

CONFERENCE CALL TRANSCRIPT

27 JULY 2022

LUIS ENRÍQUEZ

Hello and many thanks for attending our 1H22 conference call. The first half was impacted by a series of factors that were not foreseen in our budget at the start of the year, especially on the cost side.

Let's start with revenues. It was not an easy half for advertising, with a solid performance from local advertising. All our regional newspapers and the local side of ABC had better results from online and offline local advertising than we had forecast. Meanwhile national digital advertising was impacted by the circumstances of the first months of the year. Overall we can be satisfied because we achieved like-for-like revenue growth of 4.8%, which is one of the main targets for our group. Top-line growth, which is supported by diversification and the refocusing of the main businesses, or rather by their continued development because to talk about digitalisation at this stage is already obsolete. With advertising increasing by 4.7%, we will see later that we are achieving strong market share gains and outperforming basically all parts of the market.

The diversified businesses are performing as we forecast in our budget. They are fully in line.

Moving to EBITDA, we achieved €8.8M. This level of EBITDA was affected by compensation payments at the start of the year of €2.5M, which so far have generated half that amount in cost savings. We do not embark on restructuring without having a payback within a year. And then there is the increased cost of energy, which we calculate at €1.7M.

The margin on readers has gone down. This is partly because of the cost of paper, which is a bit above what we forecast in our budget, when we already expected a large increase. Even so it is more than we expected. All of this has been offset, so we have achieved a result in line with the guidance that we gave at the start of the year for 2022. We are still achieving these goals according to the results we have seen since 30th June.

Net financial debt of €4.7M was affected by requirements especially in the first three months of the year, when paper supply was an obligation and some of our colleagues had not yet secured paper supply for their products, so before 31st March we guaranteed the paper expense for the year, and this consumed more working capital. Nevertheless, our cash flow yield was 28% in 1H22.

Of all the current circumstances, we will continue to see a high expense on paper. It is more expensive this year and there will be consumption in the second half, although we have secured supply from paper producers in Canada at prices that are significantly lower than what we have seen so far. So it will be challenging but it is under control. Another cost factor that we are controlling is energy. We have reached an agreement with Iberdrola which means that the second half of the year will be a bit better than we had forecast. As a result, the increase in the cost of energy, mainly in our printing plants, will no longer be a problem.

In this presentation we will focus on two of our major new projects. One of them is Relevo, in our traditional business, and the other is LDK. We will see how we will make returns on the investments that we are making here.

Returning to advertising and our market share gains, we grew by 4.7% in a basically flat market, mainly in the online business, and in overall terms we grew by 4% while the market contracted. Excluding Classifieds, growth at Vocento was 2.2%. This performance for

advertising at the group compared with the market was satisfactory. It also reflects one of the initiatives where we have focused, which is our programmatic advertising platform with Godó and Prisa, which is reporting growth, even after joining the market only recently and with lower numbers, but still growth of around 30%. This confirms the viability of the project, with a brand that is increasing its share of the media planning market all the time.

Moving to subscriptions, we said that we would carry out a refocusing that would produce results in the last quarter, with a new person in charge and a new development across all areas, coming from technology, new options such as Google Subscribe and other opportunities such as bundles with other subscriptions. We are going to focus on strengthening our team and winning subscribers so that we meet the target we set at the start of the year of 250,000 active subscribers in 2026. We think we are in line and that this will be reflected in our P&L and in our active subscriber numbers for the year.

Let's move to the P&L. As we have mentioned, this reflects the obvious changes coming from the divestment of television and content. There is also the €1.3M that is due to Relevo, mainly from costs, because we have only just launched on social media. The cost of energy and paper has a negative impact of c. €2.4M and is compensated by the advertising of the press business. There was a decrease of 0.7M at Classifieds, where the trend has been positive since June, mainly because of a recovery in the automotive market and a good performance from real estate.

As I said before, Gastronomy and Agencies are in line with our targets from the start of the year, with cost savings, partly offset by the expenses of the restructuring we made at the start of the year. I reiterate that the saving will be identical over the course of the year to the €2.7M restructuring expense. That takes us to the €8.8M level of EBITDA for the first half, which is in line with our targets.

Let's discuss the two major projects of the company. At Relevo we have more visibility and we can share some data. We launched in April on social media. We are present on Tik Tok, Instagram, Twitter and Twitch. These are our channels for reaching the audience and we are seeing some very interesting KPIs.

For example at Tik Tok we have registered 18 million video views in the last month, while the nearest competitor, from the four major titles of Sport, Marca, As and Mundo Deportivo, has almost 2.1 million video views. There is a clear outperformance. If we look at more qualitative data such as engagement and interaction with users on social media, Relevo is at 1.25 while Marca is on 0.20, in terms of the number of likes, share and comments per user. We are five times above our nearest competitor, which here is Marca.

On Twitter we have looked at the number of interactions with our content for every 1000 readers in the last month. For every 1000 readers we are recording 3.25 interactions, while the nearest competitor Mundo Deportivo is on 0.08. We have used this 1000 level to offset the obvious difference between Relevo, which has only been in existence for three months, and the other four major sports titles. Our ratio for mentions is 0.772, compared with 0.014 for Diario Sport. This is an invaluable measure of user engagement with our comments.

There is a similar situation on Instagram, with 37.6 interactions per 1000 followers, compared with 5.7 interactions at Diario Sport.

Let's see how this fits with our timeline for Relevó. We already had more than 150,000 followers at the end of June and now we are above 185,000, with the aim of closing the year with 500,000 followers. We have not even launched the website, the main part of the brand, which will be unveiled in September before the World Cup and which will be one of the most important sports sites in Spain. For now our strategy is focused on social media, where most of our team is working. Our social first strategy is achieving very promising results. We will see at the end of the year, but from the performance until 30th June we can say that it could not have been better than where we are at now.

Another of our major initiatives is Local Digital Kit, about which you have heard before. We refocused this project in the last quarter of the prior year. It is focused on the digitalisation of SMEs. It is a consulting service, so it is not dependent on advertising revenues, and is one of the main drivers of our diversification. We believe that thanks to the influence of our regional brands and our close relations with SMEs in the regional press business, we can support the digitalisation of our clients who may not have the specific departments or resources to develop their own SEO or SEM strategies or the capacity to generate leads online, which is where their revenues and clients will come from.

We initially planned the service as a hyperlocal offering, with local sales teams, but at the end of the year we decided to centralise LDK and use the Premium Leads team and a Call Center, and leveraging the Government's Kit Digital programme which is funded by Next Generation funds, and we have won 2100 clients so far. With our current business, this will contribute a margin of nearly €0.5M.

This period of service to each client will extend over time, so the margin will be even higher and in coming years will grow even further.

We believe that this will be an important part of Vocento's strategic growth and we have made non-organic approaches in the market. I am not talking about brands, but rather about negotiations with a very detailed analysis of what we can do to grow in this segment and accelerate our market share gains.

What we have found so far is that the prices are too high, that the strategic differences are not so much, and that we have the opportunity to develop, probably with smaller companies with better technological support, and achieve high levels of growth in this business and high margins, in 2022 and 2023.

We are not only leveraging the Government's Next Generation initiative, which is funding the digitalisation of SMEs and benefiting our project. We are also generating more contracts by ourselves than the two companies with which we have held discussions without reaching any agreement. I want to stress that we are aware that there are opportunities to invest at this challenging time for the market and that we have the cash to make these investments, but we will not carry out a non-organic investment that we are not satisfied with and that does not reflect our strategic focus and will not create value in the short and medium term.

Moving to the simplified version of the P&L, you can see it contains what I have been talking about, of course with some impact from divestments and discontinued operations such as the divestment of television and content. Joaquín Valencia will now go into more detail about the P&L and about cashflow and then we will take any questions that you would like to ask.

JOAQUÍN VALENCIA

Thank you Luis. I will just make some quick points.

Luis has already discussed some points of the P&L. Looking more closely at the underlying trends of the business, beyond the performance of the numbers on a first view, we can see that if we exclude Net and Veralia Distribución and make a like-for-like comparison with 1H21, then we are reporting very solid advertising growth and even stronger growth of other revenues, 24%, driven by Gastronomy, the Agencies, third-party printing and events. All of these areas are performing very solidly.

Looking beyond the drop in EBITDA, if you go into more detail you can see that of this €8.8M there is a temporary effect of €2.7M of compensation payments, delivering a saving of €1M in the first half. In the second half we will see the savings but not the expense, so there will be a net positive. Another temporary impact which we have contained is the energy cost of €1.7M. We have stemmed this outflow and in 2H it will be flat. Maybe a little bit negative in 3Q but in 4Q better than in the prior year. Looking at just those two effects, it is very close to last year, despite the investment we are making in Relevo and despite the other costs.

Moving down the P&L obviously we do not have the capital gain from Diario Vasco from last year, so EBIT is down, and then the divestment of those assets where there was a lot of minority interest will simplify this line in the future, it will be much simpler. With the €9.1M contribution from Net and Veralia, and the result of the sale of the two businesses, the bottom line is in line with last year.

In terms of cash flow and debt, we have very good levels of debt, we generated €5.3M of free cash flow, on a like-for-like basis, with €9.3M from the discontinued businesses. The difference between the €9.3M and the €5.3M is basically the energy price and the investment in Relevo.

As Luis mentioned we have made an investment in working capital and so the positive impact from working capital is lower than in other years. We have made an investment in inventories of €5M. This explains the difference with other years. As Luis said, the reason is to secure supply and levels of stock in current circumstances. It is better to have higher stocks. Also remember that in May we paid a dividend of €5.4M. This shows where we are in cash now and our position a few months ago.

Finally just a word about our sustainability actions. We are making continual progress. In the environmental area, we have completed the installation of solar cells at our Rotomadrid print plant in Madrid and will soon complete the project at Zamudio. In the social area we have implemented equality plans at all Group companies. We increased the ratio of women on the Board to 36%, above the targets of the EU Directive, and Bloomberg has ranked us the leader in Spain for ESG transparency. This reflects all of Vocento's progress in this area.

And now we will open the call to your questions.

Q&A SESSION

ENRIQUE YAGÜEZ – BESTINVER SECURITIES

Hello, thanks for the presentation. I have three questions.

The first is about the new LDK initiative. In the results release you mention €5M in revenue, but I do not know if these are annual revenues or for the medium term, if they are estimates based on the number of current clients or current ARPU. So I would like some clarification about where and when these revenues are coming from.

Secondly, about Relevó, you have some interesting KPIs and my question is about the monetization that you expect in 4Q and what will be the pricing policy compared with other sports media. I imagine that at the start you will have to be more aggressive to capture customers. What sort of approach have you been seeing from advertisers?

And my third question is about the Agencies business, which reported very strong growth in 2Q. My question is whether there was any one-off or specific campaign behind this, and how sustainable is this growth in the coming quarters?

Many thanks.

L.E.: Thanks Enrique.

LDK is not as new as you think. What is new is the focus we are providing. The €5M refers to the amounts that have been committed as part of Next Generation funding. If as we expect we do a good job and have a higher level of retention, these contracts could be extended. So the €5M will not only be reflected in the margins of this year but over the lifetime of the contract, supported by Next Generation funds. It will be up to us to extend these contracts based on the services we provide to these clients.

Moving to Relevó, we made a presentation a week and a half ago to agencies and buyers here in Vocento, coinciding with the first match of the Spanish women's football team in the European championship. The response from the agencies has been good. Almost all of them told us that they are looking for quality offers in the Spanish sports area such as Relevó. The level of interest is incredible. As we said at the start of the presentation, this is a year for building. In September we will have a website for the first time, for mobile and for PC. Monetization will start in 2023, when we have the right metrics to measure our capacity to generate revenue. For now we are giving birth to the brand, turning the need that we saw in the sector into a reality, and making something different. Judging by the event, the agencies and the buyers and the main clients understand what we are doing and say it is something that was needed. So we think there is a clear business opportunity for us.

We will be aggressive. We have developed probably the best professional team for online advertising in the sports sector in Spain, with many years of experience, working alongside the editorial team and the digital team. This is one of the innovations at Relevó. Everyone is working in one space and with one dynamic. Advertising is not in an advertising silo or

developers in a development silo. Everyone is working together. The project that you will see in September will surprise everybody.

I can't share more details, because basically I do not know how aggressive we will be, but we will be aggressive as we deliver high-quality sports content.

Agencies is a cyclical business. It is performing as we forecast, in revenues and margins. In fact margins have been a bit higher than we forecast because of the performance of one of the Tango businesses, Yellow Brick Road, which I talked about on another call, which is dedicated to marketing using influencers, who we are using a lot for Relevó and for the redesign of ABC on Instagram, for example. I recommend you have a look at the redesign because the agency is doing some great work and is beginning to have better results than we expected. But there has been nothing out of the ordinary here.

E.Y.: Okay, many thanks.

L.E.: Thank you.

JUAN PEÑA – GVC GAESCO

J.P.: Hello everybody. I have two quick questions checking some facts, and one longer questions.

First, when you talked about initiatives to increase subscriber growth, this is about ABC and the other publications, right? Not just ABC? And is there any plan to include Relevó in a subscription plan or will it be financed for now by advertising?

You spoke about maintaining your guidance for the year. To confirm, is that stable EBITDA at constant scope compared with 2021?

And finally, a follow-up to Enrique's question about LDK. I understand the concept but I wanted to understand the future, what will happen when Next Generation funds are finished. What plan do you have when this financing for SMEs is over and how will you differentiate from the traditional telcos who are focused on this area and offer services such as connectivity, Cloud and security, alongside all the digitalization services they offer. How will you differentiate? I understand the local contacts you have with clients, but what are you doing to win these clients? That's all, thanks.

L.E.: Thanks Juan, let me know if I leave any of the three unanswered and feel free to interrupt.

All of our initiatives in the subscriptions area are group-wide, except for Relevó. It is about ABC and Regional, not Relevó. Relevó is a free project financed by advertising revenues. All the other initiatives are aimed at ABC and Regional. We are carrying out a redesign for all the regional newspapers and for ABC, where some part of the news is now visible. This is being introduced in some parts of the website and probably it will be seen on the home pages of ABC and Regional in October. From then more changes will be implemented. This redesign will also mean that it will be the first time, and this is important for us, the reader won't see

anything but internally the platform for the digital management of ABC and the regional newspapers will be the same. We will be using the same technological rails, so it will be a lot easy to make things more flexible, carry out updates with more agility, learn from each other and implement successful initiatives based on what we see. The redesign will be an important step forward.

About our guidance, we said that we would grow by a single digit, low single digit at Relevo, on the current scope (ex Net and Veralia). We have seen some of the numbers that some of your colleagues have published and they are in line with the range we have given.

Finally, what is our idea for LDK? Remember that we have been working on this for a long time. Some things have worked well, others less so. In its current shape we are very optimistic about the project. We will maintain our clients and we will win as many clients as we can with the help of Next Generation. This will be fully transparent for the clients and will not result in costs for them. So far we have been able to add value. How do we differentiate? The technology that we have compared to our competitors, whether they are telcos or other competitors. We are a media company, a communications company, with businesses that are specialised in generating leads. So it is not just about our technology dynamics, about the dashboards that show how your business is going and how it is positioned, but also about how we can help this positioning. Orange or Vodafone do not have a media business but we do. We can grow a business in the digital space and help them with our capacity for generating leads. And we will renew clients and continue to win new clients.

J.V.: Also LDK is currently surfing the wave of the Government's Kit Digital programme because we chose to launch this product several years ago. Other media companies did not. We are the only media company with this product. Now we have decided to centralise the offering and centralise its management under Classifieds. We have the opportunity to benefit from a decision that we made long ago.

L.E.: And we our metrics for winning clients are similar to those of the large telco companies, which is encouraging and gives us confidence.

J.P.: That's clear, thanks.

L.E.: Thank you.

FERNANDO CORDERO – BANCO SANTANDER

F.C.: Hello, I have two questions only.

The first is about the Classifieds business. Looking at the good performance of revenues, I wanted to hear your opinion about what the main reason is for the profitability of the business not improving. And what initiatives you are planning at this business unit in the coming quarters, over and above the permanent idea of having the classified businesses in the leading positions in their market, and what sort of consolidation might take place?

And my second question is about your view of the advertising market in the second half of the year. You said local advertising is performing better than national advertising, as we can see in the performance of the regional newspapers compared with ABC. How do you see the second half of the year and what sentiment are you seeing at the advertisers?

L.E.: Thanks Fernando. At Real Estate classifieds, we are seeing an improvement in margins, you can see in the overall number, increases in revenues and margins. In automotive there have been increases in revenues but a decrease in the margin. In May and June we saw a recovery in the margin, so in the second half we expect to see as I said before a certain recovery in the car market and increases in these margins. It is all in line with our budget. Why are revenues rising while margins are falling? Because we are trying not to lose market share, as we said during the pandemic and now with the semiconductor crisis. We are probably reporting higher revenues but lower margins for this reason. I repeat, this reduction in margins is now starting to be turned around in the automotive market.

M&A in search of higher market share has always been in our playbook. We did this with Scout 24 in the car market, and we are still not seeing all the benefits because of the semiconductor tsunami that has taken everything with it, wiping out nearly all the automotive advertising market, but this is only temporary, and we are planning the same with Real Estate, where we have analysed two deals. In Real Estate our classifieds business is reporting reasonable profits. So we have to think long and hard about what to do there. It is on our roadmap. Classifieds are a core business at the heart of our strategic portfolio. We intend to increase our market share and lead these markets. This is what classified advertising is all about. But I repeat, we will begin to see good ranges for margins in the second half of the year.

And how are we seeing advertising perform? In the second half of the year, more or less in line with the first half but with more uncertainty. Local advertising will be solid. It is temporary and somewhat anecdotal, but print advertising is performing much better than we forecast. In national digital advertising, branded content is becoming more important, programmatic video also, and we could see more problems in general in display advertising. We will be focusing in the second half on national digital advertising, where the performance could be more challenging. Moving to the last quarter of the year and thinking about whether markets and revenues could contract, whether companies are cutting costs and not prioritizing their top line, well we will just have to see, but for the time being we are not seeing this. I hope I have answered your question as well as I can.