,375 thousand in "*Other transactions*" included the expenses of the capital increase of April 2019 corresponding to Banco Santander, S.A. registered in the heading "*Other reserves*" in the accompanying consolidated balance sheet *(see note 11)* amounting to EUR 5,375 thousand and the estimation of cost associate to the sale of Vertix amounting to EUR 2,000 thousands *(see note 1b).*

As of December, 31, 2018, the aggregate amount of EUR 378,897 thousand included the loans granted by Banco Santander, S.A. and HSBC Holding, PLC within the framework of the Refinancing *(see note 12b).*

Likewise, the aggregate amount of EUR 8,810 thousand in "*Other transactions*" includes the expenses of the capital increase of February 2018 corresponding to Banco Santander, S.A. registered in the heading "*Other reserves*" in the accompanying consolidated balance sheet.

In addition to the foregoing, the capital increase described in note 11 was subscribed, among others, by some significant shareholders of the Company as of April 2019, as shown in its statements to the CNMV.

Likewise and according to information published on the website of the Comisión Nacional del Mercado de Valores ("CNMV"), the capital increase described in note 11 was subscribed by the following Prisa directors:

Directors' Name	Number of Direct Voting Rights suscribed	Number of Indirect Voting Rights suscribed
Francisco Javier Monzón de Cáceres	25,007	-
Joseph Oughourlian (through the also Director Amber Capital UK LLP*)	-	45,741,645

Directors' Name	Number of Direct Voting Rights suscribed	Number of Indirect Voting Rights suscribed
Manuel Mirat Santiago	21,131	-
Manuel Polanco Moreno	9,010	-
Francisco Javier Gómez Navarro- Navarrete	2,278	-
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	-	8,266,811 (through International Media Group, S.A.R.L.)

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

It should be also underscored that the director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Vice Chairman of the media group Dar Al- Sharq, which maintains a strategic alliance with Diario As (a company of Prisa Group), under which in 2017 they jointly launched "AS Arabia".

23) REMUNERATION AND OTHER BENEFITS OF DIRECTORS

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

	Thousands of euros	
	12/31/2019	12/31/2018
Compensation for belonging to the Board and/ or Board Committees	1,508	1,427
Salaries	500	653
Variable compensation in cash	300	326
Compensation systems based on shares	964	508
Indemnification	-	230
Other	6	9
Total	**3,278**	**3,153**

Regarding the 2019 financial year:

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

Therefore the compensation included in the table above, do not match, in some respects, with the remuneration that will be included in the Annual Remuneration Report of the Directors 2019 (IR) and in the Annual Report on Corporate Governance 2019 (IAGC), in which it is followed the criteria required by the "Circular 2/2018 of the CNMV, whereby the model of annual report remuneration of directors is established", which is not the accounting provision basis.

ii) The overall remuneration of the Board of Directors includes that of Mr. Waaled Alsa'di and of Mr. Francisco Gil up to the time of their cease as directors in June and July 2019, respectively.

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

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

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

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

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

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

- Annual variable compensation (bonus): is the reflection of the amount corresponding to theoretical annual variable compensation of CEO Mr Manuel Mirat, sole executive director of the Company, if 2019 management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2019, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the 2019 annual accounts of the Group are prepared, based on the level of achievement of the objectives established by the Board of Directors.

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

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

In 2019, an accounting expense of EUR 964 thousand was recorded for this item in relation to the CEO of Prisa. This expense is included within “Compensation systems based on shares” in the previous table. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

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

Regarding the 2018 financial year:

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

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

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

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

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

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

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

Information regarding conflict of interest situations of directors-

For purposes of article 229 of the Capital Companies Act it is noted that, as at the end of 2019, the Board of Directors had not been advised of direct or indirect conflict situations that directors or persons related thereto (in accordance with article 231 of the aforesaid Act) might have had with the interests of the Company.

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

Director	Activity	Person related to the Director	Activity
Manuel Mirat Santiago	Joint and Several Director of Canal Club de Distribución de Ocio y Cultura, S.A.		
Joseph Oughourlian	*See note below (*)*		
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	Vice Chairman de Dar Al Sharq Printing Publishing & Distribution Co. Vice Chairman de Dar Al Arab Publishing & Distribution Co.		
Dominique D´Hinnin	0.1% interest in the share capital of Lagardère SCA.		
Javier Monzón de Cáceres		Spouse	His spouse is manager and held a shareholding of 75% of the share capital of the company Derecho y Revés, S.L., with publishing activity.

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

The companies in the Prisa Group are not included in this list. As already indicated in the Annual Corporate Governance Report of the Company, as of December 31, 2019, the directors Manuel Mirat Santiago and Manuel Polanco Moreno were members of management bodies of certain companies in the Prisa Group or indirectly participated by Prisa.

24) GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2019, Prisa had furnished personal guarantees (including counter-guarantees) amounting to EUR 19,817 thousand (EUR 3,858 thousands correspond to Media Capital).

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

25) FUTURE COMMITMENTS

The Media Capital Group have entered into purchase and sale agreements with various suppliers for future program broadcasting rights These commitments partially cover the programming needs in the years indicated.

On November 27, 2017, they were signed with Indra Sistemas, S.A. various service contracts with a duration of 5 years assuming commitments amounting to EUR 47,132 thousand. These contracts replace the agreement signed with Indra in December 2009 and that ended on December 31, 2017.

Likewise also includes the agreement signed with Axion for using the radio frequencies which expires in June 2031. The expense for 2018 in this connection amounted to EUR 7,222 thousand (2018: EUR 7,241 thousand), recognized under *"Outside services"*

At December 31, 2019, the Group had euro and foreign currency payment obligations and collection rights for a net amount payable of approximately EUR 122,815 thousand. This amount not includes the payment commitments derived from the contract leases, which are detailed in note 12b. The net amounts payable in relation to these obligations fall due as follows:

Year	Thousands of euros
2020	19,838
2021	16,384
2022	16,612
2023	8,855
2024	8,078
2025 and subsequent years	53,048
	122,815

Of the total amount of future commitments, EUR 3,994 thousand was accounted for by Media Capital Group.

The obligation to pay the amounts agreed upon in the purchase agreements arises only if the suppliers fulfil all the contractually established terms and conditions.

These future payment obligations were estimated taking into account the agreements in force at the present date. As a result of the renegotiation of certain agreements, these obligations might differ from those initially estimated.

Past-due payments to creditors-

The information required by the third additional provision of Law 15/2010, of July 5 (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January

29, 2016, in relation to the average period of payment to suppliers in commercial operations, is as follows regarding to Spanish companies:

	12/31/2019	12/31/2018
	Days	
Average period of payment to suppliers	72	71
Ratio of settled transactions	73	73
Ratio of transactions pending payment	67	60
	Amount (thousands of euros)	
Total payments made	329,888	374,138
Total pending payments	68,970	68,348

To calculate the average period of payment to suppliers, the payments made in each period for commercial operations corresponding to the delivery of goods or service provisions are taken into account, as well as the amounts for these operations pending settlement at the end of each year that are included under "*Trade payables*" of the attached consolidated balance sheet, referring only to the Spanish entities included in the consolidated group.

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

The maximum legal period of payment applicable in 2019 and 2018 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers. The average period of payment to the Group's suppliers exceeds the statutory maximum period partially on account of agreements arrived at with suppliers to defer payments or, where relevant, to initiate expenditure.

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

26) ONGOING LITIGATIONS AND CLAIMS

a) Transactional agreement with Mediapro

On April 12, 2019, the Provincial Court of Madrid notifies Audiovisual Sport, S.L. ("AVS") - Company integrated in the Prisa Group until its liquidation in December 2019- an order dated on March 29, 2019, by which it partially estimates the appeal filed by Mediaproduction, S.L.U. ("Mediapro") against the order of the Court No. 36 of December 5, 2017, condemning AVS to pay EUR 51,036 thousand in compensation for damages (against which there was no ordinary recourse), and an expense for that amount has been recognised in "*Outside services*" (*see note 15*).

On September 4, 2019, AVS, on the one hand, and Mediapro e Imagina Media Audiovisual, S.A.U. ("Imagine") (Mediapro and Imagina, jointly, the "Mediapro Group"), on the other hand, signed a transactional agreement whereby they agreed (i) to pay the compensation of EUR 51,036 thousand, ending the procedure it brought cause and (ii) terminate the two additional disputes between AVS and the Mediapro Group, by compromising on their respective objects.

b) CNMC

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

On July19, 2019, an administrative contentious appeal was lodged against said Resolution before Section Six of the National Court (Audiencia Nacional) and requested the suspension of the enforceability of the Resolution for the duration of the procedure. On September 4, 2019, the National Court (Audiencia Nacional) suspended the enforceability of the Resolution subject to the guarantee submission for the amount of the penalty imposed by the Resolution. On November 4, 2019 a bank guarantee for the said amount was submitted before the National Court (Audiencia Nacional) and by Order of November 6, 2019, the Chamber agreed to consider complete in due time and form the imposed condition and therefore to suspend the enforceability of the Resolution.

On April 16, 2020, Grupo Santillana Educación Global, S.L.U., Santillana Educación S.L., Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L., Ediciones Grazalema, S.L. and Grup Promotor d'Ensenyament i Difusio en Catala, SL, S.L. have filed the corresponding lawsuit before the National Court (Audiencia Nacional) requesting the complete nullity of the Resolution and, alternatively, the complete nullity of the sanction imposed or its significant reduction.

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

c) Other litigations

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

27) EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

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

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

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

- Liquidity risk: The situation in the markets may lead to an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Group has in place a Super Senior credit facility to meet operational needs for a maximum amount of EUR 80 million. At December 31, 2019, no amount of the facility had been drawn down to cover operating requirements (*see note 12b of the consolidated notes*). Likewise, Santillana and its subsidiaries have credit facilities with a limit amount of EUR 44 million as of December 31, 2019, of which, EUR 14 million were drawn on that date. Therefore, at the end of 2019 financial year, the Group had undrawn credit facilities amounting to EUR 110 million, together with cash available of EUR 157 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

- Operational risk: the changing and unpredictable nature of events could lead to the emergence of a risk of interruption in the provision of services or sales. Therefore, the Group has established contingency plans aimed at monitoring and managing its operations at all times, to minimise the impact of such risk.

- Risk of change in certain financial magnitudes: the factors referred to above could adversely affect the Group's advertising revenues and to sales of newspapers and magazines and sale of books and training, which could lead to a decrease in the relevant captions for the Group in the next consolidated financial statements, such as "Revenue", "Result from operations" or "Result before tax". In this regard, the Group has made an estimate of the impact of COVID-19 in the first quarter of 2020, which would entail a reduction in the Group's advertising revenue (excluding Media Capital), from the income from the sale of newspapers and magazines and the income from book sales and training of approximately 13%, 6% and 8% respectively, in relation to the same period of the previous year. The Group's “Result from operations” in the first quarter of 2020 is expected to be reduced by the effect of COVID-19 by approximately 40% compared to the same quarter of 2019 (excluding for a comparable basis, the expense of Mediapro rulling and the result from operations of Media Capital in 2019). On 31 March 2020, the pandemic would not have had a significant impact on net debt. The Group will work on a contingency plan during 2020 with the aim of minimising the aforementioned effects. However, it is not possible at this stage to reliably quantify the impact of COVID-19 in next financial statements, given the constraints and limitations already indicated.

Likewise, COVID-19 could also have an adverse impact on key indicators for the Group, such as financial leverage ratios and compliance with financial ratios included in the financial agreements of the Group. In this sense, in April 2020, Prisa has agreed with the financial creditors of the *Override Agreement* and the *Super Senior Credit facility*, among other aspects, a flexibilization to compliance with the financial ratios (covenants) to which the Group is subject and for a period extending until March 2021. Therefore, this agreement allows Prisa more flexibility to compliance with its financial obligations.

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets (goodwill, intangible assets, deferred tax assets, trade and other receivables, etc.) and on the need to recognise provisions or other liabilities. As soon as adequate and reliable information is available, analyses and calculations will be made to remeasure those assets and liabilities as necessary.

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

Finally, we highlight that the 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.

28) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2019

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
EDUCATION					
Full Consolidation					
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing	Santillana Educación Pacífico, S.L	98,85%	
			Santillana Educación, S.L.	1,15%	
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Educación, S.L.	100,00%	
			Itaca, S.L.	1 acción	
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L.	94,90%	
			Ítaca, S.L.	4,80%	
			Edicions Voramar, S.A.	0,10%	
			Edicions Obradoiro, S.L.	0,10%	
			Ediciones Grazalema, S.L.	0,10%	
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing	Santillana Educación, S.L.	99,98%	2/91
			Ítaca, S.L.	0,02%	
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	Santillana Educación, S.L.	100.00%	
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Educación, S.L.	95,00%	
			Ítaca, S.L.	5,00%	
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	Santillana Educación, S.L.	100.00%	
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Publishing	Santillana Educación, S.L.	99,99%	2/91
			Ítaca, S.L.	0,01%	
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing	Santillana Educación, S.L.	99,99%	2/91
			Ítaca, S.L.	0,01%	
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Educación, S.L.	100%	
			Ítaca, S.L.	1 acción	
Editora Pintangua, LTDA	Rua Padre Adelino, 758. Sala 3- Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda.	100%	
			Ítaca, S.L.	1 acción	
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V.	100%	
			Editorial Santillana, S.A. de C.V. (México)	1 acción	
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	Santillana Educación, S.L.	99,99%	
			Ítaca, S.L.	0,01%	
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	Santillana Educación, S.L.	99,00%	
			Ítaca, S.L.	1,00%	
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	Santillana Educación, S.L.	99,95%	
			Ítaca, S.L.	0,01%	
			Edicions Voramar, S.A.	0,01%	
			Edicions Obradoiro, S.L.	0,01%	
			Ediciones Grazalema, S.L.	0,01%	
			Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	0,01%	
			Ediciones Santillana Inc. (Pto. Rico)	0,01%	
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	Santillana Educación, S.L.	100.00%	
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V.	100,00%	
			Editorial Nuevo México, S.A. de C.V.	1 acción	
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	Santillana Educación, S.L.	99,95%	
			Ítaca, S.L.	0,05%	
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L.	94,90%	
			Ítaca, S.L.	5,10%	
			Edicions Voramar, S.A.	0,00%	
			Edicions Obradoiro, S.L.	0,00%	
			Ediciones Grazalema, S.L.	0,00%	
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Educación Pacífico, S.L	99,99%	
			Santillana Educación, S.L.	1 acción	
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	Santillana Educación, S.L.	100.00%	
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	Santillana Educación Pacífico, S.L	93,52%	
			Santillana Educación, S.L.	6,48%	
Educactiva, S.A.C. (Perú)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Perú	Publishing	Santillana Educación Pacífico, S.L	99,99%	
			Santillana Educación, S.L.	1 acción	
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	Santillana Educación Pacífico, S.L	87,12%	
			Santillana Educación, S.L.	12,88%	
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Carrer de les Ciênces, 73 L'Hospitalet de Llobregat	Publishing	Santillana Educación, S.L.	99,99%	2/91
			Ítaca, S.L.	0,01%	
Grupo Santillana Educación Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Prisa Activos Educativos, S.L.U	100.00%	2/91

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

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COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distribution.	Grupo Santillana Educación Global, S.L. Santillana Educación, S.L.	99,99% 0,02%	2/91
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Educación Pacífico, S.L Santillana Educación, S.L.	99,82% 0,18%	
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies.	Santillana Educación, S.L. Editorial Santillana, S.A. de C.V. (México)	100,00% 0,00%	
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Advice and consulting, development and sale of software	Santillana Del Pacífico, S.A.	70.00%	
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100% 1 acción	
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (México)	99,98% 0,02%	
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100,00% 1 acción	
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	Santillana Educación, S.L. Ed. Grazalema, S.L. Ítaca, S.L.	99,70% 0,15% 0,15%	
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100,00% 1 acción	
Santillana Editores, S.A.	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing	Santillana Educación, S.L.	100.00%	
Santillana Educación Pacífico, S.L. *(Before Grupo Pacifico, S.A. (Panamá))*	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100,00% 0,00%	2/91
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100,00% 1 acción	2/91
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online Training.	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	99,99% 0,00%	2/91
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100,00% 1 acción	2/91
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Santillana Educación, S.L. Edicions Obradoiro, S.L.	100,00% 1 acción	2/91
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Produce, market and distribute all kinds of training, training, advice and consultancy	Santillana Sistemas Educativos, S.L. Distribuidora y Editora Richmond S.A.	94,46% 5,54%	
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	99,99% 0,01%	2/91
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99,99% 0,01%	
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100,00% 1 acción	
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	Santillana Educación, S.L. Ediciones Santillana, S.A. (Argentina)	99,89% 0,11%	
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Perú	Publishing	Santillana Educación, S.L.	95.00%	
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Sistemas Educativos, S.L. Lanza, S.A. de C.V. Nuevo México, S.A. de C.V.	99,98% 0,02% 1 acción	
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC) *(Before Uno Educação*	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100,00% 1 acción	
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Editorial Santillana, S.A. de C.V. Lanza, S.A. de C.V.	70,00% 30,00%	
Zubia Editoriala, S.L.	Polígono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99,90% 0,10%	2/91

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

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COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
RADIO					
RADIO SPAIN					
Full Consolidation					
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	99.56%	
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	97.03%	
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of music services	Prisa Radio, S.A.	100.00%	2/91
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	Ediciones LM, S.L.	40,00%	
			Sociedad Española de Radiodifusión, S.L.U.	50,00%	
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	46.25%	
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of business radio services	Prisa Activos Radiofónicos, S.L.U.	80.00%	2/91
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	99,94%	
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	95.00%	
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	99.32%	
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	66.50%	
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	83.33%	
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	Compañía Aragonesa de Radiodifusión, S.A.	66,00%	
			Sociedad Española de Radiodifusión, S.L.U.	24,00%	
Sociedad Española de Radiodifusión, S.L.U.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Prisa Radio, S.A.	100.00%	2/91
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	74.60%	
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	Sociedad Española de Radiodifusión, S.L.U.	75.10%	
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	72,59%	
			Compañía Aragonesa de Radiodifusión, S.A.	4,14%	
			Radio España de Barcelona, S.A.	1,58%	
			Propulsora Montañesa, S. A.	0,95%	
Equity method					
Laudio Irratia, S.L.	Pol.Industrial Ed.Cermámica 1. Álava	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	26.43%	
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organization of shows and events	Prisa Radio, S.A.	40.00%	
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	35.99%	

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

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COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019 PERCENTAGE OF OWNERSHIP	DECEMBER 2019 TAX GROUP (*)
INTERNATIONAL RADIO					
Full Consolidation					
Abril, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Iberoamericana Radio Chile, S.A.	100,00%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,00%	
Aurora, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Iberoamerican Radio Holding Chile, S.A.	99,98%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,02%	
Blaya y Vega, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Radiodifusión Iberoamerican Chile S.A.	100,00%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,00%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	GLR Services Inc.	100.00%	
Caracol Estéreo, S.A.S	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	77,04%	
			Prisa Radio, S.A.	2 acciones	
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	77,05%	
			Prisa Radio, S.A.	2 acciones	
Comercializadora de Eventos y Deportes, S.A.S.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	Sociedad Española de Radiodifusión, S.L.U.	100.00%	
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Production and sale of advertising, promotions and events	GLR Chile Ltda.	99,84%	
			Sociedad Española de Radiodifusión, S.L.U.	0,16%	
Compañía de Comunicaciones de Colombia C.C.C. S.A.S	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Caracol, S.A.	43,45%	
			Promotora de Publicidad Radial, S.A.S.	19,27%	
			Sociedad Española de Radiodifusión, S.L.U.	16,76%	
			Caracol Estéreo, S.A.S.	11,13%	
			Ecos de la Montaña Cadena Radial Andina, S.A.	4,42%	
Compañía de Radios, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Iberoamerican Radio Holding Chile, S.A.	99,92%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,08%	
Comunicaciones del Pacífico, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A.	66,67%	
			Iberoamericana Radio Chile, S.A.	33,33%	
Comunicaciones Santiago, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Sociedad Radiodifusora del Norte, Ltda.	75,00%	
			Iberoamericana Radio Chile, S.A.	25,00%	
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Consulting services and marketing of products and services	Sociedad Española de Radiodifusión, S.L.U.	100.00%	
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	GLR Services Inc.	99,17%	
			Sociedad Española de Radiodifusión, S.L.U.	0,83%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	76,8%	
			Prisa Radio, S.A.	1 acción	
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	75,72%	
			Prisa Radio, S.A.	1 acción	
Fast Net Comunicaciones, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comunicaciones Santiago, S.A.	99,00%	
			Iberoamericana Radio Chile, S.A.	1,00%	
GLR Chile, Ltda. (**)	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	100,00%	
			Caracol, S.A.	0,00%	
GLR Colombia, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.U.	99,00%	
			Prisa Participadas, S.L.	1,00%	
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Provision of services to radio broadcasting companies	Sociedad Española de Radiodifusión, S.L.U.	100.00%	
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Iberoamericana Radio Chile, S.A.	100,00%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,00%	
Iberoamericana de Noticias Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	Grupo Latino de Radiodifusión Chile Ltda. Comercializadora	100,00%	
			Iberoamericana Radio Chile, S.A.	0,00%	
Iberoamericana Radio Chile, S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Grupo Latino de Radiodifusión Chile Ltda. .	100,00%	
			Sociedad Española de Radiodifusión, S.L.U.	0,00%	
La Voz de Colombia, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	75,64%	
			Caracol, S.A.	0,01%	
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of broadcasting and advertising services	GLR Services Inc.	70,00%	
			Corporación Argentina de Radiodifusión, S.A.	30,00%	
Multimedios GLP Chile SPA	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	Iberoamericana Radio Chile, S.A.	100.00%	
Nostalgie Amsud, S.A.	Marcelo T. de Alvear 636, 6ª planta . Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	LS4 Radio Continental, S.A	100.00%	
Promotora de Publicidad Radial, S.A.S	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	77,04%	
			Prisa Radio, S.A.	2 acciones	
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of media and communication services	Comercializadora Iberoamericana Radio Chile, S.A.	99,00%	
			Iberoamericana Radio Chile, S.A.	1,00%	
Radio Estéreo, S.A	Rivadavia 835. Ciudad de Buenos Aires. Argentina	Operation of radio broadcasting stations	GLR Services Inc.	70,00%	
			Corporación Argentina de Radiodifusión, S.A.	30,00%	
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Holding	Iberoamericana Radio Chile S.A.	100,00%	
			Sociedad Española de Radiodifusión, S.L.U.	0,00%	

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

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COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019 PERCENTAGE OF OWNERSHIP	DECEMBER 2019 TAX GROUP (*)
Radio Mercadeo, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	Sociedad Española de Radiodifusión, S.L.U.	48,40%	
			Caracol, S.A.	29,85%	
			Caracol Estéreo, S.A.S	0,35%	
			Emisora Mil Veinte, S.A.	0,35%	
			Promotora de Publicidad Radial, S.A.S	0,35%	
			Ecos de la Montaña Cadena Radial Andina, S.A.	0,01%	
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Iberoamericana Radio Chile, S.A.	99,9%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,10%	
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yáñez. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Comercializadora Iberoamericana Radio Chile, S.A.	80,00%	
			Iberoamericana Radio Chile S.A	20,00%	
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	99,00%	
			Unión Radio del Pirineu, S.A.	1,00%	
Equity method					
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	100.00%	
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Providing all kinds of public telecommunications and broadcasting services	Sistema Radiópolis, S.A. de C.V.	99,90%	
			Cadena Radiodifusora Mexicana, S.A. de C.V.	0,10%	
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the market of Latin radio in the U.S.	GLR Services INC.	25.00%	
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the market of Latin radio in Panama	Sociedad Española de Radiodifusión, S.L.U.	34.95%	
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial broadcasting services	Caracol, S.A.	25,00%	
			Promotora de Publicidad Radial, S.A.S	25,00%	
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogotá, Colombia	Operation of the business of broadcasting and advertising	Caracol, S.A.	50.00%	
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Exploitation of broadcasting stations	Sistema Radiópolis, S.A. de C.V.	99,97%	
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99,00%	
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99,00%	
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	100.00%	
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sistema Radiópolis, S.A. de C.V.	100,00%	
			Radio Comerciales, S.A. de C.V.	0,00%	
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Xezz, S.A. de C.V.	100,00%	
			Radio Comerciales, S.A. de C.V.	0,00%	
Sistema Radiópolis, S.A. de C.V. (**)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.L.U.	50.00%	
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	Prisa Radio, S.A.	33.00%	
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	El Dorado Broadcasting Corporation	100.00%	
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99,00%	

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

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2019

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
PRESS					
Full Consolidation					
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile.	Diario As, S.L.	100.00%	
Diario AS Colombia, SAS	Cl 98, nº 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia.	Diario As, S.L.	100.00%	
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA.	Diario As, S.L.	100.00%	
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper.	Grupo de Medios Impresos y Digitales, S.L	75.00%	2/91
Diario Cinco Días, S.A (Antes Estructura, Grupo de Estudios Económicos, S.A.)	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper.	Grupo de Medios Impresos y Digitales, S.L	100.00%	2/91
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina.	Diario El País, S.L. Diario El País México, S.A. de C.V.	95,65% 4,35%	
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil.	Diario El País, S.L. Ediciones El País, S.L.	99,99% 0,01%	
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico.	Diario El País, S.L. Promotora de Informaciones, S.A.	98,18% 1,82%	
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper.	Prisa Noticias, S.L.	100.00%	2/91
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products.	Prisaprint, S.L.	100.00%	2/91
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper.	Diario El País, S.L. Prisa Noticias, S.L.	99,99% 0,01%	2/91
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and explotation of Huffinton Post digital for Spain.	Prisa Noticias, S.L.	100.00%	2/91
Factoría Prisa Noticias, S.L. (Antes Agrupación de Servicios de Internet y Prensa, S.L.)	Valentín Beato, 44. Madrid	Administrative, technological and legal services and the distribution of written and digital media.	Diario El País, S.L.	100.00%	2/91
Fullscreen Solutions, S.A. de C.V.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	Marketing advertising video.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	84,00% 1,00%	
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Ownership of shares of publishing companies.	Prisa Noticias, S.L.	100.00%	2/91
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation provision services.	Promotora General de Revistas,S.A.	100.00%	2/91
Mobvious Corp.	Prisa Brand Solutions USA, Inc.	Marketer's advertising in digital media.	Prisa Brand Solutions USA, Inc.	60.00%	
Noticias AS México S.A. de C.V.	Rio Lerma 196 BIS TORRE B 503, Ciudad de México DF	Publication and operation of As newspaper in Mexico.	Diario As, S.L. Prisa Noticias, S.L.	99,00% 1,00%	
Prisa Brand Solutions MÉXICO, S.A. de C.V	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	Marketer's advertising in digital media.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	99,99% 0,01%	
Prisa Brand Solutions USA, Inc. (Antes Prisa Digital Inc.)	Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	Marketer of advertising in media.	Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	100.00%	
Prisa Brand Solutions, S.L.U	C/ Valentín Beato, 48. Madrid	Marketer of advertising in media.	Prisa Noticias, S.L.	100.00%	2/91
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia.	Diario El País, S.L.	100.00%	
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Operation of press media.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of internet services.	Prisa Noticias, S.L.	100.00%	2/91
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies.	Prisa Noticias, S.L.	100.00%	2/91
Promotora General de Revistas, S.A.	Valentín Beato, 48. Madrid	Publication production and operation of magazines.	Grupo de Medios Impresos y Digitales, S.L	100%	2/91
Equity method					
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	Marketing of the newspaper As on line in Arabic in the countries of the Middle East and North Africa.	Diario As, S.L.	49.00%	
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. (1)	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format.	Prisa Noticias, S.L.	50.00%	
Le Monde Libre Societé Comandité Simple (2)	17, Place de la Madeleine. París	Holding of shares in publishing companies.	Prisa Noticias, S.L.	20.00%	
Zana investment 2018,S.L.	Calle Juan Ignacio Luca de Tena, nº7.	Hiring advertising in the media. Design, organization, management and marketing of all kinds of cultural, sports, promotional and leisure activities and events.	Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	33.00%	

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

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2019

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019 PERCENTAGE OF OWNERSHIP	DECEMBER 2019 TAX GROUP (*)
MEDIA CAPITAL					
Full Consolidation					
CLMC-Multimedia, Unipessoal, Ltda.	Rua Mário Castelhano, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Provision of production and exploitation commercial activities motion picture, video, radio, television, audiovisual and multimedia.	Media Global, SGPS, S.A.(MEGLO)	100.00%	
COCO-Companhia de Comunicação, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting, creation, development, production, recording and marketing of radio productions and related activities. Promotion of cultural and musical events and extension of musical culture.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
DRUMS - Comunicações Sonoras, Unipessoal LDA	Rua Sampaio e Pina, n.ºs 24-26 1070 249 Lisboa. Portugal	Activity of broadcasting in the domains of the production and broadcasting of programmes.	R. Cidade – Produções Audiovisuais, unipessoal, LDA	100.00%	
Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting.	Media Capital Rádios, S.A (MCR II)	100.00%	
Empresa de Meios Audiovisuais, Lda. (EMAV)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Purchase, sale and rental of audiovisual equipment (cameras, videos, special equipment for filming and lighting, cranes, Rails, etc.).	Plural Entertainment Portugal, S.A.	100.00%	
Empresa Portuguesa de Cenários, Lda. (EPC)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Design, construction and installation of furnishings.	Plural Entertainment Portugal, S.A.	100.00%	
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40. Queluz de Baixo. Portugal	Holding of shares in companies.	Vertix, SGPS, S.A	94.69%	
Leirimedia, Produçoes e Publicidade, LDA	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Production and realization of programs of radio shows, advertising, promotions and representations.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Media Capital Digital, S.A	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consulting, marketing (mail, telephone or other) of goods and services; as well as the acquisition, supply, production and dissemination of journalism by any means.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, printing and reproduction of recorded media: magazines, audio editing, video playback; and provision of services related to music, radio, television, cinema, theatre and literary magazines.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Produçoes, S.A. (MCP)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Concept, design, development, production, promotion, marketing, acquisition, exploration rights, registration, distribution and broadcasting of audiovisual media.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Provision of services in consulting and economic areas and the monitoring and management of other units of the group or the activity of broadcasting in the fields of the production and broadcasting of radio programmes in the companies of the Group; prospecting of markets; services of promotion, marketing and advertising for broadcasting activity collection; activity of broadcasting in the fields of production and broadcast.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Holding of shares in companies.	Grupo Media Capital, SGPS, S. A.	100.00%	
Moliceiro, Comunicacao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070 249. Lisboa. Portugal	Broadcasting activity.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
NOTIMAIA-Publicações e Comunicações, S.A.	Rua Sampaio e Pina, nºs 24/26 1099 044 Lisboa. Portugal	The activity of broadcasting, as well as the publication of newspapers and magazines.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual.	Media Capital Produçoes, S.A. (MCP)	100.00%	2/91
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. EE.UU.	Production and distribution of audiovisual.	Plural Entertainment España, S.L.	100.00%	
Plural Entertainment Portugal, S.A.	Rua Mário Castelhano, nº 40, Queluz de Baixo 2730 120 Barcarena. Portugal	Production of video and cinema, organization of performances, sound and lighting, advertising, marketing and representation of recorded videos.	Media Capital Produçoes, S.A. (MCP)	100.00%	
PRC Produçoes Radiofonicas de Coimbra,Lda.	Rua Sampaio e Pina, nºs 24-26 1070 249 Lisboa. Portugal	Production of film, video and television programs.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Produçao de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, printing and reproduction of recorded media: magazines, audio editing, video playback; and provision of services related to music, radio, television, cinema, theatre and literary magazines.	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1º Izquierda. 28010. Madrid	Inactive.	Plural Entertainment Portugal, S.A.	100.00%	
R 2000 - Comunicaçao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	R. Cidade – Produções Audiovisuais, unipessoal, LDA	100.00%	
R. Cidade – Produções Audiovisuais, unipessoal, LDA	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting, production of advertising spots in audio or video advertising, production and recording. Development and production of radio programmes.	Media Capital Rádios, S.A (MCR II)	100.00%	
R.C. - Empresa de Radiodifusão, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting, creation, development, production, recording and marketing of radio productions and related activities. Promotion of musical and cultural events.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	Media Capital Rádios, S.A (MCR II)	100.00%	
Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Rua Sampaio e Pina, 24-2 1099 044 Lisboa. Portugal	Exploitation of stations broadcasting, collection, selection and dissemination of information and cultural, recreational and advertising programs by audiovisual, radio and telematic means.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Rádio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting activity, as well as the provision of other services in the area of social communication.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Advisory, guidance and operational assistance to companies or organizations in public relations.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mário Castelhano, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Services, publication and marketing of goods and electronic services. Publication, production and distribution in media activities.	Media Capital Digital, S.A	100.00%	
Sociedade de Produçao e Edição Audiovisual, Lda (FAROL MÚSICA)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Production of storage, phonograms, audiovisual media and multimedia.	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	
Televisao Independente, S.A. (TVI)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Exercise of any activity in television, such as install, manage, and operate any infrastructure or television station.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual.	Plural Entertainment España, S.L.	100.00%	2/91

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

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2019

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	DECEMBER 2019	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
OTHERS					
Full Consolidation					
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia	Exploitation and marketing advertising of any kind	Prisa Participadas, S.L.	100.00%	
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	Prisa Participadas, S.L.	100.00%	2/91
Prisa Activos Educativos, S.L.U	Gran Vía, 32. Madrid	The realization of the activities inherent to the publishing business in its broadest sense and, in particular, editing marketing and distribution of all kinds of publications and the provision of editorial, education, leisure services and entertainment.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Activos Radiofónicos, S.L.U.	Gran Vía, 32. Madrid	The allowance, or self-employed, of any kind of services, directly or indirectly, related broadcasting. Advice and provision of services to media companies in the field of advertising, programming, administration, marketing and technical issues, computer and commercial and any other related activity. Production, operation and management-account or self-employed, by whatever means, of all kinds of programs and radio and audiovisual products.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of all types of administrative, accounting, financial, personnel, legal and human resources selection tasks.	Prisa Participadas, S.L.	100.00%	2/91
Prisa Gestión Financiera, S.L. (Antes Santillana Canarias, S.L.)	Gran Vía, 32. Madrid	Management and exploitation of information and social communication media whatever their technical support. The action in the capital and monetary market.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Management and exploitation of audiovisual and printed mass media, participation in companies and businesses, and providing all kinds of services.	Promotora de Informaciones, S.A.	100.00%	2/91
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Local television services	Prisa Participadas, S.L.	61.45%	
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Local television services	Prisa Participadas, S.L.	70.00%	
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, coordination and management of projects of all kinds, national and international, related to the commemoration of the bicentenary of the independence of the American Nations	Promotora de Actividades América 2010, S.L. Prisa Participadas, S.L.	100,00% 1 acción	
Promotora de Actividades América 2010, S.L. (En liquidación)	Gran Vía, 32. Madrid	Production and organization of activities and projects related to the commemoration of the bicentenary of the independence of the American Nations.	Promotora de Informaciones, S.A.	100.00%	2/91
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Production and distribution of audiovisual	Prisa Participadas, S.L. Promotora de Informaciones, S.A.	99,00% 1,00%	
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Holding of shares in companies.	Promotora de Informaciones, S.A.	100.00%	
Equity method					
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales.	Promotora de informaciones,S.A.	25.00%	
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a TV channel for promotion of Canary Islands	Prisa Participadas, S.L.	40.00%	
Sociedad Canaria de Televisión Regional, S.A. (1)	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV programming	Prisa Participadas, S.L.	40.00%	

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

KEY FINANCIAL AGGREGATES OF THE COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

APPENDIX II

INVESTEE	TOTAL ASSETS	CURRENTS ASSETS	NON CURRENT ASSETS	CURRENT LIABILITIES	NON CURRENT LIABILITIES	EQUITY	OPERATING INCOME	NET PROFIT
	DECEMBER 2019							
(Thousands of euros)								
PRESS								
As Arabia For Marketing, W.L.L. ([1])	419	391	28	1,170	0	(751)	381	(141)
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. ([2])	1,073	1,010	63	848	640	(415)	629	97
Le Monde Libre ([3])	141,097	434	140,663	161,533	0	(20,436)	0	(2,800)
Zana investment 2018,S.L.	5,579	5,521	58	5,444	0	134	4,996	(2,119)
RADIO								
RADIO IN SPAIN								
Laudio Irratia, S.L.	297	220	77	18	25	254	187	22
Planet Events, S.A.	8,587	8,410	178	8,669	0	(82)	8,407	(386)
Radio Jaén, S.L.	1,242	715	527	153	0	1,090	1,088	(21)
INTERNATIONAL RADIO								
Cadena Radiodifusora Mexicana, S.A. de C.V.	38,391	27,113	11,278	26,071	6,599	5,721	39,156	4,235
Cadena Radiópolis, S.A. de C.V.	6,506	1,406	5,100	182	299	6,024	90	15
El Dorado Broadcasting Corporation	535	0	535	2,069	0	(1,534)	0	(1)
Green Emerald Business Inc.	1,119	733	386	1,057	8,289	(8,227)	1,495	(1,020)
Promotora Radial del Llano, LTDA	72	52	20	10	0	62	74	14
Q'Hubo Radio, S.A.S	69	69	0	293	0	(224)	305	31
Radio Comerciales, S.A. de C.V.	3,129	739	2,390	621	1,172	1,336	3,386	169
Radio Melodía, S.A. de C.V.	1,025	179	846	125	141	759	356	149
Radio Tapatía, S.A. de C.V.	1,382	542	840	253	141	988	508	230
Radiotelevisora de Mexicali, S.A. de C.V.	1,461	956	505	799	95	567	835	126
Servicios Radiópolis, S.A. de C.V.	2,928	2,878	51	1,827	1,006	96	11,878	195
Servicios Xezz, S.A. de C.V.	337	286	51	221	41	74	1,560	67
Sistema Radiópolis, S.A. de C.V.	79,283	47,611	31,672	19,089	4,743	55,452	39,149	6,937
Unión Radio del Pirineu, S.A.	461	436	25	128	20	314	354	33
WSUA Broadcasting Corporation	4,418	1,620	2,798	3,356	6,058	(4,996)	475	(158)
Xezz, S.A. de C.V.	524	169	355	119	199	206	351	115
OTHERS								
Canal Club de Distribución de Ocio y Cultura, S.A.	133	133	0	4	0	128	61	61
Productora Canaria de Programas, S.A.	1,091	1,091	0	46	0	1,045	136	136
Sociedad Canaria de Televisión Regional, S.A. (1)	1,715	1,710	5	133	0	1,582	122	122

([1]) Information to October 2019

([2]) Information to November 2019

([3]) Information to December 2018

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

Consolidated Directors' Report for 2019

Translation of Director´s Report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES
CONSOLIDATED DIRECTOR'S REPORT FOR 2019

1. BUSINESS PERFORMANCE

1.1. Analysis of the evolution and result of business

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

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

For the comparability of the information, the figures for 2018 have been modified, according to the new EBITDA definition.

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

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

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

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

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

Consolidated Group performance for 2019 was as follows:

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

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

- Key highlights in 2019 include:

- A lot of focus on Education, which is showing a constant currency EBITDA growth of 12%.
  - Education sales growth of 9.2% in local currency with good performance for both private and public campaigns.
  - Focus on transformation and on growth of learning systems.
  - Good performance in private campaigns, with a focus on transformation and on the growth of the subscription models, and extraordinary performance in Spain, which grew revenue 16.3% because to new additions to primary this year. Subscription models grew revenue 21.4% in local currency, up to EUR 142 million with a growth in students of 16%, up to more than 1,435,000 students.
  - Extraordinary performance in public (institutional) campaigns, which grew revenue 13.1% in local currency, due to the share reached with Brazil's new order and good repeat business.

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

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

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

- Advertising revenue remained stable in spite of the impact that the World Cup had in 2018, driven by the performance of digital advertising, which grew 6% and now represents 31% of total Press revenue (57% of total advertising revenue)
- Improvements of 22% in distribution margins, the result of agreements and efficiency measures achieved the previous year.
- Press showed EBITDA growth of EUR 5.7 million, due to business growth and improved efficiencies with better KPIs for business in spite of the positive impact that the World Cup and the sale of assets had in 2018. Without impact, EBITDA growth of EUR 9.6 million.

Business performance for FY 2019 was as follows:

- In the **Education** division, operating income came in at EUR 628.0 million (+4.6% above the 2018 figure). Without the negative exchange effect (EUR -18.7 million), revenue grew +7.7% in comparison with 2018, in spite of the impact of the sale of assets in 2018 (Santillana USA and sale of Argentina building), thanks to the new items campaign in Spain, to the growth of institutional sales in Brazil and to the expansion of learning systems. Without the impact of property sales, Santillana revenue would have grown +10% in local currency compared to 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Media Capital** is presented as a discontinued operation in 2019. The operating income reached EUR 165.1 million (-9.2%) and EBITDA amounted to EUR 16.9 million (-58.0%). Without the impact of IFRS 16, EBITDA has fallen by -60.3%.

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

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

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

Prisa defines the **exchange rate effect** as the difference between the financial magnitude converted using the exchange rate of the current fiscal year and the same financial magnitude converted using the exchange rate on the previous fiscal year. The following table shows the exchange rate effect on operating income and EBITDA for the Education and Radio business and for the Prisa Group (in millions of euros):

	2019	Exchange rate effect	2019 excluding exchange rate effect	2018(*)	Change excluding exchange rate effect	Change (%) excluding exchange rate effect
Education (**)						
Operating income	628.0	(18.7)	646.7	600.5	46.2	7.7
EBITDA	175.2	(9.5)	184.7	164.6	20.0	12.2
Radio						
Operating income	273.8	(5.6)	279.4	287.6	(8.2)	(2.8)
EBITDA	63.4	(0.3)	63.7	64.2	(0.5)	(0.7)
Prisa Group						
Operating income	**1,095.5**	**(24.1)**	**1,119.7**	**1,098.6**	**21.1**	**1.9**
EBITDA	**191.1**	**(9.8)**	**200.9**	**224.0**	**(23.1)**	**(10.3)**
EBITDA excluding Mediapro rulling	**242.1**	**(9.8)**	**251.9**	**224.0**	**27.9**	**12.5**

(*) Estimated IFRS16 effect included in 2018 EBITDA for a comparable basis
(**) Excluding the exchange rate effect of Venezuela.

The Group's **net bank debt** increased by EUR 132.5 million for the year and came in at EUR 1,061.1 million to December 2019.

This debt indicator includes non-current and current bank borrowings, excluding *fair value*, diminished by current financial assets and cash and cash equivalents.

The following table shows the composition of this indicator as of December 31, 2019 and December 31, 2018:

	Million of euros	
	12/31/19	12/31/18
Non-current bank borrowings	1,164.9	1,149.7
Current bank borrowings	50.2	76.1
Fair value	17.4	22.8
Current financial assets	(4.7)	(24.9)
Cash and cash equivalents	(166.6)	(295.1)
NET BANK DEBT	**1,061.1**	**928.6**

1.2. Market environment and trends

1.2.1 Economic situation in Spain and Portugal.

Spain

The wake of growth continued in 2019, with positive growth rates for Spain, although there are symptoms of deceleration.

So, while growth of the GDP in Spain was 2.4% in 2018, it rose to +2.0% in 2019, growing for the sixth consecutive year since the end of the recession in 2013.

The improvement in the economic environment has had a positive impact on private consumption. Private consumerism in Spain grew +2.4% in 2014, +3.6% in 2015 and 2016, 0.8% in 2017 (slowing down due to the events in Catalonia) and 0.7% in 2018. According to FUNCAS, retail-sale consumerism was +2.3% for 2019.

In quarterly terms, according to FUNCAS data, retail sales performed positively in 2019: growing 1.4% in Q1 2019, by +2.2% in Q2, +3.4% in Q3 and 2.2% in Q4.

Portugal

As for Portugal, in 2019 GDP growth is 2.0% according to the Bank of Portugal. It has been growing for six consecutive years, although for the second year, it is growing at a slower rate than the previous year.

1.2.2 Evolution of the advertising market

Group business is directly exposed to the Spanish advertising market through its Radio and Press divisions.

In 2014 advertising investment in Spain grew for the first time since 2010. This trend continued during 2015 (+6.6%), according to public sources (i2P). This improvement continued in 2016, although growth began to slow down (+4.1%) and this slowing down was confirmed by growth of +2.0% in 2017 and growth of +1.3% in 2018. This slowing down of the market meant that, for the first time since 2013 and according to the i2P report in February 2020, the market dropped -1.5% in 2019 compared to 2018.

The evolution by sector shows that the market has had an uneven performance in 2019: growth has continued in Internet, Radio, Foreign, Cinema and Social Media. In Press (-1.7%), digital growth (+10.8%) could not compensate for the drop in traditional format (-9.9%). In the press market, the weighting for the traditional format makes up 55% of total press advertising. Separately, there has been a noteworthy drop in Television (-5.5%) and magazines and Sunday supplements have continued to fall.

In the case of Portugal, according to the estimates of advertising agencies (APAME), the overall market of free-to-air TV advertising has dropped by up to an estimated -2.0% in 2019. The radio market has grown an estimated +8.5% with regard to 2018, while growth in the Internet market reached +9.2%.

1.2.3 Economic situation in Latin America

According to the IMF projections (October 2019), in general, the countries where the Group is exposed, have shown growth in 2019 (except for Venezuela, Argentina, Ecuador, Puerto Rico and Nicaragua). In spite of the social uprising in October 2019, Chile is expected to grow +1.9% in 2019 (data from Chile Central Bank, November 2019), with growth slowly slowing down compared to 2018, where there was +4.0% growth. Other countries are continuing to show growth. According to IMF projections (October 2019), Colombia will grow +3.4% (2.6% in 2018), Mexico +0.4% (+2.0% in 2018) and Peru 2.6% (+4.0% in 2018). Growth will continue in general in 2020 and will be faster than in 2019, according to IMF projections (October 2019) except for in Argentina (-1.3%), Venezuela, Nicaragua and Puerto Rico. Brazil will see a higher growth rate (it is expected to grow +2%) while it is worth noting the upswing in Colombia (+3.6%), Chile (+2.3%), Mexico (+1.3%) and Peru (+3.6%).

Group results in Latin America have been negatively impacted by the weak exchange rate, especially in Argentina, Brazil and Colombia. The negative impact led the group to report EUR 24.1 million revenue and EUR 9.8 million EBITDA in 2019. As a result, the Group's recurrent revenue in Latin America grew by +0.2%, in comparison with the rise of +4.3% that would have been obtained with a fixed exchange rate. The EBITDA for Latin America grew by +1.0% (adjusting the impact of IFRS 16 in 2018) compared to the +7.2% that it would have obtained with a fixed exchange rate.

The effect of the volatility in exchange rates for the main Latin American currencies, was less significant during the first half of the year (negative effect due to currency devaluation of EUR -6.7 million in revenue and -1.4 million in EBITDA), while throughout the second half of the year, the effect was even more negative: effect of EUR -17.5 million in revenue and EUR -8.4 million in EBITDA.

In 2019 the currencies of Argentina, Brazil and Colombia made up 119% of the impact on the EBITDA.

2. OUTLOOK: FACTORS AND TRENDS THAT AFFECT TO THE EVOLUTION OF BUSINESS UNITS

2.1. Macroeconomic environment

The media industry is highly sensitive to trends in the main macroeconomic variables (i.e. GDP), consumption and, especially, the advertising cycle. Furthermore, businesses such as Education and Radio with an international presence are affected by changes on the exchange rates of the countries in which they operate. The economic management of these businesses will also be affected by predictable changes in these variables.

In turn, Prisa's activities and investments in Latin America are exposed to the performance of the different macroeconomic inputs in every country, including changes in consumer demand due to a higher or lower growth rate in some countries or the performance of their economies.

Group business performance will be affected by economic growth. Group earnings will also be affected by the performance of exchange rates. Depreciation is expected to continue for most Latin American currencies for 2020 compared to 2019.

The emergence of COVID-19 (coronavirus) in China in January 2020 and its recent global expansion to a large number of countries has led to the viral outbreak, classified as a pandemic by the World Health Organization on March 11, 2020. Considering the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Spanish economy and the rest of the countries in which the Group operates are uncertain, and will depend to a large extent on the development and extent of the pandemic in the coming months and on the reaction and of all the economic actors affected, and their ability to rise to the challenge (see note 27 of the consolidated notes).

2.2. Advertising market

Another factor which affects future developments is the advertising cycle. Nevertheless, Prisa Group's exposure to the performance of the advertising market is limited due to its diversified revenue mix (advertising revenues accounted for 32.1% of the total in 2019). Businesses that rely heavily on advertising have a high percentage of fixed costs, and consequently any increase in advertising revenue has major implications for earnings, improving the Group's margins and its cash position.

Digital advertising continues to see growth. Effectively, Group´s advertising rose by 6.3% in 2019, with press increasing its share of total advertising revenue to 57% (from 53% in 2018).

The advertising market in Spain dropped -1.5% in 2019, according to the i2P report (February 2020).

In Spain, the Group's advertising revenue, excluding the impact of the cyberattack on Radio, grew by +1% in 2019, thanks to the performance of advertising in Radio (with growth, without the impact of the cyberattack, in local, while on-air is online) and to digital advertising in Press. These effects offset the fall that continues to occur in paper advertising. In 2020 Group´s advertising revenue in Spain is expected to perform in line with the market evolution.

In Portugal, the performance of the advertising market in 2019 has fallen in the free-to-air TV sector (-2.0% according to estimates by advertising agencies, APAME). In this context, Media Capital's advertising revenues fell by -10.0% compared to 2018, due to the drop in television (-

14.5%), partly offset by the increase in radio (+12.9%). In this sense, growth at Media Capital is not expected to outstrip market forecasts.

In Latin America, according to market research (in Colombia, Asomedios+Andiarios/IBOPE, October 2019; in Chile, internal projections), the Radio advertising sector in Colombia dropped -3.3% in 2019, while the Radio market in Chile dropped -10.0% (affected by the outbreak of the social uprising in October). For 2020, this same market research projects growth of 0.5% in Colombia and a flat market in Chile, with no growth. Prisa Radio in Latin America dropped -1.3% at constant-currency rates in 2019, affected by the drop in the advertising market in Colombia and by the impact of the outbreak of the social uprising in Chile. For 2020, Prisa Radio is expected to perform in line with market, in Chile and Colombia.

However, the appearance of COVID-19 (Coronavirus) since January 2020, will adversely impact to the Group's advertising revenue, and in the first quarter of 2020 it would have meant lower advertising revenues (excluding Media Capital) of approximately 13% compared to the same period of the previous year. At the date of authorization of these consolidated financial statements it is not yet possible to estimate reliably the future impact of COVID -19 in the Group's advertising revenues (*see note 27 of the consolidated notes*).

2.3. Education sector

Prisa has other, less cyclical businesses that do not depend on advertising but still show scope for growth, especially in Latin America. One example is Education, which in 2019 contributed 57.3% of the Group's total revenue and 72.3% of its EBITDA (adjusting the impact of the Mediapro ruling). In Latin America, Santillana revenue has grown, in constant currency, +5.6% for the same period (+1.7% at current exchange rate), essentially due to the growth of learning systems, as regards both students and revenue (highlighting Brazil and Colombia) and greater institutional sales in Brazil (a mid-cycle year for the PNLD and higher sales to Prefeituras). This growth compensated Argentina's Sale & Lease Back operations and the effect of the sale of the business in the USA in 2018. 2020 performance will mainly depend on signing up students for Systems, institutional sales, fluctuation in the exchange rate (currencies are forecast to continue to depreciate) and growth in most countries.

Likewise, the appearance of COVID-19 (Coronavirus) since January 2020, will adversely impact to the Group's books and training revenue, and in the first quarter of 2020 it would have meant lower books and training revenues of approximately 8% compared to the same period of the previous year. At the date of authorization of these consolidated financial statements it is not yet possible to estimate reliably the future impact of COVID -19 in the Group's education sector (*see note 27 of the consolidated notes*).

2.4. Digital environment

Part of Group growth for 2020 will rely on digital expansion. Digital audience numbers rose sharply (168 million unique browsers by mid-2019, which represented 19% growth compared to 2018). In 2020, the Company will continue efforts to boost digital growth in all its business lines. Specifically, in Press the focus will remain on fully leveraging the leadership positions of the El País and As newspapers, not only in Spain, but also in the American market.

In addition, the Group will remain active in strengthening its balance sheet structure, reducing debt and focussing on cash generation during FY 2020.

3. MAIN RISKS ASSOCIATED TO THE BUSINESS

The businesses of Group subsidiaries and, therefore, their operation and earnings are subject to risks that may be grouped into the following categories:

- Risks relating to the financial and equity situation.
- Strategic and operational risks

In the Corporate Governance Report (*see Section E*) are detailed specific actions and bodies used to identify, valuate and manage these risks.

3.1. Risks relating to the financial and equity situation

Financing risk-

The Group's financial obligations are set out in note 12b "*Financial liabilities*" in the attached consolidated financial statements for 2019.

As of December 31, 2019, the Group's net bank debt level stood at EUR 1,061.1 million and represents a series of risks:

- It is more exposed to the economic cycle and market performance, especially in those businesses with a higher exposure to economic cycles.
- It requires part of the cash flow from operations to be put aside to cover payment obligations, interest payments and amortisation of the debt principal, hindering the capacity to dedicate these cash flows to cover working capital, investments and finance for future transactions.
- It limits the ability to adapt to changes in the markets.
- It places the Group at a disadvantage with regard to less indebted competitors.

As described in the Prisa consolidated financial statement for the year 2019, the Company reached in 2018 an agreement with the creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) to refinance and modify the terms of Prisa's current financial debt. This agreement came into force on June 29, 2018. The Refinancing agreement extended the debt maturity to the year 2022, being the first obligation of amortization in December 2020 (EUR 15 million).

In addition, the contracts governing Prisa's Group debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (*covenants*). These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the *Override Agreement*.

The credit rating assigned to the Company may be reviewed, suspended or removed at any time by one or more of the credit rating agencies. A downward variation in the credit rating of the Company could adversely affect the conditions of a possible future refinancing of the financial debt of the Group, may adversely affect the cost and reduce investors.

Equity situation of the Group's Parent Company-

As of December 31, 2019, the equity of the parent Company (including participating loans outstanding at year-end) stood at EUR 407,861 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year, according to Article 327 of Spain's Corporate Enterprises Act. This situation was due mainly to the losses recognised by the Company in 2019 because of (i) the impairment of its investment in Vertix as a consequence of the transaction described in note 1b of the consolidated notes and (ii) the impairment of its investment in Prisa Participadas, S.L.U. resulting from the unfavourable court ruling against Audiovisual Sport, S.L. (subsidiary of Prisa Participadas) due to the conflict with Mediapro described in note 26 of the consolidated notes. In this regard, the Company's Board of Directors has agreed to propose to the shareholders at the Annual General Meeting a reduction in share capital, which will enable the equity balance of the Parent to be restored within the set legal period.

In general, the evolution of Prisa's net equity will depend, among other factors, on the performance of the Prisa Group's businesses, the recoverability of financial assets and investments, the cost of debt financing, possible contingencies and other operating costs of the Company. In this respect, a future unfavourable evolution of the Company's net equity could lead to a new situation of equity imbalance as concerns commercial legislation. This situation could entail the need to propose, to the competent corporate bodies, the implementation of new capital decreases or increases; or, in the event of a cause for dissolution that is not resolved as provided by law, the dissolution of the Company.

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2019, advertising revenue represented 32.1% of Group operating income.

Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana's cash flow. While the seasonality of the Group's cash flow is not significant, so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

In terms of the commercial credit risk, the Group assesses the age of the trade receivables and constantly monitors the management of the receivables and payables associated with all its activities, as well the maturities of financial and commercial debt and repeatedly analyses other financing methods in the aim of covering planned cash requirements in the short, medium and long-term.

However, and as described in note 27 of the Notes, the appearance of COVID-19 (Coronavirus) is expected to lead that the situation in the markets may lead to an increase in liquidity pressures in the economy and a contraction in the credit market. In this respect, in 2018, within the framework of debt refinancing, the Company established a Super Senior credit facility until June 2023, in the amount of EUR 50 million, to finance the Company's operating needs, that was increased by EUR 30 million in April 2019, as a result of the acquisition of 25% of Santillana. As of December 31, 2019, no drawdowns of the aforementioned credit facility have been made to finance operating needs. Likewise, Santillana and its subsidiaries have credit facilities with a limit amount of EUR 44 million as of December 31, 2019, of which, EUR 14 million were drawn on that date. Therefore, at the end of 2019 financial year, the Group had undrawn credit facilities amounting to EUR 110 million, together with cash available of EUR 157 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 98.63% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates. A possible increase in interest rates (i.e. Euribor), would mean an increase in interest expense, which would negatively impact in the cash flow of the Group.

Exposure to exchange rate hedges-

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in American companies, as well as revenue and profits from said investments.

In this context, and in the aim of mitigating this risk, if there are credit lines available the Group adheres to the practice of formalizing hedge contracts for exchange rate variations (mainly forex insurance, 'forwards' and options on currencies) based on its monthly analyzed forecasts and budgets, in order to reduce volatility in operations, results and cash flows of subsidiaries operating overseas in currencies other than the euro.

Moreover, a possible unfavourable performance in the economies of the Latin American countries where the Group operates could translate into hyperinflationary situations, with the consequent negative impact on exchange rates.

Tax risks-

The Group's tax risks are related to possibly different interpretations of the rules that the relevant tax authorities may make, as well as to the changes in tax rules in the different countries in which the Group operates.

As of December 31, 2019, the consolidated Group had active tax credits amounting to EUR 116.3 million; of these, EUR 66.2 million corresponded to the tax consolidation group whose parent company is Prisa.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that changes in tax rules or the ability to generate positive tax bases may not suffice to recover the active tax credits arising from the negative tax bases from previous financial years, from limiting the deductible nature of financial expenses and amortizations, as well as from tax deductions.

Intangible assets and goodwill-

As of December 31, 2019, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 125.0 million and goodwill of EUR 151.1 million. The analysis of the value of these assets and goodwill used estimates made to date, based on the best available information. It is possible that events which could occur in the future make it necessary to modify these estimates down. In this event, the impact of these new estimates in valuing intangible assets and goodwill will be registered on the future consolidated income statement.

3.2. Strategic and operational risks

Macroeconomic risks-

The evolution in macroeconomic variables affect to the Group business performance in Spain and America.

During 2019, 53.6% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 46.4% of Group operating income).

Macroeconomic declines could negatively affect the Group's position in terms of earnings and cash generation, as well as the value of Group assets.

Decline in the advertising market-

An important part of Prisa's operating income comes from the advertising market, mainly in its Press and Radio businesses (excluding Media Capital). As of December 31, 2019, advertising revenue represented 32.1% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

If macroeconomic figures worsen in the countries where the Group operates (especially GDP), the spending outlook for advertisers could be negatively impacted. Given the large fixed expenses component linked to businesses which rely heavily on advertising, any decline in advertising revenues directly affects operating profits and, therefore, the Group's ability to generate cash.

Changes occurring to the traditional media business-

Press revenues from the sale of copies and subscriptions continue to be negatively impacted by the growth of alternative distribution media, including free news websites and other content.

If the Group’s businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group’s income and results.

Competition risk-

Prisa's businesses operate in highly competitive sectors.

Competition between companies offering online content is intense in the Press and Radio businesses, and the Group is fighting for advertising against traditional players, multinational online audiovisual and musical content platforms, new online content providers and news aggregators.

In the Education business, the Group also competes against traditional players and smaller businesses, online portals and digital operators offering alternative content and methodology. In addition, there is a growing trend towards access to open educational content through online sites, and the market for second-hand materials is growing. However, the number of schools that do not use books and that develop new content within the scope of their own curricular autonomy is increasing.

The ability to anticipate and adapt to the requirements and new demands from customers may impact the competitive position of Group businesses with regard to other competitors.

Country risk-

Prisa operations and investments may be affected by different risks that are typical to investments in countries with emerging economies or with unstable backdrops, such as currency devaluation, capital controls, inflation, expropriations or nationalizations, tax changes or changes in policies and regulations.

Regulatory risk-

Prisa operates in regulated sectors and, therefore, is exposed to regulatory and governmental risks that could negatively impact the business.

Specifically, the Radio business is subject to having franchises and licenses for its activity, while the education business is subject to public educational policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by legislative changes, changes in the contracting procedures of public administrations, or the need to obtain prior administrative authorization with respect to the content of publications. Curriculum changes force the Group to modify its education contents, which requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

Furthermore, Prisa businesses are subject to many regulations in terms of fair competition, control of economic mergers or anti-monopolistic legislation at a global or local level.

Risk of concentration of customers in the public sector-

The main customers in the Group’s Education business are the governments and public bodies in the various jurisdictions where it operates.

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies.

Digital transformation process-

The businesses where the Group operates are in a permanent process of technological change. Recent technological progress has introduced new methods and channels for content distribution and use. This progress is accompanied, in turn, by changes in preferences and audience consumption habits.

In the field of media, alternative digital actors proliferate including social networks or news aggregators as online content through several platforms, which has greatly expanded the options available to consumers, resulting in a fragmentation of the audience. This also implies an increase in the inventory of digital advertising space available to advertisers, which affects, and is expected to continue affecting, the Group's Press and Radio businesses.

In addition, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices. And, on the other hand, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications that visit.

In the field of education, in certain geographies, subscription models with a strong digital component (educational systems) are becoming increasingly important, both in terms of content and in terms of educational experience.

The digital transformation imply several risks such as developing new products and services to respond to market trends, losing of value of contents within a digital environment, importance of technology to develop digital business, the management of the new digital talent or resistance to technological change in businesses of the Group.

Technology risk-

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology ("IT") systems. For example, in education business the Group offers software or technology solutions through web-based platforms.

IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, piracy and the physical damage sustained by IT centers. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa's systems and platforms could result in the loss of data or compromise customer data or other sensitive information. Major faults in the systems or attacks on their security could have an adverse effect on Group operating profits and financial conditions.

In this regard, the Group has externalized with several technology providers its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases or the service was transferred to new suppliers, Group operations could be impacted.

Litigation and third-party claims risk-

Prisa is involved in litigation and is exposed to liability for the content in its publications and programs. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

To manage this risk, the Group manages and monitors legal proceedings and is advised by independent experts.

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group's business.

Intellectual property-

The Group's businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group's pillars of success and ways to maintain a competitive advantage. However, there is the risk that third parties might, without the Company's authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group.

In addition, in order to use third-party intellectual property rights, the Group has non-exclusive paid-for permission from management companies servicing the owners of these rights and companies that create or market intellectual property.

Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights.

4. CORPORATE GOVERNANCE

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this management report, and was authorized for issue by the Board of Directors. The ACGR details all corporate governance aspects at Prisa and is available at www.prisa.com.

Without prejudice to the above, some of the key aspects of Prisa's corporate governance are set forth below.

Governance bodies

The ACGR details how the Company's management bodies and the decision-making process work. The Annual General Meeting and Board of Directors are the Company's most senior governance bodies.

The main changes in Prisa's Board of Directors and the management team in 2019 were as follows:

i. Succession of the Chairman of the Board of Directors:

   In the Board of Directors held in December 2018, the succession of Mr. Manuel Polanco Moreno in his position as non-executive Chairman of Prisa was launched, and the Board appointed Mr. Javier Monzón de Cáceres (at that time Non- executive Deputy Chairman and Coordinating Director) as non-executive Chairman of the Board of Directors, and the aforementioned termination and appointment took effect as of January 1, 2019.

ii. Non-Executive Vice Chairman of the Board of Directors:

In April 2019, the director Mr. Joseph Oughourlian was appointed as non-executive Vice Chairman of the Board of Directors of Prisa.

iii. Changes in the composition of the Board of Directors and Board Committees:

In June and July 2019, Messrs. Waleed Alsa´di and Francisco Gil have ceased as directors and have been respectively replaced by two independent directors, Ms. Beatrice de Clermont and Ms. Maria Teresa Ballester.

Likewise, the Board Committees (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee), have been reorganized adjusting both the number of members and their composition.

iv. Senior Management

There have also been changes in the perimeter of Senior Management, with the replacement of the former CEO of Media Capital, Ms. Rosa Cullel, by Mr. Luis Cabral and with the joining of Mr. Jorge Bujía as Director of Risk Control and Management control.

As per the Company's Board of Directors Regulations and pursuant to the Corporate Enterprises Act, the Board have non-delegable powers to determine certain general strategies and policies of the Company and make certain decisions (including the strategic or business plan; management objectives and annual budgets; investment and financial policy; tax strategy; risk management and control; oversight of the internal control and information systems; approval of financial reporting; dividends policy; treasury share policy; corporate governance and social responsibility policies; the appointment and dismissal of board members and certain directors; investments or operations of all types which due to their high amount or special characteristics, are of a strategic nature or involve special tax risk for the Company; approval of the incorporation of or acquisition of equity stakes in special purpose vehicles or institutions domiciled in tax havens; agreements concerning mergers, spin-offs and any material decisions that could affect the Company's status as a listed company; approval of related-party transactions; annual evaluation of the Board of Directors' performance, etc.).

Without prejudice to the powers conferred on the CEO, the Board of Directors has a Delegated Committee which has been granted all the powers and competencies of the Board that can be delegated, in accordance with the Law and with the limitations established in the Regulations of the Board of Directors.

When managing the Company, the CEO draws on the support of the Management Committee, the members of which are part of the Company's Senior Management.

Senior managers are appointed by the Board on the CEO's recommendation and based on a report from the Nominations, Compensation and Corporate Governance Committee, and they report directly to the CEO.

Each of the commissions of the Board (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee) has functions in their respective areas. The composition and functions of these committees are described in the ACGR.

Composition of the Board of Directors

At December 31, 2019, Prisa's Board of Directors had 13 members: 1 Executive Director, 5 proprietary directors and 7 independent directors, with different academic profiles and respectable track records (profiles and bios available at: www.prisa.com).

The Board of Directors has a Non- Executive Chairman (with the category of independent), a Non- Executive Vice Chairman (with the category of proprietary external director) and a CEO, who is the chief executive of the Group.

5. NON- FINANCIAL INFORMATION STATEMENT

This Non-Financial Information Statement was prepared in compliance with the requirements under *Ley 11/2018, de 28 de diciembre*, which amends the Spanish Commercial Code, the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July and *Ley 22/2015, de 20 de julio*, on Auditing, in the area of non-financial information and diversity. The Group's non-financial risk map was taken into account, and the GRI standards selected in the table "Contents required by Law 11/2018 of 28 December" defined in the *Global Reporting Initiative* Sustainability Reporting Guidelines were used as a reference.

In this context, through the Non-Financial Information Statement, Prisa aims to report on environmental, social, anti-corruption and anti-bribery issues and matters relating to personnel and human rights relevant to the Group in the performance of its business activities.

As the Non-Financial Information Statement is included in the Prisa Consolidated Management Report as an additional chapter, information required in the Non-Financial Information Statement will be incorporated by reference to other sections of the wider Management Report. For this same purpose, reference may be made to the Annual Corporate Governance Report attached as an appendix to the Consolidated Director´s Report and to the Prisa Group's Consolidated Financial Statements for 2019, both of which are published and accessible on Prisa's corporate website. The table called "Contents required by Law 11/2018 of 28 December" included at the end of the Non-Financial Information Statement makes reference to content published in those documents.

5.1. The Prisa Group and its Business Units

The Prisa Group ("the Group") engages in the creation and distribution of cultural, educational, news and entertainment content on a global scale, with a focus on the Spanish and Portuguese-speaking markets.

Across its Business Units, it operates brands such as El País, Santillana, Moderna, Compartir, UNO, Ser, Los40, WRadio, Radio Caracol and As. The Group is present in 22 countries. According to 2019 data, 46.4% of its operating revenue arises in Spain and the remaining 53.6% is generated internationally. Five countries currently account for 86% of the Group's total operating revenue in 2019: Spain, Brazil, Mexico, Colombia and Chile.

We describe below, for each Business Unit, its markets and sectors, business models, business environment and organisational structure, and its goals and strategies. Business performance and the factors and trends affecting the business model are described in notes 1 and 2, respectively, to this consolidated Director´s report.

5.1.1. Markets and sectors, business model, business environment, organisational structure

The Group is organised into three business units (equivalent to operating segments as set out in note 18 to the accompanying consolidated financial statements): Education (Santillana), Radio (Prisa Radio) and Press (Prisa Noticias). The Media Capital segment is presented as a discontinued operation in 2019.

In addition to its Business Units, Prisa has a Corporate Centre, which sets the Group's strategy and ensures our businesses are in alignment with it.

Education (Santillana)

The Education Business Unit engages in the creation and distribution of educational content for all levels of education, from 3 to 18 years old (with a special focus on K-12), in Spanish, Portuguese and English, in a range of formats and in line with the educational regulations and models of the countries where we operate.

Through brands such as Santillana, Compartir, UNO or Moderna, among others, we are present in 21 countries (Spain, Portugal and 19 countries in Latin America). The Business Unit is organised by country, with its own corporate center that coordinates and guides the strategy of the entire Business Unit.

The business model focuses on distribution of educational content, with comprehensive solutions for students and teachers alike.

By geographic area, the three main markets for the Education Business Unit are Spain, Brazil and Mexico, which accounted for 67% of total operating revenue in 2019.

In 2019, we sold 106 million books across all countries. Currently, about 34 million students use educational content created by the Business Unit. Of these, more than 1.4 million use comprehensive, flexible and disciplinary learning systems under a subscription model.

Radio (Prisa Radio)

The Radio Business Unit creates and distributes audio news and entertainment content in voice and musical radio formats (analogue and digital) and in native digital audio formats (podcasts). The Unit also hosts events, leveraging the attraction of our brands.

With brands such as SER, Los40, Dial, Caracol Radio, WRadio and Podium Podcast, among others, we are present in 10 countries directly or via franchises. The Business Unit is organised by country, also with its own corporate center that coordinates and guides the strategy of the entire Business Unit.

The three main markets by geographical area for the Radio Business Unit in 2019 were Spain, Colombia and Chile, accounting for 99% of total operating revenue.

The business model monetises advertising inventory and events arising around our radio and digital properties in the audio domain. We are seeking new alternatives for monetisation as the digital transformation accelerates.

Prisa Radio reaches 21 million listeners according to the aggregate audience data of the countries where we are present, and has 50.9 million unique website visitors.

Press (Prisa Noticias)

The Press Business Unit (Prisa Noticias) comprises general-interest, sports and business news activities in the online and printed spheres, based on quality journalism. In addition, from January 1, 2019 the Unit encompasses the advertising and technology head offices.

With brands such as El País, As, Cinco Días, Huffington Post, Smoda, Buena Vida, Retina and Meristation, among others, the Unit is present in 7 countries. Organisationally, the Unit is structured by product and centrally coordinated from Spain.

The main market by revenue is Spain, which accounted for 97% of the Business Unit's total operating revenue in 2019.

The business model monetises the readership through two lines of activity: advertising (which accounts for 50% of revenue), which is increasingly online (57% of total advertising), and copy sales (29% of total). Press (Prisa Noticias) continues to make progress in its transformation towards an increasingly online model, with more focus on a subscription model.

The aggregate online readership of all titles is 131.2 million unique users from around the world.

5.1.2. Goals and strategies

The main strategic cornerstones for the Group are:

- Growth in the Education business through ongoing expansion in existing markets and development of subscription models.

- Accelerating our digital transformation in the media and strengthening leadership.

- Resources allocated to higher value-added businesses and ongoing efficiency plans to preserve a sustainable debt structure.

5.2. Risk management

Prisa tracks the key risks, including tax risks that could affect the Group's business units.

The Risk Management System operates by business unit. Management is consolidated at Group level through an integrated management model, among other specific tools. The Group has a risk map as a tool for visual representation of risks. We use the map to identify and assess the risks faced by the business units and the Group. Risks are pinpointed by the CEOs of the business units and the Group, identifying the parties responsible for managing each risk and setting action plans and controls. The Internal Audit Department regularly aggregates and standardises the risks identified by each business unit, to produce risk maps for the Group and the businesses. The maps are submitted to the Audit, Risk and Compliance Committee.

The Group's key risks are discussed in note 3 to this Consolidated Director´s Report.

The Group has in place a system of Internal Control over Financial Reporting (ICFR), originally developed using the COSO 1992 methodological framework. The ICFR system was adapted in 2014 to the new COSO 2013 Framework.

To manage criminal risks, Prisa has in place a Crime Prevention and Detection Model in Spain and is developing compliance models in the key countries where the Group is present: Brazil, Mexico and Colombia. Compliance models cover environmental, labour relations and corruption and bribery risks for each business activity. For each of these risks, based on their impact on the business the Group sets risk control and mitigation measures.

In addition, the Group has non-financial risk maps at Group level and for the Education, Radio and Press business areas. To prepare risk maps, we identify non-financial risks that could potentially impact the Group's current business model in any of its activities and regions.

Identified risks are assessed and prioritised by impact (effect on business performance, reputation, business continuity and financing capacity) and probability of occurrence (possibility of the risk materialising given the existing control environment). Risks fall into 5 major categories aligned with the areas referred to in Law 11/2018. Some of the risks identified for each of the categories are:

- Environmental management: risk relating to sustainable or responsible supply of raw materials, waste generation and circular economy.
- Labour and personnel management: risks relating to our capacity to attract and retain talent, develop talent and training, promote equality, and prevent corruption and bribery.
- Society: risk of affecting consumers; cybersecurity and privacy risks (own employees, consumers and supply chain).
- RSC performance: risk of lack of transparency in the accountability process.
- Supply chain: risks of ties to third parties without a standard-approval process.

A list of performance indicators was created to track risks over time. Throughout this report, each chapter provides further information about the indicators for monitoring and evaluating relevant risks.

5.2.1. About this report

The procedure for producing the Group's Non-Financial Information Statement is based on standardised report for all business areas, reporting the performance indicators referred to above.

To produce this Non-Financial Information Statement, we considered the Group's Non-Financial Risk Maps, based on which we specified reporting criteria and models, including the management indicators required by Law 11/2018. These reporting models were prepared in accordance with the GRI (SRS) standards selected in the table "Contents required by Law 11/2018 of 28 December" published by the *Global Reporting Initiative* (GRI) in its Sustainability Reporting Guidelines.

In this table, the Company identifies matters that, given its business and based on an analysis its non-financial risks, are material or immaterial.

Furthermore, Prisa's Corporate Social Responsibility Policy, approved by the Board of Directors in December 2018, establishes a framework to ensure responsible behaviour in these matters facing our key stakeholders. The CSR framework document is available on Prisa's corporate website, www.prisa.com.

5.3. Responsible environmental management

Our responsible business model and its ties to the United Nations' Sustainable Development Goals form the bedrock of Prisa's commitment to the environment and are specified in our Corporate Social Responsibility Policy.

The environmental risks of our business are identified. Although analysis suggests that direct dedication of resources to the management of these risks is not needed, in each country and business unit practices are established and shared that help to reduce environmental impact, thus contributing to sustainable development.

5.3.1. Air pollution and energy efficiency

a) Pollution

Following an assessment and due to the Prisa Group companies' activities, our employees' vehicles are the main direct impact on air pollution. Noise and light pollution are not considered material for assessment and reporting.

The key steps that Prisa has taken to reduce carbon emissions are:

- Vehicles provided to employees are leased in the form of renting. We work with companies that are committed to the environment, measuring CO_2 emissions for each vehicle. We receive advice on efficient driving practices and ensure optimal management of vehicle lease duration, mileage and maintenance to comply with current regulations on air pollution and noise emissions of our fleet.
- In 2019, Cadena SER in Spain started to replace its mobile units in 5 cities choosing vehicles with hybrid technology, which are more efficient and environmentally sustainable.
- Since 2018, the headquarters building at Miguel Yuste has four electric charging points for vehicles.

Prisa encourages use of public and more sustainable means of transport: through the Flexible Compensation Plan in Spain, we support the purchase of monthly transport passes that attract tax advantages. At the Tres Cantos headquarters, where Santillana España and Prisa Corporación employees are located, buses are available for transfer between the office and the local train station.

b) Energy-efficient buildings

Virtually all the Group's businesses are located in rented premises where we promote rational and efficient use of energy to reduce greenhouse gas emissions and mitigate their effects.

We conduct energy audits which, in Spain, are regulated by Royal Decree 56/2016, to reduce electricity consumption and emissions into the atmosphere. We also highlight the following actions:

- Standardisation of LED lighting coupled with motion detection devices for automatic lights on/off at business units in several countries.
- The refurbishment started in 2019 in Madrid at the facility occupied by Press (Prisa Noticias), to improve energy efficiency, will feature a photovoltaic plant of 900 m2 for self-consumption that will lead to a reduction of approximately 51 t of CO_2 emissions to the atmosphere.

5.3.2. Circular economy, waste prevention and management

a) Preventive measures

Prisa monitors the waste it generates paper-based activities (from sourcing from suppliers who meet responsible and sustainable management standards, to recycling) and daily operations, raising awareness of waste reduction, reuse and recycling with licensed waste managers.

The preventive campaign conducted in Spain included reduced consumption of plastic-bottled water in our facilities by providing more than 2,200 employees with stainless steel bottles.

b) Paper recycling and reuse

We reclaim unsold publications and books across all the Group's companies and in all countries to achieve a second use within the economic circuit. We optimise production processes and product design and restrict purchase of resources from the forest environment. In addition, we undertook the following initiatives specifically to reduce paper consumption in other areas:

- Recyclable business cards: after use, they can germinate, as they are made of waste cotton containing seeds.
- Responsible office printing practices, for which a pilot project was started with two goals: raising awareness among employees of the question of whether it is really necessary to print and of effective reduction of paper consumption: estimated at 10% at workplaces where the project was implemented.
- Gradual implementation of process digitisation in a range of areas, especially financial administration, due to the volume of invoices and other documents.

c) Waste management

Efforts at Group companies seek to reduce waste while improving sorting for subsequent recycling. In 2019, therefore, Ecoembes collaborated by providing the two main headquarters in

Madrid (Prisa Radio and Press (Prisa Noticias)) with containers that support sorted waste collection.

5.3.3. Sustainable use of resources[1]

a) Water consumption and supply

2019	2018
130,094 m³	**121,071 m³**

Consumption recorded by all Group companies in 2019 was sourced from local public networks. Prisa does not have its own supply points.

b) Consumption of raw materials

	2019 (*)		2018	
Type of material	Total consumption of material (tn)	% Renewable and sustainable materials	Total consumption of material (tn)	% Renewable and sustainable materials
Total paper consumption	**79,400**		**74,126**	
Paper from renewable or recycled sources	22,162	28%	29,881	40%
Paper from sustainable sources (FSC or equivalent)	55,134	69%	3,020	4%
Cardboard	**4,780**	**100%**	**317**	**100%**
Plates	**102**	**100%**	**112**	**100%**

(*) There was a sharp increase in the purchase of paper in 2019 (from sustainable sources and other sources) due mainly to the greater demand accommodated by Santillana in the Brazilian market.

c) Electricity

	2019	2018
Renewable sources	11.0 GWh	8.4 GWh
Non-renewable sources	40.6 GWh	46.5 GWh
Total consumption	**51.7 GWh**	**54.9 GWh**

Lower consumption in 2019 was due to decreased industrial activity at Prensa (Prisa Noticias) following the sale of the printing business in Valencia and, chiefly, to gradual implementation of energy efficiency measures in all the countries where the Group operates.

[1] In accordance with the new standardised structure used to collect information from all business areas (see section 5.2.Risk management), the data reported in 2018 were updated to make them comparable.

d) Other fuels

Natural gas		Diesel	
2019	2018	2019	2018
378,183 m³	**462,888 m³**	**991,365 litres**	**1,132,315 litres**

The lower usage of these consumables was driven by two components: first, the decreased industrial activity in Press (Prisa Noticias), and, secondly, implementation of specific measures to improve the thermal performance of buildings and optimise energy consumed, such as replacing doors and other through-ways with to achieve a better insulation coefficient, and setting set temperatures at ecological values.

e) Use of renewable energy

Prisa already uses 21% of its energy from renewable sources (15% in 2018), which should increase in 2020 after the photovoltaic plant at the Miguel Yuste facility go on stream (scheduled for April).

5.3.4. Climate change

a) Key points of greenhouse gas emissions

Calculated direct[2] greenhouse gas emissions from Prisa's activity due to direct consumption of fuels (natural gas and diesel) and energy were:

	Emissions 2019 (tn CO_2 eq)	Emissions 2018 (tn CO_2 eq)	% change in emissions
Scope 1 (natural gas and diesel)	**3,722**	**4,316**	**-13.8%**
Scope 2 (electricity)	**11,381**	**13,235**	**-14.0%**

[2] GRI-305-1 and 2 indicators

Emissions from indirect consumption[3] of energy within Scope 3 of the GHG Protocol, which in our case relates to business travel in vehicles not owned by Prisa (aircraft, rental cars, trains, etc.) and from paper consumption are as follows:

		Total emissions in 2019 (tn CO_2 eq)	Total emissions in 2018 (tn CO_2 eq)	% change in emissions
Air	Short-haul flights	4,135	3,648	13.4%
	Medium-haul flights	1,062	1,050	1.2%
	Long-haul flights	3,092	3,148	-1.8%
Rail		118	153	-23%
Road	Diesel	2,158	2,712	-20.43%
	Petrol	3,523	2,829	24.54%
Paper		38,228	35,688	7.1%
Total Scope 3		**52,317**	**49,228**	**6.27%**

5.3.5. Measures in response to climate change

As indicated earlier, energy efficiency measures were implemented in 2019 to reduce our carbon footprint in terms of fuel and energy consumption.

Yet it is in ordinary business where the carbon footprint has a greater relative weight. The key measures to reduce emissions were:

- Paper: Santillana and Press (Prisa Noticias) are both immersed in a content digitalisation process that will lead to a gradual decrease in paper consumption. Examples include Santillana's Edutech strategy, Press (Prisa Noticias), with delegations like Brazil (100% digital), or the discontinuation of printing Latin American editions of El País.
- Travel: The Group's business is present in many countries, with locally based businesses or due to the need to cover events, significant or relevant facts, etc. Being fully aware of the environmental impact of our travel, in June 2019 the Group updated its Policy on Representation and Travel Expenses: everyone must think through whether a trip is really necessary or can be replaced with telematic communication methods such as videoconferencing or telephone calls.

[3] GRI-305-3 indicator

5.4. Labour matters regarding personnel

5.4.1. Employment

The number of Group employees at year-end 2019, distributed by country, gender and type of contract, is as follows:

	Permanent contract + PTR (**)			Variable, Temporary Contract and TTR (**)			Total		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Argentina	183	257	**440**	22	17	**39**	205	274	**479**
Bolivia	24	19	**43**	0	0	**0**	24	19	**43**
Brazil	428	547	**975**	0	0	**0**	428	547	**975**
NTCA (*)	71	75	**146**	0	0	**0**	71	75	**146**
Chile	236	173	**409**	8	1	**9**	244	174	**418**
Colombia	747	525	**1,272**	28	19	**47**	775	544	**1,319**
CR	27	29	**56**	14	3	**17**	41	32	**73**
Ecuador	71	53	**124**	0	0	**0**	71	53	**124**
Spain	1,591	1,348	**2,939**	81	77	**158**	1,672	1,425	**3,097**
Mexico	282	276	**558**	0	0	**0**	282	276	**558**
P. Rico	14	15	**29**	0	0	**0**	14	15	**29**
Panama	12	12	**24**	0	0	**0**	12	12	**24**
Paraguay	18	16	**34**	0	0	**0**	18	16	**34**
Peru	67	83	**150**	87	77	**164**	154	160	**314**
Portugal	492	345	**837**	168	126	**294**	660	471	**1,131**
Dom. Rep.	73	46	**119**	0	0	**0**	73	46	**119**
Uruguay	10	12	**22**	0	0	**0**	10	12	**22**
USA	18	15	**33**	0	0	**0**	18	15	**33**
Venezuela	6	7	**13**	0	0	**0**	6	7	**13**
Total	**4,370**	**3,853**	**8,223**	**408**	**320**	**728**	**4,778**	**4,173**	**8,951**

(*) North Central America includes: Guatemala, Honduras and El Salvador
(**) TTR = Temporary trade representative, PTR = Permanent trade representative

The breakdown above shows that 92% of Prisa's workforce is under a permanent contract and 8% is under a temporary one (compared to 93% and 7% in 2018). Men represent 53% of the workforce compared to 47% of women (versus 54% and 46% in 2018).

98% of the workforce at year-end was working full time (in Spain this ratio is 95%, the same as in 2018).

The distribution by gender and job category was as follows in 2019 and 2018:

	2019			2018		
	Men	Women	**Total**	Men	Women	**Total**
Executives	240	127	**367**	255	110	**365**
Middle management	640	500	**1,140**	621	474	**1,095**
Other employees	3,898	3,546	**7,444**	3,704	3,316	**7,020**
Total	**4,778**	**4,173**	**8,951**	**4,580**	**3,900**	**8,480**

The average age of men is 2.7% higher than the average age of women in the Group. The Group average stands at 42.8 years. 11% of employees are under 30 years old, 65% are 30 to 50 and 24% are over 50.

The comparison of average ages by gender between 2019 and 2018 is:

	Men	Women	**Total**
Group average age 2019	43.3	42.2	**42.8**
Group average age 2018	43.1	41.9	**42.5**

The distribution of Group employees by geographical origin and average age is:

	2019
Spain	45.5
Latin America	41.1
Portugal	42.7
Total	**42.8**

The distribution by age ranges and job category is:

	Under 30 years old	**30-50 years old**	**Over 50 years old**
Executives	0%	2%	2%
Middle management	0.2%	8%	5%
Rest of employees	11%	55%	17%
Total	11%	65%	24%

The key business areas in terms of workforce are Santillana (45%, the same as in 2018) and Radio (29%, 1% more than in 2018), with the following distribution by gender:

	2019		
	Men	Women	Total
Santillana	1,925	2,146	4,071
Radio	1,550	1,046	2,596
Press (Noticias)	599	440	1,039
Media Capital	657	466	1,123
Rest	47	75	122
Total	**4,778**	**4,173**	**8,951**

The change in the Group's year-end workforce between 2019 and 2018 was 6% (distributed similarly between Spain and other countries, with 5% and 6% respectively). The voluntary turnover rate (measured as voluntary departures from the total workforce) was 6%, the same as in 2018, and mainly focused on Latin America, while the dismissal rate was 4%, compared to 5% in 2018 (ratio of indemnified departures to total workforce), mainly in the form of workforce restructuring in most countries.

Dismissals (measured as indemnified departures from the Group) were 49% men and 51% women, 64% of which were among employees aged 30-50. 18% were executives and middle management, while 82% were other employees.

The Group's voluntary departures were 48% men and 52% women, 65% of which were among employees aged 30-50.

Total average remuneration across the Group, considering all job categories, is EUR 32 thousand, with men's remuneration being EUR 35 thousand (+9% above the average) and women's EUR 29 thousand (-11% below the average).

The company calculated the pay gap in different job categories. Average remuneration and the weight of each category were weighted. The overall figure calculated was 6.2%.

The remuneration paid to directors and executives is reported in note 22 "*Related-party transactions*" and note 23 "Remuneration and other benefits for the Board of Directors" to the consolidated financial statements.

As to inclusiveness of people with a disability in employment, in Spain the Prisa Group has partnerships in place with Special Employment Centres for the provision of certain services (cleaning) and other cooperation mechanisms under Spanish law (donations to employment centres). The Group employed 32 people with disabilities equal to or greater than 33% (37 people in 2018), distributed by geographical origin as follows:

	2019	2018
Spain	21	25
Rest	11	12
Total	**32**	**37**

As to disability in Latin America, different regulations apply in each country, with which the Group complies.

5.4.2. *Work organisation*

We run initiatives to attract and retain the best people, although formally there is no policy as to the "right to disconnect" for the workforce at Group level.

In Spain, the workforce generally enjoys social benefits, life and accident insurance, disability coverage and maternity or paternity bonuses. In general terms, Group companies in Spain do not distinguish between full-time and part-time work or between permanent and temporary contracts for purposes of access to social benefits.

The flexible remuneration programme designed in 2012 was still in force in 2019 for some Group companies in Spain, with the catalogue of benefits permitted by law.

In Spain, practically all collective bargaining agreements applicable by the different companies contain working hours that are below the legal maximum (40 working hours a week) and, in addition, overtime is only worked as an exception.

Working hours include flexible work practices as regards the start and end of the working day and may be adapted to intensive working hours and times at certain times of year (summer, Christmas and Easter). This irregular distribution of working time is established by agreement between the various departments and/or legal representatives of the workers.

For some companies in Spain, the plan to promote a better work-life balance has been kept in place:

- Special voluntary leave with a guaranteed job to return to, financial allowance and social security contributions.
- Extension of paid annual holidays with social security contributions.
- Extension of weekly rest days (4-day week) with maintenance of social security contributions.
- Training leave, with aid for expenses and social security contributions.
- Reduced working time without the need to prove legal guardianship.
- Flexible schedules at companies and areas not subject to shifts, such as summer working time.
- Paternity/maternity leave paid at 100% of salary.
- Childcare vouchers through the Flexible Compensation Plan for employees who so request.

In Latin America, the most common practice is working time flexibility.

Absenteeism time and rates across the Group were:

Rate of absenteeism (1)	2.3%
Total days lost	42,547

(1) Index of absenteeism: (Total no. of absenteeism hours / Total no. of planned hours worked) x 100

5.4.3. Health and safety

Driving a preventive culture among all the companies that make up the Group is still a priority goal. We are committed to integrating occupational health and risk prevention with the general management system for the companies.

The Prisa Group has an Occupational Risk Prevention department in Spain within the Human Resources area. The department continuously identifies psychosocial factors that may pose a risk to employee health at the Group's companies.

- Three regulatory prevention audits were successfully passed at the companies where they were due.
- Quarterly meetings with all safety and health committees continued, with management and employee involvement.
- Registration of workplace defibrillators and regulatory emergency evacuation measures were implemented.

We thus continued to ensure improvement of working conditions. Most employees in Spain are represented by formal health and safety committees and covered by the joint prevention service.

In 2019, in Spain, there were 47 occupational accidents (30 men; 17 women) compared to 38 in 2018. In other countries, the number of occupational accidents was 67 (35 men and 32 women).

No occupational diseases were declared in 2019.

The key measurement indexes for the Group's health and safety are:

	Severity Index (1)	Frequency Index (2)
Men	0.14	6.55
Women	0.11	5.47
Total	**0.13**	**6.04**

(1) Severity Index: (No. days missed/No. hours worked) x 1,000;
(2) Frequency Index: (Total no. of accidents requiring sick leave/Total no. of hours worked) x 1,000,000;

5.4.4. Labour relations

The collective bargaining agreements currently in effect involve improvements in employment and working conditions in relation to the minimum rights required by legislation. in general, information, representation and consultation procedures for employees are contained and regulated in the different collective bargaining agreements and are structured through the labour representation bodies regulated in the same.

All group companies uphold freedom of association and the social dialogue necessary for the conduct of business is encouraged, in compliance with applicable labour laws.

Group employees, given their geographical dispersion and local regulations, are subject to collective agreements in some countries, while in others they are under a local regulatory umbrella since there is no such thing as a collective bargaining agreement. 97% of employees in Spain are subject to collective agreements. Only very specific senior management groups are not covered by such agreements.

There were no incidents or effects on business due to collective bargaining, nor was any regulated layoff process (Spanish "ERE") required in 2019.

5.4.5. Training

Employees have access to a range of training, both online via Prisa Campus (own online platform) and in person.

The training actions taught at the different companies are available on the training platform.

In 2019, more than 46,430 teaching hours were provided (33,000 teaching hours in 2018). 9% of training hours were invested in executive staff, 16% in middle management and 75% in other staff. 25% of the Group's training hours were invested in Spain.

5.4.6. Equality

The collective bargaining agreements applicable to the different companies in Spain contain specific sections on equal treatment and opportunities for men and women, protocols for action in the event of harassment and other measures to drive equality in all areas.

Specifically, in the Prisa Radio agreement there is a section headed "Prisa Radio Group's Equality Plan", which sets out measures to promote equal treatment and opportunities between men and women in terms of recruitment, promotion and career development, training and work-life balance. The collective agreement for Ediciones el País also contains a section headed "Equality and Work-Life Balance Plan", which serves, among others, the goals of achieving a balanced representation of women in the business and access for women to management positions.

On February 17, 2020, Santillana signed the 2020-2024 Equality Plan applicable to workers in this business in Spain.

Regarding harassment, the Group has in place a procedure for reporting and acting on psychosocial harm applicable to employees. The Santillana collective agreement also sets out a procedure on harassment, which is supplemented by the procedure on sexual or gender-based harassment.

The Prisa workforce is diverse as regards geography, culture, gender and age:

- Employee presence in 22 countries.
- There are more than 30 different nationalities in the Prisa Group.
- The workforce at year-end 2019 was 53% men and 47% women.
- The average age of the Group in 2019 was 42.8 years, 43.3 years for men and 42.2 years for women.

5.4.7. Diversity in the membership of the Board of Directors

Section 4 of this Consolidated Management Report and the Annual Corporate Governance Report details the membership of the Board of Directors which, as at December 31, 2019, consisted of 13 directors: 1 executive director, 5 proprietary directors and 7 independent directors, who have varying academic profiles and outstanding career track records (see profile and biographical note at www.prisa.com).

The Board of Directors is made up of highly qualified professionals who are widely recognised for their expertise and integrity, with skills and aptitudes in different areas of interest to the

Company and from different countries, in application of the principles under the Director Selection Policy and the Board of Directors Regulations. The rationales issued by the Board on the appointment, ratification and/or re-election of each director were made available to shareholders in the notice of the relevant general meeting at which the appointment, ratification or re-election of the directors was to be resolved upon (see www.prisa.com).

The Company has a Director Selection Policy, the principles and aims of which can be summarised as follows: i) diversity in Board membership, ii) good balance on the Board as a whole, seeking people whose appointment favours diversity of knowledge, experience, background and gender, and iii) in 2020 the number of women directors should represent at least 30% of total members of the Board, in accordance with the recommendation of the Code of Good Governance of the CNMV.

The Appointments, Remuneration and Corporate Governance Committee, at its meeting on January 28, 2020, verified compliance with the director selection policy on an annual basis, and considered that the current membership of the Board is reasonably diverse in terms of the profile, training, experience and professional qualifications, skills, age and geographical origin of the directors. There is a positive balance overall, yet the degree of gender diversity, although it has improved significantly with the addition of two women directors in 2019, is still insufficient. Therefore, there are plans to appoint one more woman to the Board so as to comply with the goal set for gender diversity in 2020.

During selection processes for directors conducted by the Company in 2019, diversity was taken into account as a factor that must guide the membership of the Board and, in particular, diversity in terms of gender.

The Company has three women directors, representing 23.08% of Board members. Therefore, an additional woman is needed on the Board so as to meet the 2020 gender diversity target.

The Annual Corporate Governance Report sets out the results of the analysis conducted by the Appointments, Remuneration and Corporate Governance Committee and future actions to continue improving gender diversity. In 2020, the position of several members of the Board will expire, so the Appointments, Remuneration and Corporate Governance Committee and the Board are working towards a reorganisation that will facilitate the appointment of more women to the Board.

5.5. Respect for Human Rights and the Fight against Corruption and Bribery

5.5.1. Compliance: Code of Ethics, Compliance Unit, Whistleblower Channel

The Prisa Group is committed to strict compliance with all laws and regulations that apply to it and with the principles and rules of conduct set out in our Code of Ethics, which is the keystone of our compliance model.

The Code of Ethics referred to in section F.1.2 of the Annual Corporate Governance Report contains the catalogue of principles and rules of conduct that govern the actions of the companies that make up the Group and all their employees, to ensure ethical and responsible conduct in the performance of our business. The Code of Ethics is available in Spanish, English and Portuguese, on the Prisa corporate website and on the Group's intranet. It forms part of the welcome pack handed to all new employees.

The Code includes some general ethical principles regarding human rights and public freedoms, professional development, equal opportunities, non-discrimination and respect for people, health and safety at work and environmental protection.

The Company also has a Compliance Unit: a collegial body that oversees and promotes ethical conduct among employees, associates and members of the Group and for identifies, manages and mitigates compliance risks, as described in section F.1.2 of the Annual Corporate Governance Report.

The Compliance Unit also takes on the role of the Criminal Prevention Body provided for in the Criminal Code.

The Group's main business units also have their respective compliance units, which report to and act in coordination with the Prisa Compliance Unit. Some Group companies, due to their significance or legislative requirements in the countries in which they operate, have set up specific compliance units or appointed a compliance officer. In this regard, there are compliance units or officers in companies in Brazil, Portugal, Mexico, Ecuador, Colombia and El Salvador.

In addition, as described in section F.1.2 of the Annual Report on Corporate Governance, Prisa has a whistleblower channel.

For queries about the Code of Ethics and other matters concerning internal regulations and compliance, the Company's employees can use a compliance mailbox (cumplimiento@prisa.com) managed by the Prisa Compliance Unit.

There are also compliance mailboxes associated with each business's compliance units, which are redirected to the company's compliance mailbox, through which doubts can be raised regarding the Code of Ethics and other topics and inappropriate behaviour can be reported. A procedure similar to that for complaints received through the whistleblower channel is followed when processing complaints received through these mailboxes.

In 2019, 33 complaints were received, 3 more than in 2018. Of these, two are in the process of being considered and, of the rest, 23 were unfounded.

5.5.2. Respect for Human Rights

Prisa's Code of Ethics, also included in section F.1.2 of the Annual Corporate Governance Report, contains general ethical principles on human rights, among other items. Prisa undertakes to respect and protect human rights and public freedom. As part of this commitment, it highlights respect for human dignity as its main goal.

As stated in section *5.6.2.1*, the inclusion of social, gender equality and environmental issues in procurement is reinforced with our suppliers through the general terms of procurement available on our corporate website.

In the Non-Financial Risk Map, the number of complaints received and substantiated is used as a proxy indicator in the area of respect for human rights. Of the total number of complaints received and addressed in 2019, 11 fell within the scope of human rights and specifically concerned workplace harassment. Upon investigation, it was concluded that only 1 complaint was founded.

5.5.3. Fight against corruption and bribery

The Code of Ethics sets out the basic principles for internal control and prevention of corruption, governing aspects such as transparency, truthfulness and reliability of information and control of records, bribery and anti-corruption measures, prevention of money laundering and payment irregularities.

In 2019, over the corporate intranet, all Group employees were given access to the Compliance Guide, which presents, concisely and using practical examples, rules of conduct and principles established in the Code of Ethics, including fair employment practices and anti-corruption actions regarding improper payments, money laundering and relations with government bodies and suppliers.

In 2019, a specific section was created on the Group's intranet for the Compliance Unit. In addition to defining the main functions of this unit, the page provides direct access to all employees to key policies in this area, including the Code of Ethics and the Compliance Guide. An "interstitial" and a digital advertising banner on the corporate website were used to communicate the availability of this new section and the Compliance Guide, respectively.

In 2019 all Group employees received a new edition of the Code of Ethics, approved by the Board of Directors on 29 April 2019. The new version revises and confirms the entire text, including some clarifications.

The principles of internal control and prevention of corruption are reinforced by other key standards in our compliance model, such as our Anti-Corruption Policy, which sets out guidelines, precautions and procedures to be observed by all employees and companies of the Group in the course of business.

Another key standard is the Guidelines issued to support the measures to prevent money-laundering by Group companies.

One of the Company's key standards is the Gifts Policy, the purpose of which is to guide Prisa Group employees and management bodies in making the right decisions about accepting and offering gifts, services or other benefits within the framework of the Prisa Group's business relations.

Alongside the Code of Ethics and the key standards referred to in the previous section, another of the keystones of the compliance model is the Crime Prevention and Detection Model. Specifically to detect and prevent corruption and bribery, it is essential to have a matrix of crime risks and controls. The model for prevention and detection of criminal offences is subject to an ongoing process of verification and updating to ensure its effectiveness and proper functioning of the controls.

A key indicator for assessing the risk of corruption and bribery is the number of complaints received and substantiated each year. Of the 33 complaints received and investigated in 2019, 7 of them related to corruption, as compared to 10 complaints in 2018. Of the allegations of corruption processed in 2019, 4 were confirmed, compared to 2 in 2018. As in the previous year, appropriate corrective measures were taken.

The Group has in place other policies and procedures as additional measures to prevent bribery and combat corruption, including:

- Procedure for action facing government bodies.
- Competition policy.
- Restrictive and highly controlled structure of signing authorities.
- Policy on Procurement and Representation Expenses (revised in June 2019).

The procedure for action in cases of corruption, bribery or money laundering starts with the whistleblower channel and the compliance mailboxes made available to employees and third parties. In addition, employees are advised to consult their manager and/or Human Resources, promoting "reporting without fear", as the Code of Ethics itself prohibits reprisals against whistleblowers who report violations or potential misconduct in good faith.

5.5.4. Contributions to foundations and non-profit entities

In 2019, the Prisa Group made contributions to 53 foundations and non-profit entities amounting to EUR 1,698 thousands. Many of these foundations and entities are listed in section *5.6.1* of this report.

5.6. Community reporting

5.6.1. The Company's commitment to sustainable development

Commitment to society is the essence of Prisa. Our mission is to support the development and progress of individuals and society by providing quality education and news that is truthful, independent and responsible.

These are two distinct activities that support people in their lives and converge in the same community responsibility.

Ongoing dialogue with the community enables us to discover the expectations and interests of host communities and become engaged in their development. The various forms of dialogue are set out in the *Social Responsibility Policy* and the Prisa *Code of Ethics*, and in more detail in the *Social Responsibility and Sustainability Report* published by the Group each year.

For instance, Prisa is an active member of the United Nations Global Compact and forms part of the executive committee of its Spanish network, and has committed to the Ten Principles with which this global organisation promotes human rights, the fight against corruption, labour rights and care for the environment. Prisa also partners with the Global Compact in the UN mandate to promote the Sustainable Development Goals (SDGs). Prisa hence supported the #aliadosdelosODS ("SDG allies") campaign.

Prisa is also a member of the SERES Foundation. In 2019, Prisa supported the dissemination of the work done by the Foundation and the SERES Awards, an accolade for the best strategic and innovative actions that create value for society and business.

In education and culture, in 2019 Prisa renewed its sponsorship of an event of exceptional public interest: the bicentenary of the Teatro Real.

Prisa is a trustee of the Fundación Conocimiento y Desarrollo (CYD), which analyses and promotes the contribution of universities to the economic and social development of Spain, and of the Fundación Princesa de Girona, which supports young people in their occupational and personal development.

Prisa partners with the Fundación de Ayuda contra la Drogadicción (FAD), of which it is a founding trustee and a member of its media committee, to promote the personal and social development of adolescents and young people through education in positive attitudes and prevention of socially risky behaviour. Prisa is involved in the *(In)fórmate* project, alongside Google, which provides guidance in media and online information consumption, and promotes media literacy and critical thinking in the adolescent population aged 14 to 16. 2,500 young people and 370 teachers took part in the project.

In the field of innovation, research and development, Prisa is a founding trustee of Fundación Pro CNIC (National Centre for Cardiovascular Research) and helps disseminate its campaigns.

In its commitment to combat climate change, the Group partners with the World Wildlife Fund (WWF), the largest independent international organisation that advocates for nature and the environment. Since 2008 Prisa has supported *Earth Hour*, the world's largest grass-roots initiative against climate change.

Prisa forms part of the Emergency Committee, which brings together different NGOs (Acción contra el Hambre, ACNUR Spanish Committee, Médicos del Mundo, Oxfam Intermón, Plan International and World Vision) to jointly address the citizen response to the situation of humanitarian crisis.

Prisa promotes journalism, culture, innovation and sport by awarding prestigious prizes. In journalism, the Premios Ondas and the Premios Ortega y Gasset acknowledge the work of the best professionals and work done on radio and television and in music and advertising. In innovation, the Cinco Días Awards recognise initiatives in business, universities, social responsibility and entrepreneurship. Finally, the As Awards recognise the sporting achievements of major figures in sport.

Press (Prisa Noticias)

As an example of our ongoing dialogue with society, in 2019 El País launched the campaign *¿Y tú qué piensas?* to connect with readers and society and invite them to take part in the public debate on issues such as climate change, equality, education, and immigration. Readers participated through channels opened up for this project and by interacting with the contents. The results of the campaign showed that 97% of readers saw the campaign. 90% rated it positively. The campaign, which was active for seven weeks, drew 16 million views in outdoor advertising, 56 million in the press, and presence in public spaces.

In October, El País organized the fourth edition of *Retina LTD,* an annual event for leaders of the digital transformation. The aim is to further evolve a strategic and global vision to help accelerate change in society. One section of the event was dedicated to the challenges of the future, focusing on the environment and on new economic models and their social impact.

El País also hosted several meetings open to the public and publicly streamed so that anyone interested could closely follow debates such as *Stereotypes are there to be broken*, on the situation of gender stereotypes, *Depression and suicide: the silenced reality*, an event that brought together professionals from the field of mental health to raise the visibility of these issues, or the cycle of events #*eCoche*, to reflect on the future of the electric vehicle as a paradigm of sustainable mobility. The last two actions were conducted in partnership with Cadena SER.

Cinco Días promoted the *SDG Observatory* project, with the aim of analysing how the 17 Sustainable Development Goals of the United Nations Agenda 2030 are transformed into tangible realities that benefit society as a whole. The initiative brought together the best experts in Spain at several meetings. The aim is to move towards societies with inclusive economic growth, greater social cohesion and justice, and a sustainable environmental horizon.

Actions by Prensa (Prisa Noticias) to promote local employment included projects such as *El País con tu futuro*, an educational meeting about the world of work and career development that helps young people to guide their future. The event drew 3,000 young people in the 2019 edition. The UAM-El País School of Journalism, created in 1986, belongs to a non-profit foundation controlled in equal shares by the Universidad Autónoma de Madrid and El País. The main activity of the School is the *Master's Degree in Journalism*, attended by 1,269 students so far.

The company also partners with universities and schools on internships for middle and high school students, adapting students' training programme and shaping a more qualified profile.

Sponsorship by the Press (Prisa Noticias) business unit focuses on the Fundación Human Age to promote the employability of groups at risk of exclusion, Reporters Without Borders to support freedom of information, Acción contra el Hambre and the Spanish Foundation for the Promotion of Research into Amyotrophic Lateral Sclerosis.

Santillana

Through its main activity Santillana has a major impact on local development, since it has a positive effect on the graphic industry and printers, on sales channels (bookstores/*e-commerce*), the logistics and distribution sector or the digital industry (platforms), and on the employability of freelance professionals, such as authors, designers, publishers, proofreaders, illustrators, etc. Around the conventions or training actions that it hosts in each country, it also contributes to bolster all the industries that revolve around this type of event.

In Spain in particular, Santillana contributes to people's employability through its online training portal, Bejob, which offers courses to the general public and aimed at training in skills needed for the digital transformation. One highlight training programme is *DesArrolladoras,* which aims to promote the recruitment of 1,000 women into the programming world to secure them a future with high employability.

Santillana also contributes to society through a range of social actions in each country.

In Spain, it collaborates with some NGOs through the *Ayúdanos a ayudar* ("Help us to help") e-vocation. In 2019, we supported projects such as the Educo Summer Dining Scholarship and the WWF's *Únete a la lucha contra el plástico en el mar* ("Join the Fight against Plastics in the Sea").

Santillana Argentina also has an annual agreement with Tiflonexos, an association that works to support access to reading and information, based on the use of technology and favouring the autonomy of people with disabilities.

In Brazil, Santillana collaborates with non-profit entities, such as the publisher Moderna a Todos Pela Educaçao in the publication of the *Brazilian Education Yearbook,* which presents a compilation of the main statistical data on Brazilian education.

Santillana Chile maintains partnerships with several non-profit organisations. It is currently part of the multisectoral alliance UPPI (United Businesses for Children Network), created to promote dialogue on the importance of children as a primary stage in the development of individuals, and to ensure that the rights of children and adolescents are respected. In this context, Santillana's role is to promote, within the annual programme, actions to foster inclusiveness and equity in vulnerable sectors.

In Colombia, Santillana partners with the Fundación Pies Descalzos and Lenovo to integrate technological solutions with the foundation's educational initiatives, which will transform the quality of teaching spaces. The company thus contributes to society by promoting quality education, since students from lower levels of participating schools can have up-to-date digital content for training and development.

In Mexico and for the second year running, the company sponsored the *MakeX-CreativaKids 2019* robotics contest, which helps solve social problems in children and young people between the ages of 6 and 18 by developing their coding and robotics skills.

In the North Central America area, Santillana worked with non-profit entities in the various countries. In Guatemala, some examples were the Rotary Club or Ensenyants Solidaris. In that country, we also partnered with Inclusión Down 502 and the Guatemalan Autism Association. In El Salvador, we supported Educo, and in Honduras we aided the FEIH Foundation.

Prisa Radio

Prisa Radio takes action for dialogue with the community, such as the World Radio Day. For the fourth year in a row, SER's radio stations held an open day where listeners could learn about their work on site and take part in the station's programmes.

On the occasion of the Climate Summit held in Madrid, the *Climate Week* took place. LOS40, LOS40 Classic and LOS40 Dance pulled out all the stops, with a strong presence on air, on social media and on the web. Artists from the world of music and culture voiced messages on climate change. The following week, Cadena SER rolled out an internal communication action to involve employees in sustainable initiatives: for a week, the radio was set up and every day an initiative was carried out (recycling CDs and DVDs, collecting and donating books, recycling plastic, batteries, pens, paper, etc).

In Chile, the ADN radio station organised the campaign *Ayuda a Valparaíso,* where food, toiletries and new clothing were collected for fire victims.

Prisa Radio's impact on society is reflected in actions such as the *Congresos del Bienestar* ("Wellness Congresses"), an event that emerged in 2012 in the midst of the economic downturn which aims to link people with ideas and concepts that produce a sense of well-being. It is designed as a space for thematic gatherings in which media personalities, specialists in each field, and the public from all over Spain take part.

The LOS40 Music Awards gala - music awards in Spain and Latin America - featured the main stars of the Spanish and international music scene. Part of the proceeds went to the Jane Goodall

Institute and WWF for their projects with endangered animals, all within the framework of the LOS40environmental corporate social responsibility campaign "Únete contra el cambio climático, #IDo".

In the case of the XXIII Cadena Dial Awards gala, part of the proceeds went to the Federación de Asociaciones de Mujeres, Arena y Laurisilva (FAMAL) - a non-profit organisation that integrates women's associations and whose main objective is equal opportunities between women and men and the fight against gender violence or any form of discrimination against women and girls - and the Escuelita del Hospital Universitario Nuestra Señora de la Candelaria - an educational institution in the pediatric area that carries out activities so that hospitalised children do not leave school, are integrated into the hospital environment and their stay there is more bearable.

The beneficiary of the Radiolé Awards gala was Manos Unidas, which will be able to fund an educational project to provide 200 young people with access to secondary education and drinking water.

Caracol Radio, in partnership with the Novonorkisk pharmaceutical company, supported the Obesity Forum, with the aim of raising awareness about obesity in Colombia: The programmes looked at the problem of obesity from the sports, health and lifestyle point of view, and ended with a forum in which representatives of the government, the pharmaceutical industry, the medical community and obesity patients participated.

In December, Radioacktiva Bogota held *Jingle Bell Rock*, a concert that collected gifts for underprivileged children. 35,000 gifts were received and donated to different foundations.

The contribution to employment and local development is also one of Prisa Radio's goals. We promote events such as the *SER Forums and Meetings* that deal with current issues of interest to citizens and companies. Solutions are sought through discussions and expert presentations. In 2019, events were held in 25 cities throughout Spain, focusing on topics such as education for the future, the *silver economy*, SDGs, urban planning, and sport.

Tropicana Colombia carries out a quarterly activity, *Trabajo se escribe con T de Tropicana*, which aims to encourage job-finding by reporting on employment opportunities that come to the station's attention.

Prisa Radio's sponsorship activities are focused on promoting culture, with major agreements with the Guggenheim Museum and the Fundación Botín or the Almagro Classical Theatre Festival. Prisa Radio also supports charitable events such as the Rastrillo Nuevo Futuro charity flea-market and various social causes for women's equality such as the Women's Race or the *Malas Madres* Race.

In Chile, Prisa Radio is involved with entities and projects such as the Planetarium of the University of Santiago, the Orchestra of the University of Chile, the *Santiago en 100 palabras* of the Fundación Plagio, the Authors and Performers Fair and the Fundación Mujer Impacta.

Media Capital

Media Capital runs different actions in the areas of social inclusion or training and gets involved in any social aspect through the participation of the main figures in its business units in order to increase the scope of the messages and initiatives, paying special attention to minority communities or anything relating to natural, social or economic disasters.

The television programme *Apanha se puderes* continued in 2019 fulfilling its mission of entertainment and charitable aid through the TVI channel. It produced 14 special editions supporting 11 charities in the country. The *Ver p'ra crer* competition also had 7 broadcasts dedicated to supporting social organisations, such as the firefighter's association, the Terra dos Sonhos solidarity project, Make a Wish and Acreditar.

In the afternoon program of the TVI station's *A Tarde É Sua*, partnerships were established between the station and several entities for charity actions. In the August 27 broadcast, for example, the partnership with the Orthos Paediatrics company delivered a wheelchair specially adapted to the needs of a child with cerebral palsy.

On the educational side, partnerships and procedures were put in place with schools, universities and other institutions, such as the protocol between Plural and the Universidad de Lusófona.

Grupo Media Capital promotes culture and the arts and works with major institutions, foundations and cultural entities in Portugal, such as Teatro da Trindade, Casa da Música, Fundação Francisco Manuel dos Santos, LRS Loures Câmara Municipal, Direção-Geral da Saúde, Serralves and Teatro Nacional de São Carlos.

5.6.2. Subcontracting and suppliers (Responsible supply chain management)

5.6.2.1. Awareness of social, gender equality and environmental issues in recruitment processes

Prisa upholds its commitment to social issues that indirectly have an impact on this area through its supplier base. Guidelines are established through the Corporate Purchasing Department from the outset of negotiations so that all businesses can embed them in their own purchasing procedures, which are also included in the General Purchasing Terms that the Group publishes on the supplier portal.

5.6.2.2. Relations with suppliers and subcontractors regarding their social and environmental responsibility

The Prisa Group has a "PL-CO-01 Ed 1 Supplier Approval" procedure to evaluate and control the main suppliers of the Group's companies worldwide. This includes aspects ranging from social responsibility, equality in the workplace or taxation to prevention of occupational hazards, fraud and corruption, and the environmental management systems that suppliers may have in place.

5.6.2.3. Monitoring and audit procedure

Due to the type of supplies required by the Prisa Group companies (increasingly, service provision), the high percentage of local suppliers with which we work in each country and the fact that no significant risks have been detected that would prompt a more detailed inspection, no audits of the current supplier base are planned for the medium term.

5.6.2.4. Impact on local development

Payments to suppliers in 2019 came to EUR 806 million. The Prisa Group's commitment to developing and generating local impact determines an allocation of 90.3% of this expenditure to suppliers who have their tax residence in the country where the product or service is purchased and paid for. The companies with the most international presence, Santillana and Radio, allocate 85.9% and 96.7% respectively of their spending to local suppliers.

5.6.3. Consumers, users, readers and listeners

Prisa's businesses, activities and investments in the area of television, education, radio and press are subject to a regulatory framework that is specific to the sector where these businesses are run. Except in the Press business or in some activities in Education, where there is a direct relationship with the consumer and/or user, the *Ley General para la Defensa de los Consumidores y Usuarios* (General Law for the Defence of Consumers and Users (RDLeg 1/2007 of 16 November, in the wording given by *Ley 3/2014 de 27 de marzo*) does not apply.

In relation to consumer complaint systems, apart from the Whistleblower Channel for third parties, accessible on the corporate website, the business units have specific channels for dealing with all kinds of complaints and queries from third parties including readers or listeners, even when they are not legally considered consumers and/or users.

In the Press business unit, El País, Diario As and Cinco Días, there is a Customer Service Centre which, through calls and e-mails, handled a total of 12,283 incidents in 2019. The Customer Service Centre resolves incidents directly or manages resolution with the end suppliers of the services or products. When necessary, we escalate incidents to other departments, as is the case with data protection requests, which are referred to privacidad@prisa.com. In addition, El País has a Reader's Ombudsman.

Santillana's book sales activity in all countries is aimed at schools, bookshops and distributors, not the end consumer. There are communication channels with these customers in which complaints are received, mainly of a logistical nature regarding incidents in product delivery.

In Spain, the online training business developed by Santillana under the Bejob brand is aimed at company employees and professionals. Incidents are managed by email or via online support available on the platform. In 2019, 42 incidents were handled. Santillana also has a digital products website in Spain aimed at families and students, through which we handle incidents concerning these products. These incidents are managed internally via the JIRA standard system. In 2019, 196 incidents were handled.

Santillana's companies in America market digital products for schools and students. In each country, communication channels were established for incidents and complaints, usually raised from schools. For example, in Brazil there are two ways of communicating complaints: Reclame aquí is an external web service. Fale Conosco, a proprietary channel via telephone or the web. In Argentina, we operate our Mesa de Ayuda help desk aimed at addressing queries and complaints from schools.

5.6.3.1. Cybersecurity and privacy (Consumers, own employees and supply chain)

The protection of personal information has been and is one of the priorities of the organisation. Personal data has become a valuable asset and security breaches can cause considerable damage. Hence one of the basic requirements for a digital society is adequate cybersecurity.

Following the publication of the General Data Protection Regulation (GDPR) in 2016, which entered into force in May 2018, Prisa has reinforced and enhanced its personal data control and assurance processes and consumer rights in the potential use of such data.

Changes in European law also prompted the Group's companies in the Americas to review their procedures for complying with local data protection regulations. In Santillana Brazil, a project was started to adapt to the new Data Protection Law, which will apply from August 2020.

To exercise their rights, users and persons whose personal data are processed by the Group's companies may submit their complaints or contact the Group's Data Protection Officer at dpo@prisa.com.There is also a specific postal address and the digital services of Radio and Press (Prisa Noticias) also provide a specific e-mail box, privacidad@prisa.com.

As to cybersecurity, action was taken at several technological levels to minimise cybercrime risks, which could lead to information leaks, identity theft, etc. Although Prisa already had some previous levels of cybersecurity, in 2019 a Security Master Plan was established to further reinforce our response to the challenges and needs that Prisa faces in this new environment.

5.6.4. *Tax information*

Consolidated profit or loss before tax as reported in the consolidated financial statements, by country, is as follows:

Country	Thousands of euros
Brazil	24,088
Chile	15,115
Colombia	14,057
Mexico	12,705
Guatemala	9,122
Dominican Republic	6,933
Ecuador	5,525
Bolivia	2,448
Peru	1,752
Portugal	1,521
Argentina	(1,332)
Spain	(83,461)
Other countries	7,155
Total	**15,629**

The corporate income taxes paid by these entities in 2019 amounted to EUR 25,013 thousand.

These data do not include Media Capital as it is considered a discontinued operation.

Finally, the subsidies received by the Group were immaterial.

Index of the contents required by Law 11/2018 of 28 December			
Information requested by Law 11/2018	**Materiality**	**Section of the report or document where response is given**	**Guiding link with GRI indicators**
General information			
A brief description of the business model that includes its business environment, organisation and structure	Material	5.1. The Prisa Group and its Business Units and 5.1.1. Business model	GRI 102-2 GRI 102-7
Markets in which it operates	Material	5.1.1.Markets and sectors	GRI 102-3 GRI 102-4 GRI 102-6
Objectives and strategies of the organisation	Material	5.1.2.Goals and strategies	GRI 102-14
Main factors and trends that may affect its future evolution	Material	5.1.1.Business environment, organisation and structure	GRI 102-14 GRI 102-15
Reporting framework used	Material	5.2.1 About this report	GRI 102-54
Principle of materiality	Material	5.2.1 About this report	GRI 102-46 GRI 102-47
Environmental Issues			
Management approach: description and results of the policies on these matters as well as the main risks concerning these issues related to the group's activities		5.2.Risk management	
Detailed general information			
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	Non material		GRI 102-15
Environmental assessment or certification procedures	Non material		GRI 103-2
Resources intended to prevent environmental risks	Non material		GRI 103-2
Application of the precautionary principle	Non material		GRI 102-11
Amount of provisions and guarantees for environmental risks	Non material		GRI 103-2
Pollution			
Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of atmospheric pollution specific to an activity, including noise and light pollution	Non material	5.3.1.Environmental issues	GRI 103-2 GRI 305-7
Circular economy and waste prevention and management			
Prevention, recycling, reuse, other forms of waste recovery and disposal	Material	5.3.2.Circular economy, waste prevention and management	GRI 103-2 GRI 306-2
Actions to combat food waste	Non material		GRI 103-2
Sustainable use of resources			
Water consumption and water supply according to local limitations	Material	5.3.3.Sustainable use of resources	GRI 303-1
Consumption of raw materials and measures taken to improve the efficiency of their use	Material	5.3.3.Sustainable use of resources	GRI 301-1 GRI 301-2
Direct and indirect energy consumption	Material	5.3.3.Sustainable use of resources	GRI 302-1
Measures taken to improve energy efficiency	Material	5.3.1.Environmental issues	GRI 302-4
Use of renewable energy	Material	5.3.3.Sustainable use of resources	GRI 302-1
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	Material	5.3.4.Climate change	GRI 305-1 GRI 305-2
Measures taken to adapt to the consequences of climate change	Material	5.3.5.Measures taken to combat climate change	GRI 201-2
Reduction goals set voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented to that end	Material	5.3.5.Measures taken to combat climate change	GRI 202-2

Index of the contents required by Law 11/2018 of 28 December			
Information requested by Law 11/2018	**Materiality**	**Section of the report or document where response is given**	**Guiding link with GRI indicators**
Protection of biodiversity			
Measures taken to preserve or restore biodiversity	Non material	Due to the type of PRISA business and based on the analysis carried out in the Non-Financial Risk Map of the Corporate and business areas, it has been determined that the impact of our activity on the environment is very low. Prisa's activity is carried out in urban/industrial areas, where there is a low risk of affecting biodiversity.	GRI 304-3
Impacts caused by activities or operations in protected areas	Non material		GRI 304-2
Social matters and in relation to personnel			
Management approach: description and results of the policies on these matters as well as the main risks concerning these issues related to the group's activities		5.2.Risk management	
Employment			
Total number and distribution of employees by country, gender, age and professional classification	Material	5.4.1.Employment	GRI 102-8 GRI 405-1
Total number and distribution of employment contract types and annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and job classification	Material	5.4.1.Employment	GRI 102-8
Number of dismissals by gender, age and job classification	Material	5.4.1.Employment	GRI 103-2
Average remuneration and its trend broken down by gender, age and job classification or equal value	Material	5.4.1.Employment	GRI 103-2 GRI 405-2
Salary gap, the remuneration of equal or average jobs in society	Material	5.4.1.Employment	GRI 103-2 GRI 405-2
Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payment to long-term savings forecast systems and any other compensation broken down by gender	Material	Notes 22 "Operations with related parties" and 23 "Remuneration and other benefits to the board of directors" of the consolidated report	GRI 103-2 GRI 405-2
Implementation of policies for workers to digitally disconnect from work	Material	5.4.2.Work organisation	GRI 103-2
Number of employees with disabilities	Material	5.4.1.Employment	GRI 405-1
Work organisation			
Work time organisation	Material	5.4.2.Work organisation	GRI 103-2
Number of hours of absenteeism	Material	5.4.2.Work organisation	GRI 403-9
Measures aimed at facilitating work/life balance and promoting co-responsibility by both parents	Material	5.4.2.Work organisation	GRI 401-3
Health and safety			
Occupational health and safety conditions	Material	5.4.3.Health and safety	GRI 403-1 - 403-3
Work accidents, in particular their frequency and severity, as well as occupational diseases; broken down by gender	Material	5.4.3.Health and safety	GRI 403-9 GRI 403-10
Social relations			
Organisation of social dialogue including procedures for informing and consulting staff and negotiating with them	Material	5.4.4.Social relations	GRI 103-2
Percentage of employees covered by collective agreement by country	Material	5.4.4.Social relations	GRI 102-41
Balance of collective agreements, particularly in the field of health and safety at work	Material	5.4.4.Social relations	GRI 403-4

Index of the contents required by Law 11/2018 of 28 December			
Information requested by Law 11/2018	**Materiality**	**Section of the report or document where response is given**	**Guiding link with GRI indicators**
Training			
Policies implemented in the field of training	Material	5.4.5.Training	GRI 103-2 GRI 404-2
Total number of training hours by job category	Material	5.4.5.Training	GRI 404-1
Integration and universal accessibility of people with disabilities	Material		GRI 103-2
Equality			
Measures taken to promote equal treatment and opportunities between men and women	Material	5.4.6.Equality	GRI 103-2
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	Material	5.4.6.Equality	GRI 103-2
Policy against all types of discrimination and, where appropriate, diversity management	Material	5.4.6.Equality	GRI 103-2
Respect for human rights			
Management approach: description and results of the policies on these matters as well as the main risks concerning these issues related to the group's activities		5.2.Risk management	
Application of due diligence procedures			
Application of human rights due diligence procedures and prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	Material	5.5.1.Compliance: Code of Ethics, Compliance Unit, Whistleblower's Channel	GRI 102-16 GRI 102-17 GRI 412-1 GRI 412-2 GRI 412-3
Complaints for cases of human rights violation	Material	5.5.2.Respect for Human Rights	GRI 406-1
Measures implemented to promote and comply with the provisions of the fundamental ILO Conventions related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour	Material	5.5.2.Respect for Human Rights	GRI 407-1 GRI 408-1 GRI 409-1
Fight against corruption and bribery			
Management approach: description and results of the policies on these matters as well as the main risks concerning these issues related to the group's activities		5.2.Risk management	
Measures taken to prevent corruption and bribery	Material	5.5.3.Fight against corruption and bribery	GRI 102-16 GRI 102-17 GRI 205-1 GRI 205-2 GRI 205-3
Measures to combat money laundering	Material	5.5.3.Fight against corruption and bribery	GRI 102-16 GRI 102-17
Contributions to foundations and non-profit entities	Material	5.5.4.Contributions to foundations and non-profit entities	GRI 102-13 GRI 201-1 GRI 415-1
Company information			
Management approach: description and results of the policies on these matters as well as the main risks concerning these issues related to the group's activities		5.2.Risk management	

Index of the contents required by Law 11/2018 of 28 December			
Information requested by Law 11/2018	**Materiality**	**Section of the report or document where response is given**	**Guiding link with GRI indicators**
The company's commitment to sustainable development			
The impact of society's activity on employment and local development	Material	5.6.1.The company's commitment to sustainable development	GRI 204-1 GRI 413-1
The impact of society's activity on local populations and on the territory	Material	5.6.1.The company's commitment to sustainable development	GRI 413-1
The relationships held with the players of the local communities and the types of dialogue with them	Material	5.6.1.The company's commitment to sustainable development	GRI 413-1
Association or sponsorship actions	Material	5.6.1.The company's commitment to sustainable development	GRI 413-1
Subcontracting and suppliers			
Inclusion in purchasing policy of social, gender equality and environmental issues	Material	5.6.2.1.Inclusion in the recruitment processes of social, gender equality and environmental issues	GRI 308-1 GRI 414-1
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Material	5.6.2.2.Relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 308-1 GRI 414-1
Supervision systems and audits and their results	Material	5.6.2.3.Supervision and audit procedure	GRI 308-1 GRI 414-1
Consumers			
Measures for consumer health and safety	Non material		GRI 416-1 GRI 418-1
Complaint systems, complaints received and their resolution	Material	5.6.3.Consumers, users, readers and listeners	GRI 418-1
Tax information			
The benefits obtained country by country	Material	5.6.4.Tax Information	GRI 201-1
Income tax paid	Material	5.6.4.Tax Information	GRI 201-1
Public subsidies received	Material	5.6.4.Tax Information	GRI 201-1

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group is constantly adapting applications and management processes to changes occurring in its businesses, as well as technological changes. It participates in and is a member of various international and domestic associations and forums which enable it to identify possible improvements or opportunities to innovate and develop its services, processes and management systems.

During 2019, **Prisa Noticias** has continued to promote multimedia content, relating to AS with the launch of daily newsletters in Google assistant, Apple Podcasts and Spotify and to El País with the integration of the Youtube Player in native applications, which provides a better user experience and encourages the development and discovery of new audiences. Furthermore, AS reached an agreement with beIN Sports to include La Liga videos in the USA.

Another commitment of the press is towards interactive formats, seeking the participation of readers with initiatives such as the "Foro de Educación" in El País, in which a question is asked every week to the educational community involved. Several messages are then selected and published in the digital edition, thereby opening a new channel of debate and enrichment.

Also with the aim of boosting participation and interactivity, AS has reached an agreement with Twitter to encourage user interactions for sports events, which have also been redesigned. In this sense, the Meristation community, the AS video game site, has also been redesigned with the aim of attracting new users and building loyalty among existing ones.

Content distribution continues to be another key part of Prisa News's media strategy and one of the innovations incorporated over the past year was the integration of Echobox, an artificial intelligence tool that helps to boost presence on social networks in an automated way using algorithms and predictive models. In addition, the El País application has also been updated, incorporating new features such as registration to be able to read offline and read exclusive content or the printed edition in PDF format for subscribers.

Another of the distribution channels that were promoted during 2019 are email newsletters. El País launched the newsletter of Kiko Llaneras, one of the newspaper's best-known analysts, who comments every week on the results of election polls and analyses current affairs, sports or technology from a personal point of view. AS has redesigned the daily newsletter, with a selection of the day's most relevant news and has also launched the newsletter "Agenda fin de semana", so as not to forget any sporting event.

Also during 2019, efforts have continued to improve technical performance, reader experience and advertising quality with initiatives such as the progressive loading of advertising on the front page of El País and also in some sections of AS, where the length of the front page has also been reduced to optimise usability. In addition, during this year usability tests have been strengthened with the implementation of a new tool, Adobe Target, which allows multivariate testing in a very adaptable way, therefore substantially improving the user experience.

Better knowledge of the audience is also one of the areas that is being developed. In El País, this has been addressed during 2019 by encouraging registration and navigation identified as a requirement for reading exclusive articles, marked with a star. The identification of users during their navigation allows us to establish a direct communication channel with the readers, to get to know them better and to be able to optimise the value propositions that we will offer in the future.

The year ended with the start of one of the biggest challenges in the press area, the integration of the new content editor ARC, the same one used by media outlets such as the Washington Post, which will allow more efficient and versatile management of the news publication process for the digital editions. During 2020 the migration process to this new editor will be completed at El País and will also start at AS.

During 2019, **Prisa Radio** focused on the development of "*audio first*" products, which encourage users to consume the audio content that Prisa Radio is generating through its stations and its podcast production company on digital channels. The main lines of progress were the following:

Mobility. Updating of the Apps range

Several applications were launched with audio as the main feature, in products such as Podium Podcast, W Radio, Cadena Dial, Radiolé, Radioaktiva and Ke Buena. In order to achieve the necessary speed and flexibility, the developments were made by leading technology providers, instead of them being internal developments.

Audio players

A change was made in the group's music players, updating and standardising the player of both Los40 in the different countries where this brand operates: Spain, Colombia, Argentina, Mexico, Chile, Paraguay, Panama, Dominican Republic and Costa Rica, and other music stations, Tropicana, Oxígeno, Radioaktiva, Ke Buena, Vox FM, FM Dos, Corazón and Futuro. The new music player enhances streaming of local radio stations and podcast consumption.

Smart speakers

In 2019, specific products for audio consumption in smart speakers were also implemented. Applications were launched, mainly for Amazon's Alexa, for all audio products in Spain: Cadena SER, Los40, Cadena Dial, Podium Podcast and Radiolé. In this way, audio consumption is boosted through new distribution channels that are already implemented in Spanish households. This was added to the automation of the extraction of national and local bulletins for distribution via Google Assistant, achieving a very noticeable increase in consumption of digital bulletins. We also worked on vertical marketed products linked to noteworthy audio content such as comedy or history.

Recommendation algorithm. Tailorcast

From an innovation point of view, we worked hand in hand with Google on an audio personalisation project, with the implementation of the Tailorcast project, a real time audio recommendation engine.

Radio aggregator. Radioplayer

Finally, the agreement reached within the Spanish Association of Commercial Broadcasting (AERC) made the implementation of Radioplayer possible, which is a radio aggregator that facilitates the distribution of the signal through a standard tool on the market.

During 2019, in **Education**, Santillana focuses on matters related to:

Educational innovation

In the R&D+i department, **SantillanaLAB** is used to house experts, institutions, education professionals and students, with the aim of advancing in the identification of master routes towards transformation. Sessions have been held with them whose highlights are shared through *social channels* and the *innovation blog*. The potential of new educational narratives is being explored through the podcast. Attempts are being made to avoid the most disruptive classroom practices around evaluation. To this end, there is an alliance with two entities specialised in recognising and promoting creativity - the Creative Industries Network and the Juan March Foundation.

Three initiatives were implemented in 2019 to support teachers:

- An audiovisual space has been created on the SantillanaLAB blog called **Educators around the world** with experiences from the most innovative educational centres in Spain and Latam.

- Inevery Crea launched its own tool: the **GPS of Teaching** Innovation, which geolocates education professionals with the pedagogical projects with the highest impact in their professional environment, as a means to facilitate and strengthen our networks and projects.

- Inevery Crea created the initiative **#EmpoderamientoFemenino** [#Feminine Empowerment].

Meanwhile, this year **SET VEINTIUNO** received the QIA-CEX Award from a demanding and rigorous international organisation that recognises the effort to achieve innovation and excellence with a pioneering proposal in the development of 21st-century skills.

And in relation to analysis and research, the **Outlook of innovation in evaluation** is noteworthy, which has made it possible to deepen the knowledge and analysis of innovation in evaluation and examine the great issues that surround it (what does it mean to evaluate, when, how, who and what we evaluate for); and **Study scenarios**, a quantitative and qualitative research on how young people (10-16 years-olds) study today, what tools they use, what role technological devices play in studying and in communicating with other students, or how they use their textbooks once they finish their school day.

Finally, we would like to point out the knowledge management work carried out through the **Brújula de las Matemáticas** [Mathematics Compass] and the **Brújula de Lengua** [Language Compass], which are tools that make it possible to have all the reports, analysis and aspects covered by the R&D department in the investigation of products or services from these areas; or the **Observatory tool**, which helps manage everything that passes through different analyses and zooms.

Educational Technology

2019 was a year in which the Educational Technology area gained special relevance in the company's growth strategy as a lever for the progressive transformation of the business, enabling and energising the company's transition to subscription educational models that guarantee better learning

In line with the company's commitment to put customers at the centre of our strategy, we continue to work on two relevant objectives with a high innovation component for both internal and external customers: the data and its modelling to improve company decision-making and the implementation of learning analytics to have a detailed breakdown of not only what content our students consume, but of how they learn, which allows us to improve the personalisation of the teaching-learning processes.

In this regard, an important step was taken in 2019 in this new line of innovation for Santillana with the start-up in 8 countries of the progress panel for teachers (**Learning Dashboard**) with relevant information on the learning process of the students who consume Libroweb 3.0: smart content with a trace that collects the individual interactions of students.

This platform (Learning Dashboard) is the technological base on which new subscription models have been built for each subject, specifically **WeMaths**, which will be put into production in 8 countries during 2020, and **Milenguaje**, which will be marketed in the next campaign for Santillana Compartir México and will be sent to production in August 2020.

The greatest advances in digital business analytics in 2019 were carried out through 3 lines:

- **Commercial Management System (CRM) integrated to BI platform**
  In 2019, the roadmap for the implementation of the Commercial Management System (CRM) was consolidated and the analytical layer was added, integrating the CRM in more businesses and countries with the BI platform. Commercial teams have increasingly incorporated the use of this tool, which is key to the business by allowing us to have a 360º view of our customers and configuring personalised educational solutions for schools.

- **Dashboard for headmasters**
  The fact of providing detailed and daily visibility of the use of the digital ecosystem has been verified as an important loyalty factor, as well as being a fundamental pillar in the process of the technological adoption and maturity of schools. This dashboard is also a competitive advantage for Santillana, whose coaches advice schools based on real data, contributing to better use and optimisation of the contracted solution.

- **Detailled file on the use of digital content**
  Having real-time digital content usage data allows us to better guide the investment around our most valuable asset: content.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1. Financing

Note 12b *"Financial Liabilities"* to the consolidated financial statements provides a description of the use of financial instruments by the Group.

7.2. Contractual commitments

Note 25 *"Future Commitments"* to the consolidated financial statements provide information on firm commitments giving rise to future cash outflows and associated with purchases and services received.

7.3. Dividends policy

Prisa does not have a set dividend policy, and so the Group's distribution of dividends is reviewed annually. In this respect, the distribution of dividends depends mainly on (i) the existence of profit that can be distributed and the Company's financial situation, (ii) its obligations regarding debt servicing and those arising from commitments acquired with its financial creditors in the Group's financing contracts, (iii) the generation of cash arising from its normal course of business, (iv) the existence or non-existence of attractive investment opportunities that could generate value for the Group's shareholders, (v) the Group's reinvestment needs, (vi) the implementation of Prisa's business plan, and (vii) other factors Prisa should consider relevant at any given time.

8. TREASURY SHARES

Prisa has performed, and may consider performing, transactions with treasury shares. These transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Covering requirements for shares to allocate to employees and management.

The operations of treasury shares, don´t realize on the basis of privilege information, nor respond to an intervention purpose in the free process of price formation.

At December 31, 2019, Promotora de Informaciones, S.A. held a total of 1,798,979 treasury shares, representing 0.254% of its share capital.

Treasury shares are valued at market price at December 31, 2019 (1.44 euros per share). The total amount of the treasury shares amounts to EUR 2,591 thousand.

At December 31, 2019, the Company did not hold any shares on loan.

9. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

Prisa's share capital at January 1st 2019 consisted of EUR 524,902 thousand and was represented by 558,406,896 ordinary shares all of which belong to the same class and series, each with a par value of EUR 0.94.

In April 2019, a capital increase with preferential subscription rights took place amounting EUR 141,229 thousands through the issuance of 150,243,297 new shares at a nominal value of EUR 0.94 each. The issuance price of shares was EUR 1.33 (EUR 0.94 of nominal value and a share premium of EUR 0.39 each).

As a result of this, as of December 31, 2019, Prisa´s share capital amounts to EUR 666,131 thousand and is represented by 708,650,193 ordinary shares, all of which belong to the same class and series, each with a par value of EUR 0.94, and have been fully paid up and have the same rights.

These shares are listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) through the Spanish Stock Exchange Interconnection System (SIBE).

Main shareholders in the Company´s share capital at the end of 2019 were Amber Capital, HSBC, Telefónica, Rucandio, International Media Group, Consorcio Transportista Occher S.A, Inversora de Carso S.A, Carlos Fernandez, Bank Santander, Melqart Opportunities Master Fund Ltd and Polygon European Equity Opportunity Master Fund . Free float stood at around 21%.

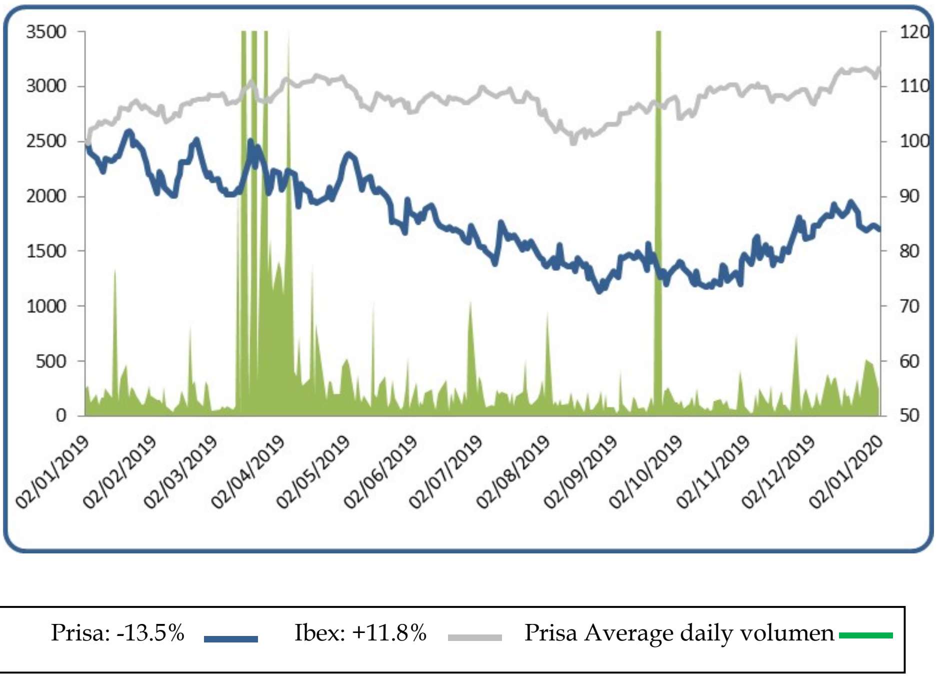
Share price performance

Prisa ordinary shares ended 2018 trading at a price of EUR 1.66 per share (December 31, 2018) and ended the year 2019 at EUR 1.44 per share (December 31, 2019), implying a devaluation of 13.3%.

Prisa's share price performance in 2019 has been conditioned by the Company capital structure and financial structure, by the execution of a capital increase to repurchase Santillana Minority, by Politic uncertainty in Spain and main countries were the company operates and by an irregular behavior of Latam currencies.

During 2019, the Company's Directors have continued taking a series of measures to strengthen the Group's financial and equity structure, with focus on profitable growth and value creation such as the repurchase of Santillana minority or the disposal of small non-strategic assets.

The following chart shows the performance of the Prisa Group's shares relative to the IBEX35 index in 2019, indexed in both cases to 100:



Source: Bloomberg (31st December 2018- 31st December 2019)

10. AVERAGE SUPPLIER PAYMENT TIME

According to the information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, the average period of payment to suppliers in commercial operations for companies of Grupo Prisa located in Spain rises, in 2019, to 72 days.

The maximum legal period of payment applicable in 2019 and 2018 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers.

During the coming financial year, the Directors will take the appropriate measures to continue reducing the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferments.

11. EVENTS AFTER THE BALANCE SHEET DATE

Regarding of the sale and purchase agreement of Vertix between Prisa and Cofina described in note 1b of the consolidated notes on March 11, 2020 Cofina voluntarily waived to continue with the share capital increase approved by Cofina’s shareholders on January 29, 2020 to partially finance the price of the agreement, which implied a breach of the share purchase agreement of Vertix and its termination. In this regard, the Company has initiated and will continue to pursue all measures and actions against Cofina in defence of its interests, those of its shareholders and of any others affected by the situation created by Cofina. To this extent, on April 14, 2020 the Company filed an arbitration request before the *Centro de Arbitragem Comercial da Câmara do Comércio e Indústria Portuguesa* in accordance with the sale and purchase agreement. This request does not preclude the exercise of any additional measures and actions against Cofina.

In April 2020, Prisa and Pluris Investments, S.A. (Pluris), a Portuguese company, whose ultimate beneficial owner is Mr. Mario Ferreira, have subscribed a Memorandum of Understanding (“MoU”) in relation to a potential transaction involving the acquisition by Pluris of shares amounting up to thirty point twenty two percent (30.22%) of the issued share capital of Prisa's Portuguese listed subsidiary Grupo Media Capital SGPS, S.A. It is envisage to formalise the transaction by executing a block trade agreement under standard terms and conditions for this kind of transactions.

The purpose of the MoU is to set out the initial terms and conditions under which the parties would be willing to carry out the transaction; and the steps to be taken for the completion of the mentioned transaction, including preliminary contacts before the Portuguese regulatory authorities and the prior obtainment of a waiver from certain lenders of Prisa, establishing for those purposes an exclusivity period until 15 May 2020. In this regard, the aforementioned MoU is not binding to carry out the transaction without the final agreement of the parties, and therefore is subject to the formalisation of the respective purchase agreement (“Block Trade Agreement”), among other aspects.

Finally, the Prisa Board of Directors continues to asses several alternatives to continue to reduce its investment in Media Capital.

The emergence of COVID-19 (coronavirus) in China in January 2020 and its recent global expansion to a large number of countries has led to the viral outbreak, classified as a pandemic by the World Health Organization on March 11, 2020.

Considering the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Group's businesses are uncertain, and will depend to a large extent on the development and extent of the pandemic in the coming months and on the reaction and of all the economic actors affected, and their ability to rise to the challenge.

At the date of preparation of these consolidated financial statements, therefore, it is too early to make a detailed assessment or quantification of the impact that COVID-19 might have on the Group in the coming months, due to uncertainty in the short, medium and long term.

However, the Directors and Management of the Group have made a preliminary assessment of the situation based on the best information available. For the reasons referred to above, such information may be incomplete. As a result of this assessment, we highlight the following:

- Liquidity risk: The situation in the markets may lead to an increase in liquidity pressures in the economy and a contraction in the credit market. To face this, the Group has in place a Super Senior credit facility to meet operational needs for a maximum amount of EUR 80 million. At December 31, 2019, no amount of the facility had been drawn down to cover operating requirements (*see note 12b of the consolidated notes*). Likewise, Santillana and its subsidiaries have credit facilities with a limit amount of EUR 44 million as of December 31, 2019, of which, EUR 14 million were drawn on that date. Therefore, at the end of 2019 financial year, the Group had undrawn credit facilities amounting to EUR 110 million, together with cash available of EUR 157 million. The Group has also implemented specific plans for the improvement and efficient management of liquidity to address these tensions.

- Operational risk: the changing and unpredictable nature of events could lead to the emergence of a risk of interruption in the provision of services or sales. Therefore, the Group has established contingency plans aimed at monitoring and managing its operations at all times, to minimise the impact of such risk.

- Risk of change in certain financial magnitudes: the factors referred to above could adversely affect the Group's advertising revenues and to sales of newspapers and magazines and sale of books and training, which could lead to a decrease in the relevant captions for the Group in the next consolidated financial statements, such as "Revenue", "Result from operations" or "Result before tax". In this regard, the Group has made an estimate of the impact of COVID-19 in the first quarter of 2020, which would entail a reduction in the Group's advertising revenue (excluding Media Capital), from the income from the sale of newspapers and magazines and the income from book sales and training of approximately 13%, 6% and 8% respectively, in relation to the same period of the previous year. The Group's "Result from operations" in the first quarter of 2020 is expected to be reduced by the effect of COVID-19 by approximately 40% compared to the same quarter of 2019 (excluding for a comparable basis, the expense of Mediapro rulling and the result from operations of Media Capital in 2019). On 31 March 2020, the pandemic would not have had a significant impact on net debt. The Group will work on a contingency plan during 2020 with the aim of minimising the aforementioned effects. However, it is not possible at this stage to reliably quantify the impact of COVID-19 in next financial statements, given the constraints and limitations already indicated.

  Likewise, COVID-19 could also have an adverse impact on key indicators for the Group, such as financial leverage ratios and compliance with financial ratios included in the financial agreements of the Group. In this sense, in April 2020, Prisa has agreed with the financial creditors of the *Override Agreement* and the *Super Senior Credit facility*, among other aspects, a flexibilization to compliance with the financial ratios (covenants) to which the Group is subject and for a period extending until March 2021. Therefore, this agreement allows Prisa more flexibility to compliance with its financial obligations.

- Balance sheet assets and liabilities measurement risk: a change in the future estimates of the Group's revenue, production costs, finance costs, credit quality of trade receivables, etc. could have an adverse impact on the carrying amount of certain assets (goodwill, intangible assets, tax receivables, trade and other receivables, etc.) and on the need to recognise provisions or other liabilities. As soon as adequate and reliable information is available, analyses and calculations will be made to remeasure those assets and liabilities as necessary.

- Continuity risk (going concern): in the light of all the above factors, the Directors consider that the conclusion detailed in note 1b of the consolidated notes on 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.

12. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report for the year 2019, which is part of the Director´s Report, has been approved by the Board of Directors of Promotora de Informaciones, S.A. on its meeting held on April 30, 2020 and is available on the web sites of the Company (www.prisa.com) and the CNMV (www.cnmv.es)”

REPORT ON THE VERIFICATION OF INFORMATION INCLUDED IN THE NON-FINANCIAL INFORMATION STATEMENT ISSUED BY AN INDEPENDENT VERIFIER

To GRUPO PRISA shareholders:

Pursuant to Law 11/2018dated 28 December (hereinafter, "Law 11/2018"), we have proceeded to the verification of the information included in the non-financial information statement of GRUPO PRISA for the year ended 2019.

We believe that based on the procedures applied and the evidence obtained during the verification process that we have carried out, the subject of this report, we have not come to our knowledge any question that leads us to believe that the verified information has not been prepared in all its significant aspects in accordance with the requirements of Law 11/2018.

Methodology and Verifier team

SGS' methodology for the verification of non-financial information consists of audit procedures and mechanisms to verify information and indicators, commonly accepted within the scope of the Conformity Assessment Bodies (as defined by Regulation (EC) no. 765/2008), such as the audit guidelines contained in standard ISO 19011, and particularly:

- Review of non-financial information in accordance with the requirements of Law 11/2018
- Interviews with staff responsible for obtaining and preparing data
- Review consisting of sampling of documents and records (both internal and public)
- Check consisting of checking the reliability and traceability of data
- Assessment of systems for the collection, management and handling of the information and indicators

The verification team was formed by qualified personnel of SGS International Certification Services Ibérica, S.A.U., who had a technical competence based on the experience of the different sectors of activity essential for the issuance report.

Independence

We are an independent entity to GRUPO PRISA in accordance with the ethics requirements, including those related to independence that are applicable to our activities.

Other information from the Management Report

In relation to the verification carried out, it is expressly stated that the regulatory obligation covers only the non-financial reporting statement for the 2019 financial year, with the rest of the content of the report being excluded from that process management.

The responsibility of the independent verifier is to issue this report once the content of the status of the non-financial information provided by the administrators of the Company subject to the verification process has been verified. If, based on the work done, we conclude that there are caveats, we are obliged to report them.

REPORT ON THE VERIFICATION OF INFORMATION INCLUDED IN THE NON-FINANCIAL INFORMATION STATEMENT ISSUED BY AN INDEPENDENT VERIFIER

The administrators' responsibility in relation to non-financial information

The administrators of the parent company are responsible for the formulation of the consolidated management report and the non-financial information detailed in accordance with paragraph 6 of Article 44 of the Code of Commerce, approved by Real Decreto dated 22 August 1885, amended by Law 11/2018, dated 28 December, amending the Code of Commerce.

The independent verifier's responsibility

The objective of the mission entrusted to us has been limited to obtaining limited assurance that non-financial information is free from material inaccuracies and to issuing a verification report of the information included in the state of non-financial information containing our opinion.

30th April, 2020

Signed: Juan José Fontalba
SGS International Certification Services Ibérica, S.A.U

NOTE: *"This document has been originally drafted in Spanish, which will therefore prevail over the English language version in the event of any discrepancy."*

SGS International Certification Services Ibérica, S.A.U. Trespaderne 29 28042 Madrid **t** 34 91 3138115 **f** 34 91 3138102 www.sgs.es

DECLARACION DE RESPONSABILIDAD SOBRE LAS CUENTAS ANUALES E INFORME DE GESTIÓN (QUE INCLUYE EL ESTADO DE INFORMACIÓN NO FINANCIERA) CORRESPONDIENTES AL EJERCICIO 2019, TANTO DE PROMOTORA DE INFORMACIONES, S.A. COMO DE SUS SOCIEDADES CONSOLIDADAS.

AFFIDAVIT OF ASSUMPTION OF LIABILITY WITH RESPECT TO THE 2019 ANNUAL ACCOUNTS AND MANAGEMENT REPORT (WHICH INCLUDE THE NON-FINANCIAL INFORMATION) OF BOTH PROMOTORA DE INFORMACIONES, S.A. AND ITS CONSOLIDATED COMPANIES.

30 de abril de 2020

Conforme a lo dispuesto en el art. 8 del Real Decreto 1362/2007 de 19 de octubre, todos los miembros del Consejo de Administración de PROMOTORA DE INFORMACIONES, S.A. declaran que responden del contenido de las cuentas anuales e informe de gestión (que incluye el Estado de Información no financiera) correspondientes al ejercicio 2019, tanto de PROMOTORA DE INFORMACIONES, S.A., como de sus sociedades consolidadas, que han sido formuladas con fecha 30 de abril de 2020, en el sentido de que, hasta donde alcanza su conocimiento, han sido elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados del emisor y de las empresas comprendidas en la consolidación tomados en su conjunto, y que el informe de gestión incluye un análisis fiel de la evolución y los resultados empresariales y de la posición del emisor y de las empresas comprendidas en la consolidación tomadas en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a las que se enfrentan.

Pursuant to the provisions of Article 8 of Royal Decree 1362/2007 of October 19, the members of the Board of Directors of PROMOTORA DE INFORMACIONES, S.A. hereby declare that they are accountable for the content of the 2019 annual accounts and management reports (which include the non-financial information) of both PROMOTORA DE INFORMACIONES, S.A. and its consolidated companies, which were drawn up on April 30, 2020, in the sense that, to the best of their knowledge, they have been calculated according to applicable accounting principles, they offer a true and fair view of the assets, financial situation and results of the issuer and its consolidated companies as a whole, and the management reports includes a true and fair analysis of the evolution, business results and position of the issuer and its consolidated companies as a whole, together with a description of the principal risks and uncertainties which they face.

D. Javier Monzón de Cáceres

D. Manuel Mirat Santiago

D. Joseph Oughourlian

Amber Capital UK LLP (representado por D. Fernando Martínez Albacete)

D. Roberto Alcántara Rojas

Dª Maria Teresa Ballester Fornés

Dª Beatriz de Clermont-Tonerre

D. Dominique Marie Philippe D´Hinnin

D. Javier de Jaime Guijarro

Dª Sonia Dulá

D. Javier Gómez- Navarro Navarrete

D. Manuel Polanco Moreno

D. Khalid Thani Abdullah Al Thani