



PRISA

January - September 2023

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RESULTS REPORT

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Overview

During the first three quarters of 2023, Grupo PRISA has continued to **focus on debt reduction and control** – an endeavor helped by the inflow of funds from the issuance of convertible notes. The Group has seen continued and **sustained growth, with improved results for both the Education and Media businesses in terms of revenues, EBITDA, EBIT and margins.**

The results for the first nine months of 2023 confirm that the **company is on track to meet Guidance 2023** and achieve the objectives set out in the 2025 roadmap.

In addition, **Prisa continues to focus on its commitment to sustainability**, and remains committed to creating a positive impact on society, and to responsible management and good governance.

A focus on debt reduction and cash generation

In February, the Group completed the issue of €130m in mandatory convertible Notes – into newly issued shares – with a fixed 1% annual coupon (not-capitalized) and a mandatory conversion period of 5 years

This operation has led to a reduction in the financial cost of debt, having enabled the **early repayment of €110m of the most expensive tranche**, slashing the cost of interest from approximately 11% to the 1% set for the bonds. **76% of these had already been converted into shares in the first window**, which closed in May. The next conversion window will take place in November of this year.

In the first nine months of 2023, the net debt/EBITDA ratio stood at 4.3x, down by 1.9 points compared to December 2022.

Highlights

A focus on debt reduction and cash generation

Debt reduction, thanks to the issuance of convertible notes that have made it possible to repay €110m of Junior debt ahead of schedule. 76% of these bonds were converted into shares in May (the next conversion window is in November). Net debt/EBITDA ratio of 4.3x, an improvement of 1.9 points vs December 2022.
Interest rate hedges to mitigate a hike in Euribor and stabilize cash flow.

Operational business growth

Both Santillana and Prisa Media continue to show growth in revenues, EBITDA, EBIT and margins.
Improvement in advertising in 9M 2023, both for Radio and Press, online and offline.
Santillana and El País subscription models continue to grow at a steady pace.
Significant impact of extraordinary public sales in Argentina and improvement in public sales (Brazil, Chile and Dominican Republic) despite lower public sales in Mexico in 2023 (Conaliteg). Santillana Argentina's results may vary throughout the year depending on⁽¹⁾ i) ARS/€ exchange rate and ii) inflation; additionally, cash conversion is also subject to fluctuations in exchange rates.

In addition, PRISA contracted two **new interest rate hedges** during the first three quarters of 2023, which allow it to hedge the risk arising from upward pressure on Euribor interest rates, the reference rate for Group debt. Almost half of the debt (€400m nominal) is covered by these hedges.

Cash generation for 9M 2023 is positive and has improved by €119m compared to 9M 2022, although this figure does not yet properly reflect the full improvement for EBITDA due to a temporary issue affecting working capital.

Business growth

Despite the ongoing challenging environment, PRISA has reported solid 9M 2023 results, with growth in revenues, EBITDA, EBIT and margins in both businesses.

The growth of subscription models at Santillana, the improvement in public sales (despite lower Conaliteg sales in Mexico), the **extraordinary public sales in Argentina** (primary school in the first quarter and secondary school in the second quarter) and the improvement of offline and online advertising in radio and press, have led to **9M revenue growth of 16%**. Inflation and exchange rates in all countries, and especially in Argentina, may affect this growth in the last quarter.

This performance demonstrates the **resilience of our businesses and the value of our assets and brands**. In addition, **effective operational management** has made it possible to translate revenue growth into **improved EBITDA, EBIT and margins**, thanks to cost control in an environment of rising inflation and higher raw material prices. EBITDA is up by 75% compared to 9M 2022, and EBITDA margin has improved by 6 percentage points.

Financial Results – Group

*Positive performance in 9M 2023 for both business units, driven by digital revenues in both Education and Media. **Operational improvement compared to the same period of 2022 with a +16% increase in revenues, a +75% increase in EBITDA and a +6 percentage point increase in EBITDA Margin.***

Operational growth in both businesses and in all key indicators

Revenues in the first nine months of the year grew compared to the same period in 2022. In total, in the period from January to September, revenues reached €678m, up +16% compared to 2022.

By business line, there was notable growth in education sales (+22%), buoyed by the solid performance of campaigns (both Southern and Northern regions), the growth of subscription models and by extraordinary public sales in Argentina and higher public sales in Brazil, Chile and the Dominican Republic (which offset lower public Conaliteg sales in Mexico) in 9M 2023. Excluding the impact of Argentina, in the first nine months of the year PRISA's revenues grew by +13%.

Meanwhile, advertising sales grew by +5% in 9M 2023, with increases in both offline and online advertising on radio and in the press. In local currency, growth was even higher, at +7%. Circulation revenues grew slightly in the first nine months of the year, up by +2%. Finally, the Group continues to diversify into new business lines thanks to the development of audiovisual production through Lacoproductora and the development of digital businesses in addition to advertising and subscriptions.

By business unit, both Santillana and Prisa Media increased their revenues in 9M 2023 vs. 9M 2022 by +21% and +8%, respectively.

In short, despite persistent economic uncertainty, both businesses remained resilient and saw solid growth during the first nine months.

The improvement in revenues translates into an improvement in EBITDA, which in 9M 2023 reached €121m – growth of +75.3% compared to 9M 2022. EBITDA margin is 17.9%, an improvement of 6.1 percentage points compared to the same period of 2022.

EBITDA was boosted by the operational improvement of the businesses and the institutional sale in Argentina in 2023. Excluding the impact of Argentina, EBITDA grew by +72% compared to 9M 2022.

The exchange rate has had a positive effect of €18.0m on 9M 2023 revenues, mainly due to the appreciation of the Mexican Peso and the hyperinflationary effect of the Argentine Peso. The exchange-rate effect on EBITDA was positive by €15.7m.

Net book profit amounted to €-36.7m compared to €-28.2m in 9M 2022, despite the improvement in operating results, impacted by: i. the rise in Euribor rates; ii. higher financing costs for fair value of the debt (there was a positive effect in 2022 after the new refinancing agreement and a negative effect in 2023 after the amortization of Junior debt); iii. higher adjustments for inflation and exchange rate differences in Argentina.

Cash Flow in line with expectations

9M 2023 saw cash generation of €56m, €119m more than in 2022, thanks chiefly to the inflow of funds from the convertible notes which offset the higher interest payment of €32m (due to the rise in Euribor and the varying interest payment schedule criteria). The operational improvement of the results is not yet reflected in cash due to a temporary issue affecting working capital. In 2022, there were higher refinancing and hedging payments than in 2023 (€+12.3m), and a total of €32m was paid for the purchase of 20% of Radio from Godó. The outstanding €15m has been paid this year. In the third quarter, Free Cash Flow (FCF) improved by +28% (€+3m) compared to 2022.

Free Cash Flow at the end of September was positive by €1m compared to €15m in the same period of 2022, affected by temporary effects on working capital that should be reversed at the end of the year.

Debt reduction and strong cash position

Net Bank Debt stood at €807m, compared to €856m in December 2022, a decrease of -6% and an improvement in the net debt/EBITDA ratio of 1.9 points to reach 4.3x, mainly due to the net proceeds from the convertible notes (€128m), of which €110m have been used to repay Junior debt. Taking into account IFRS 16 liabilities, net debt stood at €870m compared to €926m in December 2022. The Group continued to have a strong liquidity position in September 2023 (€162m).

PRISA Group – P&L

Reported Results

€ Millions

	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2023	2022	Var.	2023	2022	Var.
Operating Revenues	678.4	587.3	+15.5%	237.6	199.1	+19.3%
Reported EBITDA	121.2	69.1	+75.3%	52.8	24.4	+116.5%
<i>EBITDA Margin</i>	<i>17.9%</i>	<i>11.8%</i>	<i>+51.8%</i>	<i>22.2%</i>	<i>12.3%</i>	<i>+81.4%</i>
EBITDA ex severance expenses	127.2	75.9	+67.7%	54.3	26.2	+107.4%
<i>EBITDA ex severance expenses Margin</i>	<i>18.8%</i>	<i>12.9%</i>	<i>+45.2%</i>	<i>22.9%</i>	<i>13.2%</i>	<i>+73.8%</i>
Operating result (EBIT)	71.2	20.0	+256.1%	36.3	9.9	+267.7%
<i>EBIT Margin</i>	<i>10.5%</i>	<i>3.4%</i>	<i>+208.3%</i>	<i>15.3%</i>	<i>5.0%</i>	<i>+208.1%</i>
Financial Result	-93.7	-42.2	-122.1%	-28.2	-19.7	-42.9%
Interests on debt	-64.4	-49.7	-29.6%	-19.0	-17.3	-9.7%
Other financial results	-29.3	7.5	---	-9.2	-2.4	-279.4%
Result from associates	1.7	3.7	-55.8%	1.3	0.3	+370.3%
Profit before tax	-20.8	-18.4	-12.9%	9.4	-9.6	---
Income tax expense	15.6	11.0	+41.2%	9.7	5.5	+76.8%
Results from discontinued activities	-0.3	0.0	---	0.0	0.0	---
Minority interest	0.0	-1.3	---	0.2	-0.9	---
Net Profit	-36.7	-28.2	-30.4%	-0.5	-14.2	+96.5%

Results at constant currency

€ Millions

	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2023	2022	Var.	2023	2022	Var.
Operating Revenues	660.4	587.3	+12.4%	228.4	199.1	+14.7%
EBITDA	105.4	69.1	+52.5%	45.5	24.4	+86.5%
<i>EBITDA Margin</i>	<i>16.0%</i>	<i>11.8%</i>	<i>+35.6%</i>	<i>19.9%</i>	<i>12.3%</i>	<i>+62.6%</i>
EBITDA ex severance expenses	111.6	75.9	+47.0%	47.0	26.2	+79.3%
Operating result (EBIT)	56.7	20.0	+183.7%	29.4	9.9	+197.9%
<i>EBIT Margin</i>	<i>8.6%</i>	<i>3.4%</i>	<i>+152.3%</i>	<i>12.9%</i>	<i>5.0%</i>	<i>+159.8%</i>

PRISA Group – Cash Flow Statement

Cash Flow Statement	JANUARY - SEPTEMBER				JULY - SEPTEMBER			
	2023	2022	Abs.	%	2023	2022	Abs.	%
€ Millions								
Reported EBITDA	121.2	69.1	+52.0	+75.3%	52.8	24.4	+28.4	+116.5%
Severance expenses	6.1	6.7	-0.7	-10.1%	1.5	1.8	-0.3	-16.8%
EBITDA ex severance expenses	127.2	75.9	+51.4	+67.7%	54.3	26.2	+28.1	+107.4%
Working capital	-57.5	24.3	-81.8	---	-16.0	11.9	-27.9	---
Severance payments	-9.2	-15.3	+6.0	+39.6%	-2.5	-2.9	+0.4	+14.9%
Taxes paid	-10.0	-12.6	+2.5	+20.2%	-1.4	-3.5	+2.1	+59.3%
Capex	-31.9	-35.1	+3.2	+9.1%	-11.2	-12.8	+1.6	+12.6%
Other	0.7	-4.1	+4.8	---	-1.3	-0.9	-0.4	-43.7%
CF BEFORE FINANCING ACTIVITIES	19.2	33.1	-13.9	-41.9%	21.9	17.9	+4.0	+22.4%
Interest paid	-57.6	-26.1	-31.5	-120.9%	-19.7	-2.4	-17.4	-728.9%
Dividends	1.8	-1.9	+3.7	---	-0.2	-0.2	0.0	+8.0%
Other CF from financing activities	-18.7	-20.3	+1.6	+8.0%	-6.8	-7.0	+0.3	+4.1%
IFRS 16	-18.5	-17.9	-0.6	-3.2%	-6.6	-5.9	-0.6	-10.7%
Other	-0.2	-2.4	+2.2	+90.8%	-0.2	-1.1	+0.9	+82.7%
CF FROM FINANCING ACTIVITIES	-74.5	-48.3	-26.2	-54.1%	-26.7	-9.6	-17.1	-176.8%
CASH FLOW BEFORE DIVESTMENTS	-55.2	-15.2	-40.0	-262.9%	-4.8	8.2	-13.0	---
Divestments	2.9	2.4	+0.6	+25.3%	-0.3	1.1	-1.4	---
CASH FLOW BEFORE OPERATIONS	-52.3	-12.9	-39.4	-306.3%	-5.1	9.3	-14.5	---
Operations	108.6	-49.6	+158.2	---	0.0	-6.7	+6.6	+99.8%
Convertible notes	127.6	0.0	+127.6	---	0.0	0.0	0.0	---
Other	-18.9	-49.6	+30.6	+61.8%	0.0	-6.7	+6.7	+100.0%
CASH FLOW	56.3	-62.4	+118.8	---	-5.2	2.7	-7.8	---

FREE CASH FLOW (FCF)¹

€ Millions

	JANUARY - SEPTEMBER				JULY - SEPTEMBER			
	2023	2022	Abs.	%	2023	2022	Abs.	%
CF BEFORE FINANCING ACTIVITIES	19.2	33.1	-13.9	-41.9%	21.9	17.9	+4.0	+22.4%
IFRS 16	-18.5	-17.9	-0.6	-3.2%	-6.6	-5.9	-0.6	-10.7%
FREE CASH FLOW (FCF)	0.8	15.2	-14.4	-95.0%	15.3	11.9	+3.4	+28.3%

(1) Free Cash Flow (FCF) = cash flow before financing including IFRS 16 payments (leases)

PRISA Group – Financial Net Debt

TOTAL FINANCIAL NET DEBT

€ Millions

	SEP 2023	DEC 2022	Var. 23/22 Abs.	%
Bank Debt	931.0	1,011.7	-80.7	-8.0%
Non-current Bank debt	883.8	980.8	-97.1	-9.9%
Current Bank debt	47.2	30.8	+16.4	+53.3%
Convertible notes liability	1.0	0.0	+1.0	---
Short term financial investments	-4.1	-1.5	-2.6	-167.6%
Cash&cash equivalents	-146.1	-189.5	+43.4	+22.9%
Present value	25.4	35.8	-10.4	-28.9%
NET BANK DEBT	807.3	856.4	-49.2	-5.7%
IFRS 16 liabilities	63.2	69.2	-5.9	-8.6%
NET BANK DEBT WITH IFRS 16	870.5	925.6	-55.1	-6.0%

TOTAL BANK DEBT BY BUs (including interco)

€ Millions

	SEP 2023	DEC 2022	Var. 23/22 Abs.	%
Prisa Holding & Other	759.4	828.1	-68.6	-8.3%
Financial debt (bank&coupon)	917.9	1,019.6	-101.7	-10.0%
Cash. short term financial invest.& interco Debt	-158.5	-191.5	+33.0	+17.2%
Santillana	-83.1	-101.2	+18.1	+17.9%
Media	130.9	129.6	+1.3	+1.0%
NET BANK DEBT	807.3	856.4	-49.2	-5.7%

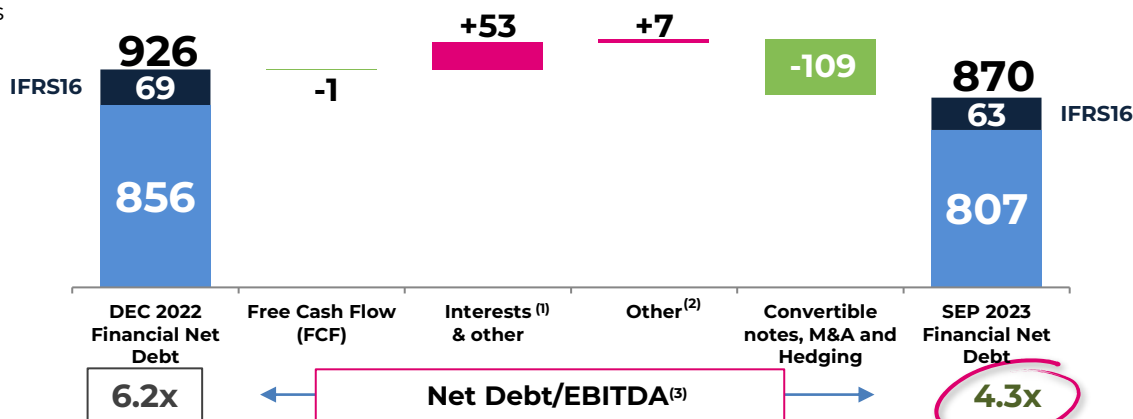
CASH BREAKDOWN

€ Millions

INITIAL CASH POSITION DECEMBER 2022	189.5
Cash Flow ex FX	56.3
FX in Cash and deposits	0.5
Debt increase/amortization	-100.3
FINAL CASH POSITION SEPTEMBER 2023	146.1

Financial Net Debt evolution

€ Millions



(1) Includes mainly interests payments, divestments and dividends.

(2) Includes mainly PIK, accrued interests, convertible notes coupon and impact of FX on Net debt.

(3) Net Debt/EBITDA ratio calculated considering the financial leverage criteria defined on the Refinancing agreements.

PRISA Group – Balance sheet

ASSETS		SEP 2023	DEC 2022
€ Millions			
FIXED ASSETS		447.2	425.9
Property, plan & equipment		99.6	103.3
Goodwill		118.7	117.2
Intangible assets		106.5	104.9
Long term financial investments		16.5	12.4
Investment in associates		36.4	33.1
Deferred tax assets		69.5	55.0
CURRENT ASSETS		511.4	556.7
Inventories		74.0	74.7
Accounts receivable		286.5	290.2
Short term financial investments		4.1	1.5
Cash & cash equivalents		146.1	189.5
Assets held for sale		0.6	0.8
TOTAL ASSETS		958.6	982.7

LIABILITIES		SEP 2023	DEC 2022
€ Millions			
SHAREHOLDERS EQUITY		-428.9	-532.2
Issued capital		100.8	74.1
Reserves		-506.6	-607.4
Income attributable to the parent company		-36.7	-12.9
Minority interest		13.6	14.1
NON CURRENT LIABILITIES		975.0	1,073.3
Long term financial debt		883.8	980.8
Other long term financial debt		52.0	53.9
Deferred tax liabilities		20.4	19.9
Provisions		16.0	15.3
Other non current liabilities		2.9	3.4
CURRENT LIABILITIES		412.6	441.5
Short term financial debt		47.2	30.8
Other current financial liabilities		14.1	32.8
Trade accounts payable		205.7	254.8
Other short term liabilities		92.5	81.1
Accrual accounts		52.7	41.5
Liabilities held for sale		0.2	0.4
TOTAL LIABILITIES		958.6	982.7

Prisa Media

PRISA Media is the world's largest Spanish-language Media and Entertainment group, and is at the forefront of digital transformation thanks to its leading brands in Spain, Latin America and the USA.

PRISA Media's organizational structure seeks to align the organization around a common purpose and strategy for all the Group's media. This involves focusing efforts on accelerating digitization, enhancing the global reach of products and leveraging the growth potential of the brands. A firm commitment to subscription models and multiple formats is key to ensuring the leadership and quality of the brands.

Financial Results

Prisa Media saw growth in 9M 2023 compared to 2022. 9M 2023 revenues totaled €301m compared to €278m in 2022, an increase of +8.4%. In constant currency, growth is higher, at +9.3%. PRISA Media has continued to perform well quarter by quarter. Advertising revenues grew by 5.4% (+6.5% in local currency), reaching €221m. Net online advertising grew by +14.7% and offline advertising by +2.6%, improving on the already positive trend of 2022.

Circulation revenues grew by +1.8%, mainly due to revenues from digital subscriptions to EL PAÍS, which grew by +28.1%, offsetting the drop in offline circulation revenues, which fell by -7.2%. There was a notable increase in revenues under the heading of "Other income", which grew by +41.0% (+€11.4m) thanks largely to the diversification of digital income and the incorporation into the company's consolidation perimeter of Lacoproductora, which generates income from audiovisual production.

PRISA Media's 9M 2023 EBITDA was €21.1m compared to €18.4m in 2022. This represents an improvement of +14.8%, mainly from advertising.

In the first nine months of the year the impact of exchange rates for Prisa Media was €-2.5m on revenues and €+0.6m on EBITDA.

In the third quarter, Prisa Media saw revenues grow by +5.6% (+5.7% in local currency), although this figure fell slightly short of 2022's EBITDA by €-0.2m.

Advertising

Advertising is Prisa Media's chief revenue source, accounting for 73% of revenue. Net advertising revenues amounted to €221m in 9M 2023 compared to €210m in 2022, an increase of +5.4% (+6.5% excluding the effect of exchange rates, notably the Colombian peso).

Advertising has been affected by the uncertain outlook of the global macroeconomic situation. Nevertheless, in the first nine months of 2023 Prisa Media's net advertising showed growth both online (+14.7%) and offline (+2.6%). Both press and radio show growth, with especially significant growth for Radio in Spain and Chile, as well as for online press, which offset the drop in advertising revenue in Colombia due to the exchange rate effect, the cyber attack and the performance of the market.

In the third quarter, advertising revenues grew by +6.4% compared to 9M 2022, both online (+17.8%) and offline (+3.0%), an improvement compared to the second quarter of 2023.

Despite the fact that Prisa Media's total advertising in the first nine months of the year has performed positively with a share gain compared to our competitors, the outlook remains uncertain for the fourth quarter given the unstable situation of the financial markets and the macro context.

Circulation

Circulation includes both the sale of print newspapers and the sale of digital subscriptions to EL PAÍS.

Between January and September 2023, circulation revenues reached €41m, an increase of +1.8% vs. 2022. The growth in EL PAÍS digital subscription revenues (+28.1%) offset the drop in offline newspaper sales (-7.2%).

EL PAÍS has reached a total of 328,718 subscribers, of whom 292,177 are exclusively digital. In 9M 2023, the digital subscription model clocked up an additional 64,796 net registrations (21,311 in the third quarter), maintaining the steady rate of acquisition and retention seen in previous quarters). Total subscribers are up by +35%, while the figure for digital exclusives is up by +43%.

Prisa Media

Other income

Other revenues contributed €39m, an increase of +41.0% over the same period in 2022 (+€11.4m).

Agreements with a range of strategic partners have allowed the Company to undertake innovative digital projects and develop the Spanish-language podcast market, thereby increasing the diversification of digital revenues and driving further digital transformation.

Meanwhile, the acquisition of Lacoproductora in the second quarter of 2022 offers an additional revenue stream for Prisa Media, via audiovisual production. Lacoproductora is fully integrated into PRISA Media's Video structure. It creates and develops new formats and is active in the marketing and production of original audiovisual products based on the content generated by the Group's different media outlets, for subsequent distribution on different platforms.

EL PAÍS subscribers

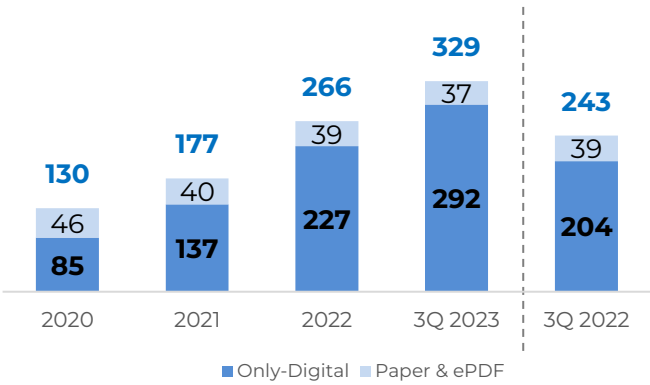
The EL PAÍS model continues to evolve to offer its subscribers more exclusive, rigorous and quality content and services.

EL PAÍS is the clear market leader for newspaper subscriptions in Spain thanks to its global audiences, the prestige of the brand and the quality of its content.

EL PAÍS reached a total of 328,718 subscribers in 9M 2023, an increase of +35.0%. The number of exclusively digital subscribers, who total 292,177, grew by +43.2% compared to 9M 2022.

In the third quarter, the positive trend has continued with strong growth in line with previous quarters in terms of subscribers: 21,311 net additions.

EL PAÍS subscribers evolution
In thousands



A commitment to Audio

PRISA Audio was created in May 2021 as part of the group's digital strategy and commitment to new formats.

Figures for Audio consumption continue to grow, with the first nine months of 2023 confirming the positive trend. As of September 2023, the number of average monthly audio downloads totaled 50 million, an increase of +10.1% and total listening hours amounted to 87 million, on average per month, an increase of +10.6% compared to 9M 2022. The average number of audiovisual content views per month was to 139 million, an increase of +21.6% compared to 9M 2022.

Prisa Media – P&L

Reported Results

€ Millions

JANUARY - SEPTEMBER

JULY - SEPTEMBER

	2023	2022	Var.	2023	2022	Var.
Operating Revenues	301.4	278.0	+8.4%	96.9	91.8	+5.6%
Net Advertising	221.1	209.8	+5.4%	72.6	68.2	+6.4%
Offline	165.2	161.1	+2.6%	54.0	52.5	+3.0%
Online	55.9	48.8	+14.7%	18.5	15.7	+17.8%
Circulation	41.2	40.4	+1.8%	14.3	13.8	+3.5%
Offline	27.9	30.1	-7.2%	9.6	9.9	-3.0%
Online	13.3	10.4	+28.1%	4.6	3.9	+20.4%
Others	39.1	27.8	+41.0%	10.1	9.8	+3.2%
Reported Expenses	280.3	259.6	+8.0%	90.1	84.8	+6.3%
Variable	63.4	50.7	+25.0%	18.6	18.1	+2.8%
Fixed	216.9	208.9	+3.8%	71.5	66.7	+7.3%
Reported EBITDA	21.1	18.4	+14.8%	6.8	7.0	-2.7%
EBITDA Margin	7.0%	6.6%	+5.9%	7.0%	7.6%	-7.8%
EBITDA ex severance expenses	24.3	22.1	+9.9%	7.2	7.8	-6.6%
EBITDA ex severance expenses Margin	8.1%	7.9%	+1.3%	7.5%	8.5%	-11.6%
Operating result (EBIT)	2.6	-1.6	---	0.6	0.9	-31.6%
EBIT Margin	0.9%	-0.6%	---	0.7%	1.0%	-35.3%

Prisa Media – Digital KPIs

JANUARY - SEPTEMBER

JULY - SEPTEMBER

2023 2022 Var. 2023 2022 Var.

Digital Revenues (€ Millions)	83.1	66.5	+25.0%	28.4	22.4	+26.7%
Digital Revenues Mix (%)	27.6%	23.9%	+4p.p.	29.3%	24.4%	+5p.p.
Monthly average Unique Browsers (m)	216.5	230.0	-5.8%			
Monthly average TLH⁽¹⁾ (m)	87.3	79.0	+10.6%			
Monthly average Audio Downloads (m)	50.3	45.7	+10.1%			
EL PAÍS Only-digital subscribers (k)	292.2	204.0	+43.2%			
EL PAÍS Total subscribers (k)	328.7	243.5				

(1) TLH: Total Listening Hours.

Education - Santillana

Enjoying a clear lead in Latin America, Santillana has focused its strategy on the transformation and digitization of the K-12 education market by transforming towards subscription-based learning models built on its own educational technology (Ed-Tech) platform.

Within the K-12 market, Santillana operates in two areas with different market dynamics. Firstly, the Private Market, which accounts for 70% of Santillana's annual sales. Here, Santillana is focused on transforming the educational model via the growth of subscription models, which already account for more than 60% of annual private sales. Secondly, the Public Market, which accounts for 30% of Santillana's annual sales, with business derived, chiefly, from institutional sales in Brazil and Mexico.

Financial Results

Santillana's 9M 2023 revenues grew by +21.3% compared to the same period in 2022, to reach a total of €376m. Santillana continues to demonstrate the strength of its businesses with sustainable revenue growth.

The 2023 Northern region campaigns performed positively and enjoyed overall growth. By type of sale, there was growth for private sales, especially for Mexico's subscription models. In public sales, however, the Northern campaign was affected by lower sales in Mexico (Conaliteg), which were partially offset by higher sales in the Dominican Republic.

Southern region campaigns also performed positively. Particularly noteworthy was the successful extraordinary institutional sale in Argentina for primary-school level (in the first quarter of the year) and secondary (in the second quarter of the year). Excluding Argentina, Santillana's revenues grew +18.0%.

Santillana's reported EBITDA reached €102m in the first nine months of 2023, which translates into an increase of €47m compared to the same period of 2022. In percentage terms, reported EBITDA growth is +84.1% in euros and +56.9% in constant currency. Excluding Santillana Argentina, reported EBITDA grew by +84.2%.

The private education business reported a +15.6% increase in sales in the first nine months, with a notably robust performance by the subscription models. Excluding the boost for Santillana Argentina, growth was +8.2%.

Meanwhile, the public market also enjoyed higher sales in 9M 2023, growing by +39.7% compared to 2022. Factors contributing to this sales boost include sales to the PNLD of reprints in Brazil, the public sale in Chile in 2022 that was delayed to 2023, the advance sale in the Dominican Republic in 2023 and the higher sales of Guides in Mexico, all of which have offset the lower public sales involving Conaliteg in Mexico (€-13m).

Santillana Argentina

The results of Santillana Argentina may vary throughout the year depending on¹ i) ARS/€ exchange rate and ii) evolution of inflation; additionally, the conversion to cash will also be subject to the evolution of exchange rates.

Private market sales: Subscription model

Subscription models are Santillana's chief source of revenue, and these continue to transform the student learning process. There were 2,802,988 subscriptions in the first nine months of the year, an increase of +6.8% compared to the same period in 2022. These figures include the new subscriptions from the Northern region campaign countries, which were up by 18%. Revenues from subscriptions grew by +11.0% in 9M 2023.

Subscriptions to learning systems show growth in all system models. Flexible systems grew by +7.1%, Global systems were up by +1.9% and Supplemental systems (including English) by +9.1%. By country, in Brazil subscriptions grew by +3.7%, in Mexico by +27.7%, in Chile by +23.8% and in all other countries by +1.7%.

¹ IAS 29 applicable to hyperinflationary economies such as Argentina

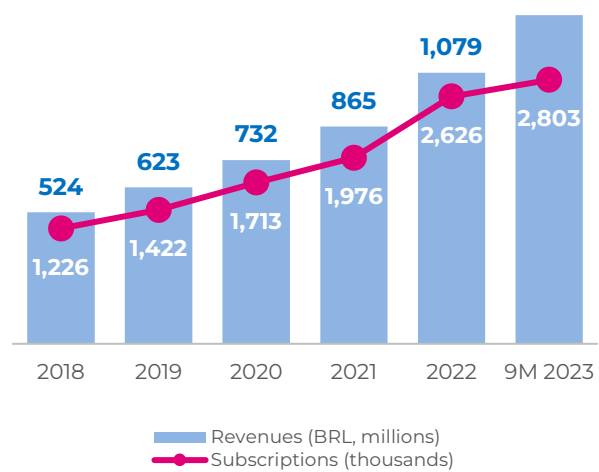
Education - Santillana

Public market sales

Public sales amounted to €114m, an increase of +39.7% compared to the figures for 2022, which stood at €81m.

9M growth was driven by the solid results of the PNLD sales, sales of reprints to the public sector in Chile, which were delayed from December 2022 to January 2023, higher sales in the Dominican Republic and higher sales of Guides in Mexico. All this has offset lower public sales in Mexico (Conaliteg).

Subscriptions revenues and subscriptions evolution
BRL millions & thousands of subscribers



Private market sales: didactic model

9M 2023 sales for the private-sector didactic, or traditional textbook, model in Latin America amounted to €108m, up by +22.6%. Despite the ongoing process of transforming students away from the traditional didactic model to the subscription model, the didactic business has grown significantly compared to 9M 2022, mainly due to the successful extraordinary institutional sale in Argentina for primary education (first quarter) and secondary education (second quarter) and thanks to the generally strong performance of the different countries, especially Brazil. The Southern region didactic sales campaigns are now closed and have shown a positive trend. The Northern campaigns are also showing positive results. Excluding the effect of the public sale in Argentina, didactic sales growth stood at +4.3%.

Santillana – Revenue Breakdown

Revenues by business

€ Millions

JANUARY - SEPTEMBER

JULY - SEPTEMBER

2023

2022

Var.

2023

2022

Var.

Education sales

374.0

306.6

+22.0%

140.0

106.5

+31.4%

Private

260.2

225.2

+15.6%

73.8

70.3

+5.0%

Subscription

152.0

137.0

+11.0%

51.6

43.5

+18.6%

Traditional

108.2

88.2

+22.6%

22.2

26.8

-17.1%

Public

113.8

81.4

+39.7%

66.2

36.2

+82.7%

Other revenues

2.2

3.5

-37.8%

1.0

1.1

-2.0%

Operating Revenues

376.2

310.1

+21.3%

141.1

107.6

+31.1%

Revenues by business on constant currency

€ Millions

JANUARY - SEPTEMBER

JULY - SEPTEMBER

2023

2022

Var.

2023

2022

Var.

Education sales

353.5

306.6

+15.3%

130.6

106.5

+22.6%

Private

240.2

225.2

+6.7%

64.9

70.3

-7.7%

Subscription

147.7

137.0

+7.8%

49.9

43.5

+14.8%

Traditional

92.5

88.2

+4.8%

14.9

26.8

-44.3%

Public

113.4

81.4

+39.2%

65.7

36.2

+81.5%

Other revenues

2.2

3.5

-37.7%

1.1

1.1

+1.5%

Operating Revenues

355.7

310.1

+14.7%

131.7

107.6

+22.4%

Santillana – Digital KPIs

JANUARY - SEPTEMBER

2023

2022

Var.

Ed-Tech Subscriptions (k)

2,803

2,625

+6.8%

Subscription sales / Private sales

58%

61%

-3.9%

Santillana – P&L

Reported Results

€ Millions

	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2023	2022	Var.	2023	2022	Var.
Operating Revenues	376.2	310.1	+21.3%	141.1	107.6	+31.1%
Reported Expenses	273.8	254.5	+7.6%	93.8	88.7	+5.8%
Reported EBITDA	102.4	55.6	+84.1%	47.3	18.9	+149.6%
<i>EBITDA Margin</i>	<i>27.2%</i>	<i>17.9%</i>	<i>+51.8%</i>	<i>33.5%</i>	<i>17.6%</i>	<i>+90.4%</i>
EBITDA ex severance expenses	105.3	58.6	+79.6%	48.4	20.0	+141.8%
<i>EBITDA ex severance expenses Margin</i>	<i>28.0%</i>	<i>18.9%</i>	<i>+48.1%</i>	<i>34.3%</i>	<i>18.6%</i>	<i>+84.5%</i>
Operating result (EBIT)	71.3	27.5	+159.0%	37.1	10.9	+241.6%
<i>EBIT Margin</i>	<i>19.0%</i>	<i>8.9%</i>	<i>+113.5%</i>	<i>26.3%</i>	<i>10.1%</i>	<i>+160.6%</i>

Results at constant currency

€ Millions

	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2023	2022	Var.	2023	2022	Var.
Operating Revenues	355.7	310.1	+14.7%	131.7	107.6	+22.4%
Reported Expenses	268.5	254.5	+5.5%	91.8	88.7	+3.5%
Reported EBITDA	87.2	55.6	+56.9%	39.9	18.9	+110.9%
<i>EBITDA Margin</i>	<i>24.5%</i>	<i>17.9%</i>	<i>+36.8%</i>	<i>30.3%</i>	<i>17.6%</i>	<i>+72.3%</i>
EBITDA ex severance expenses	90.1	58.6	+53.7%	41.0	20.0	+104.9%
<i>EBITDA ex severance expenses Margin</i>	<i>25.3%</i>	<i>18.9%</i>	<i>+34.0%</i>	<i>31.1%</i>	<i>18.6%</i>	<i>+67.4%</i>
Operating result (EBIT)	57.6	27.5	+109.4%	30.2	10.9	+177.9%
<i>EBIT Margin</i>	<i>16.2%</i>	<i>8.9%</i>	<i>+82.5%</i>	<i>22.9%</i>	<i>10.1%</i>	<i>+127.0%</i>



ESG⁽¹⁾

PRISA continues its firm commitment to sustainability through the development of its Master Plan 2022-2025, contributing through education, information and quality entertainment to equal opportunities and the progress of a democratic society.

Environmental

PRISA Group has put in place the third photovoltaic self-generation plant at the Miguel Yuste offices. The new solar facade will be able to avoid 28.89 Tn CO₂ emissions combined with the 70.75 Tn CO₂ avoided by the other two plants, the total reduction in carbon dioxide emissions from all three plants will be 99.64 Tn.

This achievement showcases PRISA's commitment to environmental responsibility and sustainability.

For the third consecutive year, the Retina ECO Awards 2023 recognized the most outstanding projects in their fight against climate change and sustainability through the use of technology.

Her Majesty The Queen presided over the Awards ceremony, which was closed by the Third Vice President and Minister for Ecological Transition and Democratic Challenge of the Government of Spain.

Social

During the third quarter of the year, PRISA continued to carry out various initiatives and received recognitions that highlight the Group's social commitment and its positive impact on its audiences, teachers, and students, especially in raising awareness about the major social and environmental challenges facing society.

In this context, PRISA Media held the International Summit on Sustainability and Environmental Innovation in Colombia last August. The event addressed the region's key educational, economic, and environmental challenges and attracted more than 14,000 participants.

El País and PRISA hosted in New York the sixth 'Latin America, the United States and Spain in the Global Economy forum', which addressed food security in conjunction with the goals of zero hunger and the fight against poverty.

In the field of education, Santillana has been recognized as the second most highly regarded Spanish company in Latin America, according to the Image of Spain Barometer (BIE) by the Real Instituto Elcano, Spain's leading think-tank in international and strategic studies.

With a presence in 19 countries, Santillana has been supporting children and adolescents in Latin America throughout their school years for decades. The company also assists teachers and school administrators by providing quality educational resources.

⁽¹⁾ ESG: Environmental, Social & Governance

Guidance



PRISA Group

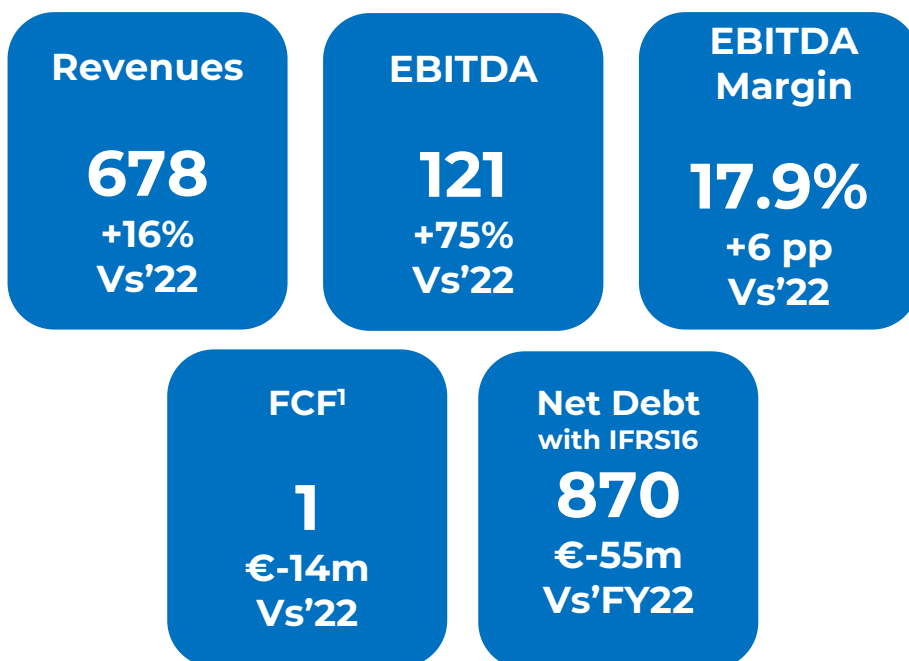
	<u>Guidance 2023</u>	<u>Guidance 2025</u>
Revenues	> 900M€	> 1,000M€
Adjusted EBITDA margin	17-18%	22-25%
Free Cash Flow ¹	> 40M€	> 100M€

Guidance for 2025 provided during PRISA's Capital Markets Day (March 2022).

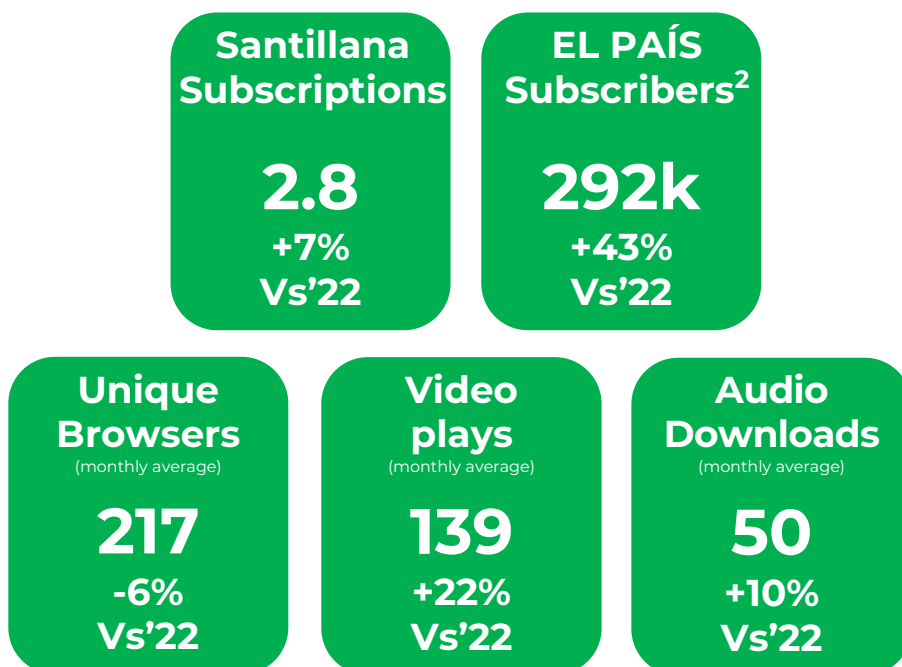
(1) Free Cash Flow (FCF) = cash flow before financing including IFRS 16 payments (leases)

PRISA Group – MAIN INDICATORS

FINANCIAL (€ Millions)



DIGITAL (Millions)



1) Free Cash Flow (FCF) = cash flow before financing including IFRS 16 payments (leases)

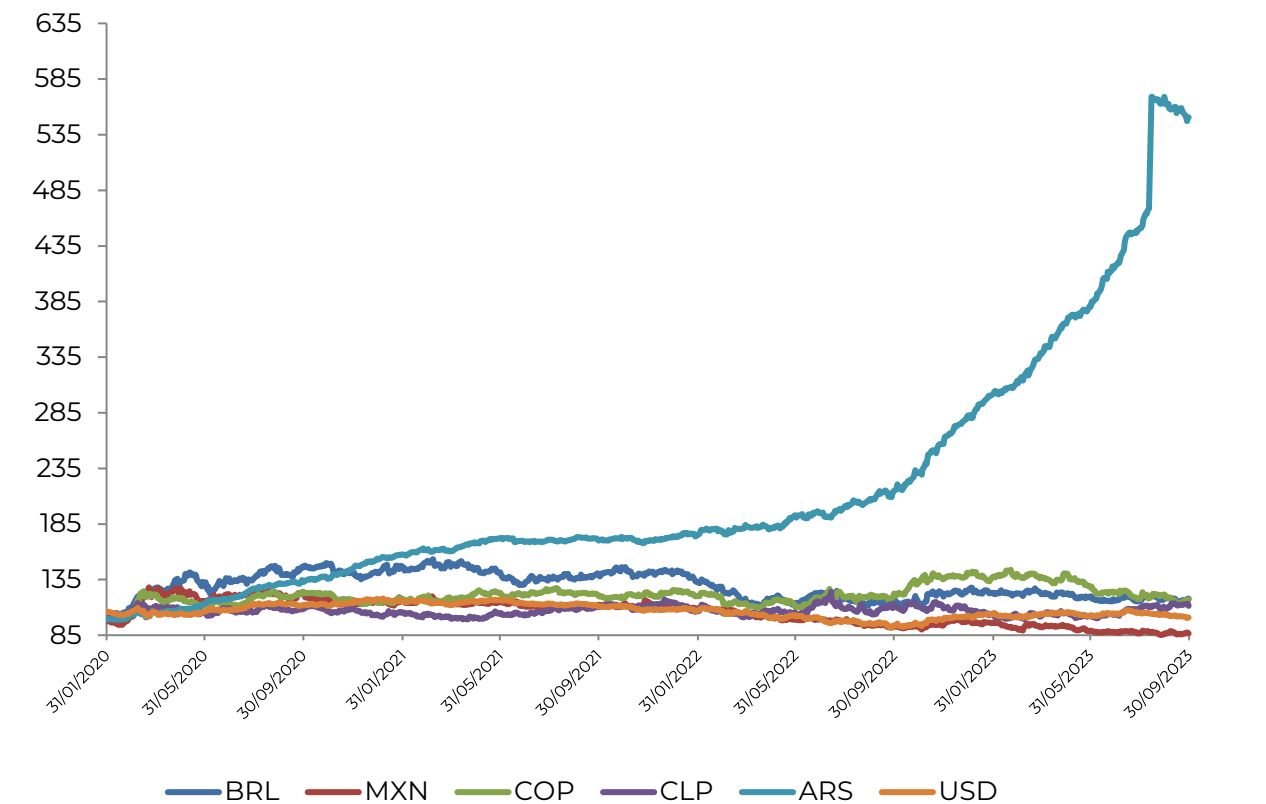
2) Digital-only subscribers

Appendix

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FX Evolution

The FX impact on the Group's revenues and EBITDA in the first three quarters of 2023 was positive. **The impact was €+18.0m in revenues and €+15.7m in EBITDA.**



	BRL	MXN	COP	CLP	ARG	USD
1Q2020	4.92	22.05	3,912.25	886.27	67.83	1.10
2Q2020	5.92	25.67	4,231.20	905.24	74.50	1.10
3Q2020	6.29	25.81	4,365.32	912.62	85.71	1.17
4Q2020	6.44	24.49	4,354.98	905.93	95.57	1.19
1Q2021	6.60	24.51	4,288.58	872.56	106.76	1.21
2Q2021	6.38	24.13	4,454.06	863.41	113.36	1.21
3Q2021	6.17	23.61	4,534.56	911.47	114.61	1.18
4Q2021	6.39	23.72	4,442.68	944.97	114.92	1.14
1Q2022	5.86	23.00	4,385.66	906.57	119.65	1.12
2Q2022	5.24	21.32	4,175.91	899.16	125.65	1.06
3Q2022	5.28	20.37	4,417.41	932.09	136.63	1.01
4Q2022	5.38	20.10	4,925.58	931.92	166.33	1.02
1Q2023	5.57	20.02	5,103.06	870.72	206.76	1.07
2Q2023	5.39	19.25	4,808.35	872.19	253.13	1.09
3Q2023	5.32	18.57	4,400.56	928.18	340.63	1.09

Source: Bloomberg

Breakdown of operating revenue and EBITDA by B.U.

€ Millions	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2023	2022	Var.	2023	2022	Var.
Operating Revenues	678.4	587.3	+15.5%	237.6	199.1	+19.3%
Education	376.2	310.1	+21.3%	141.1	107.6	+31.1%
Media	301.4	278.0	+8.4%	96.9	91.8	+5.6%
Radio	168.3	166.0	+1.4%	56.2	55.2	+1.7%
Press	113.2	106.4	+6.4%	37.2	34.1	+9.2%
Others ¹	20.0	5.7	+251.4%	3.5	2.4	+44.5%
Prisa Holding & Others	0.7	-0.8	---	-0.3	-0.2	-40.1%
EBITDA	121.2	69.1	+75.3%	52.8	24.4	+116.5%
Education	102.4	55.6	+84.1%	47.3	18.9	+149.5%
Media	21.1	18.4	+14.8%	6.8	7.0	-2.7%
Radio	20.5	21.1	-3.1%	6.6	7.1	-6.0%
Press	-1.7	-4.5	+63.1%	-0.6	-2.1	+71.7%
Others ¹	2.3	1.8	+31.0%	0.8	2.0	-61.6%
Prisa Holding & Others	-2.3	-4.9	+52.4%	-1.2	-1.6	+19.7%
EBITDA ex severance expenses	127.2	75.9	+67.7%	54.3	26.2	+107.4%
Education	105.3	58.6	+79.6%	48.3	20.0	+141.7%
Media	24.3	22.1	+9.9%	7.2	7.8	-6.6%
Radio	21.5	23.5	-8.5%	6.8	7.7	-11.5%
Press	-0.3	-4.0	+92.1%	-0.4	-2.0	+80.1%
Others ¹	3.1	2.6	+17.9%	0.8	2.1	-60.8%
Prisa Holding & Others	-2.3	-4.8	+52.5%	-1.2	-1.6	+19.7%

(1) Others include mainly Prisa Media's HQ, Lacoproductora, Podium and intercompany adjustments

Breakdown of operating revenue and EBITDA at constant currency by B.U.

€ Millions	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2023	2022	Var.	2023	2022	Var.
Operating Revenues on constant currency	660.4	587.3	+12.4%	228.4	199.1	+14.7%
Education	355.7	310.1	+14.7%	131.7	107.6	+22.4%
Media	303.9	278.0	+9.3%	97.0	91.8	+5.7%
Radio	170.7	166.0	+2.9%	56.1	55.2	+1.6%
Press	113.2	106.4	+6.4%	37.3	34.1	+9.3%
Others ¹	20.0	5.7	+252.1%	3.6	2.4	+50.1%
Prisa Holding & Others	0.7	-0.8	---	-0.3	-0.2	-40.1%
EBITDA on constant currency	105.4	69.1	+52.5%	45.5	24.4	+86.5%
Education	87.2	55.6	+56.9%	39.9	18.9	+110.8%
Media	20.6	18.4	+11.7%	6.8	7.0	-2.4%
Radio	19.7	21.1	-6.6%	6.5	7.1	-7.5%
Press	-1.7	-4.5	+62.5%	-0.6	-2.1	+71.7%
Others ¹	2.5	1.8	+41.6%	0.9	2.0	-55.5%
Prisa Holding & Others	-2.3	-4.9	+52.4%	-1.2	-1.6	+19.7%
EBITDA ex sev. expenses on constant currency	111.6	75.9	+47.0%	47.0	26.2	+79.3%
Education	90.1	58.6	+53.7%	40.9	20.0	+104.8%
Media	23.8	22.1	+7.6%	7.3	7.8	-6.4%
Radio	20.9	23.5	-11.3%	6.7	7.7	-12.8%
Press	-0.3	-4.0	+91.5%	-0.4	-2.0	+80.1%
Others ¹	3.3	2.6	+25.0%	0.9	2.1	-55.1%
Prisa Holding & Others	-2.3	-4.8	+52.5%	-1.2	-1.6	+19.7%

(1) Others include mainly Prisa Media's HQ, Lacoproductora, Podium and intercompany adjustments.

Alternative Performance Measures (APMs)

EBITDA

The Group uses **EBITDA** as a benchmark, among others, to monitor the performance of its businesses and to set its operational and strategic targets, therefore, this “alternative performance measure” is important for the Group and is used by other companies in the sector. EBITDA is defined as operating results plus assets depreciation and amortization charge, impairment of goodwill and impairment of assets.

€ Millions	EDUCATION	MEDIA	OTHERS	PRISA GROUP 9M 2023
OPERATING RESULT (EBIT)	71.3	2.6	-2.7	71.2
Depreciation&amortization charge	30.9	18.6	0.4	49.9
Impairment of assets	0.2	0.0	0.0	0.1
EBITDA	102.4	21.1	-2.3	121.2

€ Millions	EDUCATION	MEDIA	OTHERS	PRISA GROUP 9M 2022
OPERATING RESULT (EBIT)	27.5	-1.6	-6.0	20.0
Depreciation&amortization charge	28.2	19.8	1.1	49.1
Impairment of assets	-0.1	0.2	0.0	0.0
EBITDA	55.6	18.4	-4.9	69.1

EDUCATION	MEDIA	OTHERS	PRISA GROUP Q3 2023
37.0	0.6	-1.4	36.3
10.3	6.2	0.1	16.6
-0.1	0.0	0.0	-0.1
47.3	6.8	-1.2	52.8

EDUCATION	MEDIA	OTHERS	PRISA GROUP Q3 2022
10.9	0.9	-1.9	9.9
7.9	6.1	0.4	14.3
0.2	0.0	0.0	0.2
18.9	7.0	-1.6	24.4

The Group also uses as an “alternative performance measure”, the **EBITDA excluding severance expenses**, which is defined as the EBITDA plus the severance expenses. This measure is important as PRISA considers that this is a measure of the profitability and performance of its businesses, as it provides information on the profitability of its assets net of severance expenses.

€ Millions	EDUCATION	MEDIA	OTHERS	PRISA GROUP 9M 2023
EBITDA	102.4	21.1	-2.3	121.2
Severance expenses	2.9	3.1	0.0	6.1
EBITDA ex severance expenses	105.3	24.3	-2.3	127.2

€ Millions	EDUCATION	MEDIA	OTHERS	PRISA GROUP 9M 2022
EBITDA	55.6	18.4	-4.9	69.1
Severance expenses	3.0	3.7	0.0	6.7
EBITDA ex severance expenses	58.6	22.1	-4.8	75.9

EDUCATION	MEDIA	OTHERS	PRISA GROUP Q3 2023
47.3	6.8	-1.2	52.8
1.1	0.4	0.0	1.5
48.3	7.2	-1.2	54.3

EDUCATION	MEDIA	OTHERS	PRISA GROUP Q3 2022
18.9	7.0	-1.6	24.4
1.1	0.7	0.0	1.8
20.0	7.8	-1.6	26.2

Alternative Performance Measures (APMs)

EXCHANGE RATES IMPACT

PRISA defines the **impact of exchange rates** as the difference between the financial figure converted at the exchange rate of the current year and the same financial figure converted at the exchange rate of the previous year. The Group monitors both operating income and profit from operations, excluding the aforementioned exchange rate effect for comparability purposes and to measure management by isolating the effect of currency fluctuations in the various countries. This “alternative performance measure” is therefore important in order to be able to measure and compare the Group's performance in isolation of the exchange rate effect, which distorts comparability between years.

€ Millions	JAN-SEP 23	FX effect	JAN-SEP 23 ex FX	JAN-SEP 22	Var.Abs. ex FX	Var.(%) ex FX
EDUCATION						
Revenues	376.2	20.5	355.7	310.1	45.6	14.7%
Education sales	374.0	20.5	353.5	306.6	46.9	15.3%
EBITDA	102.4	15.2	87.2	55.6	31.6	56.9%
MEDIA						
Revenues	301.4	-2.5	303.9	278.0	25.9	9.3%
EBITDA	21.1	0.6	20.6	18.4	2.2	11.7%
PRISA GROUP						
Revenues	678.4	18.0	660.4	587.3	73.1	12.4%
Education sales	374.0	20.5	353.5	306.6	46.9	15.3%
EBITDA	121.2	15.7	105.4	69.1	36.3	52.5%

€ Millions	Q3 2023	FX effect	Q3 23 ex FX	Q3 2022	Var.Abs. ex FX	Var.(%) ex FX
EDUCATION						
Revenues	141.1	9.3	131.7	107.6	24.1	22.4%
Education sales	140.0	9.4	130.6	106.5	24.1	22.6%
EBITDA	47.3	7.3	39.9	18.9	21.0	110.8%
MEDIA						
Revenues	96.9	-0.1	97.0	91.8	5.2	5.7%
EBITDA	6.8	0.0	6.8	7.0	-0.2	-2.4%
PRISA GROUP						
Revenues	237.6	9.3	228.4	199.1	29.2	14.7%
Education sales	140.0	9.4	130.6	106.5	24.1	22.6%
EBITDA	52.8	7.3	45.5	24.4	21.1	86.5%

Alternative Performance Measures (APMs)

NET BANK DEBT

The Group's **net bank debt** is an “alternative measure of performance” and includes non-current and current bank borrowings, excluding present value in financial instruments/loan arrangements costs, and the convertible notes coupon liability, diminished by current financial assets, cash and cash equivalents and is important for the analysis of the Group's financial position.

FREE CASH FLOW (FCF)

PRISA defines the **free cash flow**, as it appears in **page 6 of this report**, as the addition of the cash flow before financing minus IFRS 16 payments (leases). This “alternative performance measure” is important for the Group as it shows the cash flow generation recurrent capacity of the company for debt service.



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