



# ANNUAL REPORT

## 2020

SIC - Sociedade Independente de Comunicação, S.A.  
Share Capital: Eur 10,328,600  
Rua Calvet de Magalhães, n.º 242, 2770-022 Paço de Arcos  
Registered at Commercial Registry of Cascais  
under registration number and tax identification number 501 940 626

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I.  
SINGLE MANAGEMENT  
REPORT

2020



# SINGLE MANAGEMENT REPORT 2020

**SIC's Net Income exceeded M€ 17.3 in 2020**

**EBITDA increased by 12.9%, reaching M€ 30.5.**

**SIC led the audiences with a share of 20.1%, the best result since 2013.**

**SIC achieved a 51.3% market share of advertising investment among generalist channels.**

**2020 year was marked by the launch of the OPTO and ADVNCE projects.**

## 1. ANALYSIS OF THE CONSOLIDATED ACCOUNTS



(values in Euros)	2020	2019	var %
<b>Revenues</b>	<b>152 168 537</b>	<b>155 249 404</b>	<b>-2,0%</b>
Advertising	99 829 998	105 743 980	-5,6%
Channel Subscriptions	32 939 603	34 308 874	-4,0%
Multimedia	16 201 650	11 278 342	43,7%
Other revenues	3 197 285	3 918 209	-18,4%
<b>Operating Costs (1)</b>	<b>121 678 707</b>	<b>128 247 157</b>	<b>-5,1%</b>
<b>EBITDA</b>	<b>30 489 830</b>	<b>27 002 248</b>	<b>12,9%</b>
<b>EBITDA Margin (%)</b>	<b>20,0%</b>	<b>17,4%</b>	
<b>EBITDA (2)</b>	<b>30 766 249</b>	<b>28 191 439</b>	<b>9,1%</b>
<b>EBITDA Margin (2) (%)</b>	<b>20,2%</b>	<b>18,2%</b>	
<b>Net Profit</b>	<b>17 325 398</b>	<b>15 319 909</b>	<b>13,1%</b>

### Notes:

EBITDA = Operating Results + Amortisation and Depreciation + Provisions + Impairment in non-current assets.

(1) Does not consider Amortisation and Depreciation, Provisions and Impairment Losses in non-current assets.

(2) EBITDA adjusted for restructuring costs.



SIC achieved **total revenues of €M 152.2**, reflecting a **2% reduction**, as a result of the decline observed in all revenue streams, with the exception of IVRs.

**Advertising revenues reached M€ 99.8**, corresponding to a 5.6% reduction compared to 2019.

**SIC achieved a 51.3% market share of advertising investment** among the generalist channels, having grown by 1.4 p.p. compared to 2019.

**Subscription revenues** generated by the 8 SIC channels, distributed over cable and satellite, in Portugal and abroad, **fell by 4%** in 2020 to **M€ 32.9**. This decrease was mainly due to the negotiation of contracts with international operators.

**In the 1st quarter of 2020, a pre-pandemic period, SIC's positive performance in all lines of advertising revenues stood out in particular, with year-on-year growth of 9%.**

**IVR revenues grew by 43.7%**, having reached **M€ 16.2**.

The **5.1% reduction** (M€ 6.6) in **operating costs** was higher than the reduction of revenues (M€ 3.1), giving rise to a **12.9% increase in EBITDA to M€ 30.5**. **EBITDA adjusted for compensations amounted to M€ 30.8**.

The **net income** recorded in 2020 exceeded **M€ 17.3**, corresponding to **growth of 13.1%**.

## 2. AUDIENCES

**SIC ended 2020 as audience leader** in the universe of generalist channels, with an average **share of 20.1%** in terms of consolidated data. This figure was 0.6 p.p. higher than in the same period of the previous year, with SIC being the only FTA channel to have increased in total television.

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**In 2020, SIC audiences attained their best annual result since 2013.**

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Excluding football matches, **the 5 most watched information and entertainment programmes** of Portuguese television were broadcast by SIC in 2020.

The interview of António Costa on *Jornal da Noite*, on 16 March, was the most watched information programme, with 1,893,300 television viewers.

The comedy programme, *Isto é Gozar Com Quem Trabalha*, presented by Ricardo Araújo Pereira, premiered in March, leading with historic results, and with the 26 April edition having been the entertainment programme with the largest audience in 2020.



SIC consolidated its leadership in **prime time**, in the universe of generalist channels, with an average share of 24.3% in terms of consolidated data, which represented an increase of 2.4 p.p. in relation to 2019, and the only increase in total television.



This result was driven by the **performance of the fiction products** broadcast on prime time, namely the soap operas *Nazaré*, *Terra Brava*, *Golpe de Sorte*, *A Dona do Pedaço*, *Amor de Mãe* and *Totalmente Demais*, as well as **the weekend**

**entertainment:** A

*Máscara*, *Isto é Gozar Com Quem Trabalha*, *24 Horas de Vida*, A



*Árvore dos Desejos*, *Estamos Aqui*, *Olha Por Mim*, *Terra Nossa*, *Quem Quer Namorar com o Agricultor?*, *O Noivo é que Sabe* and *Patrões Fora*.

SIC continued unbeatable in **day time**. SIC was leader in the mornings, with a share of 20.2%, and in the afternoons, with a share of 18.6% share, in terms of consolidated data.

In **information**, *Primeiro Jornal* and *Jornal da Noite* were the most watched throughout the 7 days of the week. This success was also driven by the different items broadcast, such as *Opinião de Luís Marques Mendes*, *O Polígrafo*, SIC Investigations and Feature Stories, *Casos de Polícia*, *15/25*, in addition to the daily coverage of the developments related to the Covid-19 pandemic.

As a whole, **generalist and thematic SIC** closed 2020 with a **market share of 23.9%**, reflecting growth of 0.6 p.p. compared to 2019. In the **commercial targets**, A/B C D 15/54 and A/B C D 25/54,

**SIC's universe of channels ended the year leading with a share of 22.9% and 23.1%**, respectively.

SIC's **subscription channels** achieved a **market share of 3.8%**, for the year as a whole.

**SIC Notícias** continued ranked in the **first place of the information channels**, with a share of 2.2%, having risen by 0.4 p.p. year-on-year.

This channel achieved its **best result ever in terms of number of television viewers** (50,400), in addition to the **best result in terms of market share and stronger differentiation in relation to the direct competition**, since the beginning of the GfK audience measurement panel (March 2012).

Regarding the **rest of the thematic channels**, *SIC Mulher* achieved a market share of 0.8%, *SIC k* reached 0.4%, *SIC K* reached 0.3% and *SIC Caras* reached 0.2%.

In 2020, the aggregate **SIC brand websites** attained the **highest ever monthly average of Unique Visitors: 2,317,452**. This value represents growth of 27.6% in relation to the period between January and December 2019.



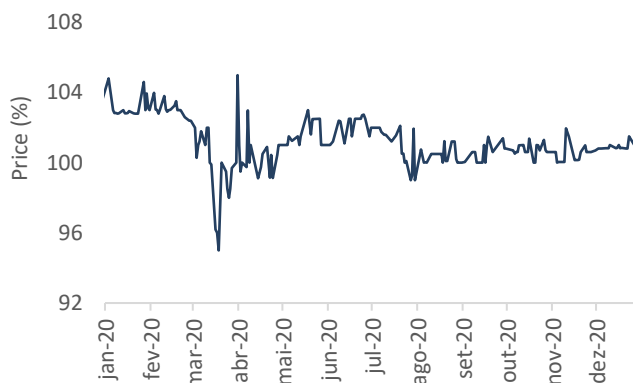


### 3. SIC 2019-2022 Bonds

The **SIC 2019-2022 Bonds**, listed for trading on regulated markets (Euronext Lisbon), on 10 July 2019, ended the year of 2020 trading above par (100.81%), having fluctuated between 95% and 104.99% during this period.

The average number of bonds traded in each session of the year was 17,230.

SIC 2019-2022 Bond Prices



Data: Euronext

### 4. AWARDS

In January 2020, SIC was attributed the **Five Stars Award 2020**, in the "TV – Generalist Channels" category. The station repeated this feat at the end of the year, by also winning the **Five Stars Award 2021**, in the same category.



SIC also won the **Consumer Choice Award** in the "Generalist Channel" category, with SIC Notícias having won as "Information Channel".

In the second half of the year, SIC also received two **Reputation Awards**, attributed by Executive Digest and by the consultant OnStrategy, as well as the **Marketeer Award – TV Media**.

Two SIC feature stories were distinguished with the **António Sérgio Cooperation and Solidarity Award 2019**: João Faiões received the Journalism Award for the feature story "*Nós ainda estamos aqui*", and Catarina Marques received an

Honourable Mention in the same category, for the feature story "*E de nós, quem cuida?*".

The SIC *Grande Reportagem* "*Ensaio sobre a saúde na Guiné-Bissau*", by Dulce Salzedas, Rafael Homem and Luís Gonçalves, was distinguished with the **First Human Rights & Integration Journalism Award 2019 - UNESCO National Commission**. The *Grande Reportagem* "*Visíveis*", by Sofia Pinto Coelho and Mariana Teófilo da Cruz received the same Award in the 2020 edition. The Portuguese Society of Authors gave the **Best Information Programme Award** to the *Grande Reportagem* "*Plástico Nosso de Cada Dia*", by Carla Castelo.

The **Best Journalistic Work** prize of the **Apifarma Journalists Club**, in the category, was awarded to the feature story "*No Coração do Hospital*", by Catarina Marques.



At the **Marketing Awards** of the magazine **Meios & Publicidade**, “O Programa da Cristina” and “O Polígrafo” received the **Silver Award**. The initiative “Tenho Cancro e Depois” of SIC Notícias, in partnership with Novartis, received the **Bronze Award**. The journalist Paula Castanho was distinguished with an honourable mention in the **Journalism Awards of the Portuguese League Against Cancer** for the piece “Cancro da Próstata”, of the SIC Mulher programme “Retratos da Saúde”.

The feature story “Entregues à Sorte”, by Amélia Moura Ramos, received the **AMI Award – Journalism Against Indifference**, and the First Prize in the “Television” category, in the “**Children's Rights in News**” **Journalism Awards**. In this last one, honourable mentions were also awarded to two feature stories by Ana Catarina Marques (“Em Nome dos Pais, dos Filhos e do Espírito Livre” and “O Todo é Maior que a Soma das Partes”) and to two feature stories by Pedro Manuel Coelho (“Via Sacra” and “Amina: Uma jovem Afegã entre dois Mundos”).

With regards to entertainment, SIC was distinguished in the **Fantastic Awards 2020**, in the following categories:

**Best Entertainment Programme**

Árvore dos Desejos

**Best Presenter**

João Manzarra (Árvore dos Desejos)

**Best Magazine or Cultural Programme**

À Descoberta Com...

**Best Soap Opera or Daily Series**

Nazaré

**Best Lead Actor**

José Mata (Nazaré)

**Best Lead Actress**

Mariana Monteiro (Terra Brava)

**Best Secondary Actor**

Renato Godinho (Terra Brava)

**Best Secondary Actress**

Laura Dutra (Nazaré)

**Revelation Award**

Guilherme Moura (Nazaré)

Two SIC soap operas, produced by SP Televisão, were commended in the 21st edition of the **World Media Festivals – Television & Corporate Media Awards**. *Terra Brava* and *Nazaré* won the **Gold Medal** and **Silver Medal**, respectively, in the “Soap Opera” category.



In October, SIC's entertainment and information once again saw its quality distinguished in the **Impala Television Trophy's**:

**Best Soap Opera**

Nazaré

**Best Lead Actor**

Afonso Pimentel (Nazaré)

**Best Cast Actor**

João Baptista (Terra Brava)

**Best Generic Music**

Mariza (Terra Brava)

**Best Series**

Golpe de Sorte

**Best Actress of a Series**

Maria João Abreu (Golpe de Sorte)

**Best Comedian**

César Mourão

**Best Entertainment Programme**

Terra Nossa



**Best Social Programme***Passadeira Vermelha***Best Information Programme***Jornal da Noite***Best Male Journalist / Presenter**

Rodrigo Guedes de Carvalho

**Best Female Journalist / Presenter**

Clara de Sousa

**Best Female Journalist / Reporter**

Conceição Lino

**Best Commentator**

Luís Marques Mendes

**Best Cultural Information Programme***Cartaz Cultural***The Fifth Channel Awards 2020**

distinguished *Isto é Gozar com quem Trabalha* (Best Entertainment Programme), *A Máscara* (Revelation of the Year Programme), César Mourão (Best Entertainment Presenter), Clara de Sousa (Best Female Journalist) and Rodrigo Guedes de Carvalho (Best Male Journalist).

SIC was once again distinguished in the **M&P Creativity in Self-Promotion & Innovation in the Media Awards**, having been awarded with Gold, Silver and Bronze in various categories in which it was nominated.

## 5. OPTO and ADVNCE

At the end of 2020, SIC moved forward with **two innovative projects** in Portugal:

**OPTO**, a streaming service launched in November, is pioneer in the sale of subscriptions of exclusive audiovisual contents.



**ADVNCE**, launched in December, is available on the distribution platforms, being a project for hosting the eSports community.



## 6. OUTLOOK

2020 was an atypical year due to the COVID-19 pandemic. In view of the uncertainty that persists, IMPRESA and SIC will continue to implement procedures to protect the health of their employees, monitor the economic implications of COVID-19, and in particular the identification of potential sources of risk for the activity of their subsidiaries.

SIC, as the other IMPRESA's brands, has already showed its strength and resilience, reflected in a positive operational performance.

In 2021, we have the task to consolidate the results achieved in 2020, focusing on the market leadership, together with a rigorous cost control and a careful risk monitoring, aiming at the continuous improvement of operating margin and reduction of net debt.



The two projects launched under the Strategic Plan for 2020-2022, OPTO and ADVNCE, will be accelerated in 2021, and IMPRESA will also continue to expand its activity to new platforms and thus reach new and larger audiences.

As the largest Portuguese media group, IMPRESA is aware that its brands play a particularly important role in times such as the one we live in, where up to date, rigorous and credible information along with stimulating entertainment are decisive in the response to the present pandemic context.

SIC and the other IMPRESA brands, on their various platforms, will fulfil, as always, the mission of public interest of this Group:

- to inform Portuguese society with the independence and rigour that is expected from them and to transmit in a clear way the important institutional messages; and
- provide entertainment that promotes the enjoyment and well-being of their different audiences.

## **7. INDIVIDUAL ACCOUNTS**

### **7.1. Analysis of Individual Accounts**

The Board of Directors of SIC has adopted, since 1 January 2016, the IAS/IFRS as endorsed by the European Union in the preparation of its individual financial statements, considering 1 January 2015 as the transition date for the calculation of conversion adjustments. Hence, the individual financial statements presented since then have been prepared in accordance with these accounting standards.

In 2020, in individual terms, the operating results were positive by 29,004 thousand euros, compared to the positive results of 24,934 thousand euros, obtained in 2019.

The financial results were negative by 2,213 thousand euros, compared to the negative results of 794 thousand euros obtained in 2019.

Accordingly, net income was positive by 17,325 thousand euros in 2020, higher than the positive value of 15,320 thousand euros obtained in 2019.

### **7.2. Proposal of allocation of year-end results**

It is proposed that the net profit for the year of 17,325,398 euros, should be distributed as dividends to the sole shareholder.



## 8. ACKNOWLEDGEMENTS

The Board of Directors expresses its thanks to the employees for their committed effort and dedication during the year under analysis, which enabled the obtainment of these results.

The Board of Directors is also thankful to the Advertisers, the Central Offices, the Advertising Agencies, and the Distributors for their confidence in SIC's capacity.

Finally, the Board of Directors would like to thank the Supervisory Board, the Statutory Auditor, Deloitte & Associados, S.R.O.C., and the banks, Banco BPI, Caixa Geral de Depósitos, Caixa Banco de Investimento, Banco Comercial Português, Banco Santander Totta, Caixa Económica Montepio Geral, Banco BIC Português, Novo Banco, Caixa de Crédito Agrícola, BNP Paribas, Bankinter, Haitong Bank, Banco BIG, Banco Best, Banco L.J. Carregosa, Banco Finantia and Banco ActivoBank for all their collaboration provided during the previous year.

Paço de Arcos, 19 April 2021

The Board of Directors,

Francisco José Pereira Pinto de Balsemão

Francisco Maria Supico Pinto Balsemão

Francisco Pedro Presas Pinto de Balsemão

Rogério Paulo de Saldanha Pereira Vieira

Paulo Miguel Gaspar dos Reis

Nuno Miguel Pantoja Nazaret Almeida Conde

Cristina Alexandra Rodrigues da Cruz Vaz Tomé



## II. INDIVIDUAL FINANCIAL STATEMENTS

2020

## STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of financial position originally issued in Portuguese - Note 33)

ASSETS	Notes	31 December 2020	31 December 2019
<b>NON-CURRENT ASSETS:</b>			
Goodwill	12	17.324.797	17.324.797
Intangible assets	13	7.484	11.756
Tangible fixed assets	14	11.688.182	14.023.639
Investments	15	1.777.662	2.480.463
Program broadcasting rights	17	6.379.559	4.027.118
Other non-current assets	19	86.656.088	86.718.439
Deferred tax assets	10	968.597	968.582
Total non-current assets		124.802.369	125.554.794
<b>CURRENT ASSETS:</b>			
Program broadcasting rights	17	20.001.514	15.475.193
Trade and other receivables	18	27.852.508	23.612.913
Other current assets	19	7.989.245	17.075.600
Cash and cash equivalents	20	6.370.908	941.487
Total current assets		62.214.175	57.105.193
Non-current assets classified as held for sale	16	233.279	-
<b>TOTAL ASSETS</b>		<b>187.249.823</b>	<b>182.659.987</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	21	10.328.600	10.328.600
Legal reserve	21	2.065.720	2.065.720
Other reserves	21	269.361	269.361
Retained earnings		155.625	155.625
Net profit for the year		17.325.398	15.319.909
<b>TOTAL EQUITY</b>		<b>30.144.704</b>	<b>28.139.215</b>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Borrowings	22	77.834.363	72.403.009
Trade and other payables	24	735.913	1.423.989
Provisions	23	3.867.373	3.652.968
Total non-current liabilities		82.437.649	77.479.966
<b>CURRENT LIABILITIES:</b>			
Borrowings	22	3.990.064	15.106.159
Trade and other payables	24	19.760.213	20.565.878
Current tax liabilities	10	6.196.241	5.055.488
Other current liabilities	25	44.720.952	36.313.281
Total current liabilities		74.667.470	77.040.806
<b>TOTAL LIABILITIES</b>		<b>157.105.119</b>	<b>154.520.772</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>187.249.823</b>	<b>182.659.987</b>

The accompanying notes form an integral part of on the consolidated statement of financial position as of 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of profit and loss and comprehensive income originally issued in Portuguese - Note 33)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>OPERATING REVENUE</u>			
Services rendered	4	149.931.019	152.109.514
Other operating revenue	5	853.477	1.071.884
Total operating revenue		<u>150.784.496</u>	<u>153.181.398</u>
<u>OPERATING EXPENSES</u>			
Cost of programs broadcast and goods sold	6	(65.230.070)	(70.817.070)
Supplies and services	7	(29.851.209)	(30.101.521)
Personnel costs	8	(25.664.103)	(25.929.845)
Amortization and depreciation	13 and 14	(3.279.755)	(3.595.162)
Provisions and impairment losses	23	(408.721)	(342.000)
Other operating expenses	5	(626.473)	(1.056.989)
Total operating expenses		<u>(125.060.331)</u>	<u>(131.842.587)</u>
Operating profit		<u>25.724.165</u>	<u>21.338.811</u>
<u>NET FINANCIAL EXPENSES</u>			
Gain / (loss) on associated companies	9	302.067	704.864
Interest and other financial costs	9	(4.864.136)	(3.552.901)
Other financial income	9	2.348.909	2.054.275
		<u>(2.213.160)</u>	<u>(793.762)</u>
Profit before taxes		23.511.005	20.545.049
Income tax expense	10	(6.185.607)	(5.225.140)
Net profit and comprehensive income for the year		<u>17.325.398</u>	<u>15.319.909</u>
Earnings per share:			
Basic	11	2,8852	2,5512
Diluted	11	2,8852	2,5512
Comprehensive income per share:			
Basic	11	2,8852	2,5512
Diluted	11	2,8852	2,5512

The accompanying notes form an integral part of the consolidated statement of profit and loss  
and other comprehensive income for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS



SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of a statement of changes in equity originally issued in Portuguese - Note 33)

	<u>Notes</u>	<u>Capital</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Retained Results</u>	<u>Net profit for the year</u>	<u>Total equity</u>
Balance at 1 January 2019		10.328.600	2.065.720	269.361	(159.921)	11.647.094	24.150.854
Appropriation of net result for the year ended 31 December 2018	21	-	-	-	315.546	(11.647.094)	(11.331.548)
Net profit for the year ended 31 December 2019		-	-	-	-	15.319.909	15.319.909
Balance at 31 December 2019		<u>10.328.600</u>	<u>2.065.720</u>	<u>269.361</u>	<u>155.625</u>	<u>15.319.909</u>	<u>28.139.215</u>
Application of net result for the year ended 31 December 2019	21	-	-	-	-	(15.319.909)	(15.319.909)
Net profit for the year ended 31 December 2020		-	-	-	-	17.325.398	17.325.398
Balance at 31 December 2020		<u>10.328.600</u>	<u>2.065.720</u>	<u>269.361</u>	<u>155.625</u>	<u>17.325.398</u>	<u>30.144.704</u>

The accompanying notes form an integral part of the statements of changes in equity for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CASH FLOW STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of comprehensive income originally issued in Portuguese - Note 33)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>OPERATING ACTIVITIES</u>			
Cash receipts from customers		154.824.374	157.184.251
Cash paid to suppliers		(103.923.242)	(108.621.572)
Cash paid to employees		<u>(24.608.121)</u>	<u>(25.380.410)</u>
Cash generated from operations		26.293.011	23.182.269
Payments relating to income taxes		(5.044.869)	(4.190.006)
Other cash paid/received relating to operating activities		<u>(161.723)</u>	<u>542.019</u>
Net cash from operating activities (1)		<u><u>21.086.419</u></u>	<u><u>19.534.282</u></u>
<u>INVESTING ACTIVITIES</u>			
Cash received relating to:			
Dividends	15	704.868	296.350
Loans to group companies	19	13.209.309	-
Interests		576.901	994.030
Investment Property	20	<u>800.000</u>	<u>4.360.000</u>
		<u>15.291.078</u>	<u>5.650.380</u>
Cash paid relating to:			
Tangible fixed assets		(801.025)	(2.709.905)
Financial investments		-	(300.000)
Loans to group companies	19	<u>(3.684.909)</u>	<u>(45.801.615)</u>
		<u>(4.485.934)</u>	<u>(48.811.520)</u>
Net cash used in investing activities (2)		<u><u>10.805.145</u></u>	<u><u>(43.161.140)</u></u>
<u>FINANCING ACTIVITIES</u>			
Cash received relating to:			
Borrowings	22	<u>7.000.000</u>	<u>58.512.500</u>
		<u>7.000.000</u>	<u>58.512.500</u>
Cash paid relating to:			
Borrowings	22	(14.789.682)	(25.815.184)
Interests and similar costs		(3.352.552)	(4.551.081)
Dividends	21	<u>(15.319.909)</u>	<u>(11.331.548)</u>
		<u>(33.462.143)</u>	<u>(41.697.813)</u>
Net cash used in investing activities (3)		<u><u>(26.462.143)</u></u>	<u><u>16.814.687</u></u>
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		5.429.421	(6.812.171)
Captive fixed-term deposit		-	640.000
Cash and cash equivalents at the beginning of the year	20	941.487	7.113.658
Cash and cash equivalents at the end of the year	20	6.370.908	941.487

The accompanying notes form an integral part of the consolidated cash flow statement for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

## 1. INTRODUCTORY NOTE

SIC - Sociedade Independente de Comunicação, S.A. ("Company" or "SIC") is a public limited liability company, with registered office in Paço de Arcos (up to 5 February 2019 in Carnaxide), that was incorporated on 23 July 1987 and started its activity on 6 October 1992, with its core business being the broadcasting of television programmes.

The Company belongs to the Impresa Group, with its financial statements being included in the consolidated financial statements of Impresa - Sociedade Gestora de Participações Sociais, S.A. ("Impresa"), with registered office in Lisbon.

The Company pursues its activity under broadcast licences and permits of various television channels (SIC Generalista, SIC Mulher, SIC Radical, SIC Caras, SIC K, SIC Notícias and SIC Internacional), granted by the Media Regulatory Entity ("ERC").

The financial statements attached herewith are presented in euros, as this is the currency preferably used in the economic environment in which the Company operates. Transactions in foreign currency are included in the financial statements in conformity with the policy described in Note 2.16.

These financial statements were authorised for publication on 19 April 2021 by the Board of Directors of SIC.

The Company also prepared, under the legal terms, consolidated financial statements.

## 2. MAIN ACCOUNTING POLICIES

### 2.1 Basis of presentation

The financial statements were prepared under the going concern assumption, in conformity with the provisions in the International Financial Reporting Standards as endorsed by the European Union, which include the International Accounting Standards ("IAS") issued by the International Standards Committee ("IASC"), the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and respective IFRIC and SIC interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). Hereinafter, the set of these standards and interpretations shall be referred to as "IFRS".

SIC adopted the IFRS for the first time in 2016; therefore, the transition date from the Portuguese accounting principles ("Accounting Standardisation System") to these standards for this purpose was established as 1 January 2015, pursuant to IFRS 1 – First-time adoption of the international financial reporting standards ("IFRS 1").

Consequently, in compliance with IAS 1, SIC declares that these financial statements and related notes comply with the requirements of IAS/IFRS as endorsed by the European Union, in force for financial years beginning on 1 January 2019.

The Board of Directors appraised the Company's capacity to operate as a going concern, based on all the relevant information, facts and circumstances, of financial, commercial or other nature, including subsequent events as at the reporting date of the financial statements, available about the future. As a result of this appraisal, the Board of Directors concluded that the Company has the appropriate resources to maintain its activities and no intention to cease these activities in the short-term. In this light, the Board of Directors considered that it was suitable to use the going concern assumption in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
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(Translation of notes originally issued in Portuguese – Note 33)

2.2 Adoption of new/revised IAS/IFRS

The accounting policies used in the year ended on 31 December 2020 are consistent with those used for the preparation of the financial statements of SIC for the year ended on 31 December 2019 and referred to in the respective notes.

During the year ended on 31 December 2020, the following standards, interpretations, amendments and improvements were endorsed, with mandatory application in the current financial year:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to references to the Conceptual Framework in IFRS Standards	01-jan-20	Corresponds to amendments to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	01-jan-20	This amendment clarifies the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, misstatement or concealment it could reasonably be expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	01-jan-20	Corresponds to amendments to the definition of business, intending to clarify the identification of a business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business as the supply of goods or services to customers. The amendments include examples for identifying the acquisition of a business.

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Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of benchmark interest rates (IBOR Reform)	01-jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to diminish the potential impact of the change in benchmark interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions"	01-jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analyzing whether rent concessions, typically rent suspensions or rent reductions, related to the "COVID-19" pandemic correspond to contract modifications.

The adoption of the standards referred to above did not affect the consolidated financial statements.

The following standards, interpretations, amendments and revisions, of mandatory application in future financial years had been, by the date of approval of these financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to IFRS 9, IAS 39 and IFRS 7 -Phase 2 - benchmark interest rate reform (IBOR Reform)	01-jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on August 27, 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), concerning changes to benchmark interest rates and the impacts at the level of modifications to financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9	01-jan-21	Corresponds to an amendment to IFRS 4 that extends the deferral of application of IFRS 9 to initial years on or after January 1, 2023.

The Company did not proceed with the early application of any of these standards in the financial statements of the year ended on 31 December 2020. The Company believes that the adoption of the standards referred to above will not lead to significant changes in its financial statements.

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The following standards, interpretations, amendments and revisions that may be applicable to the Company's operations, but are of mandatory application in future financial years, had not been, by the date of approval of these financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 17 - Insurance Contracts	01-jan-23	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current	01-jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	01-jan-22	These amendments correspond to a set of updates to the various standards mentioned, namely nomeadamente - IFRS 3 - updated the reference to the 2018 conceptual framework; additional requirements for analyzing liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 - prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use - IAS 37 - clarification that the costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Company in the year ended on 31 December 2020. The Company believes that the adoption of the standards referred to above will not lead to significant changes in its financial statements.

### 2.3 Goodwill

Goodwill corresponds to the excess of acquisition cost over the fair value of the identifiable assets and liabilities of a subsidiary on its acquisition date. Where the acquisition cost is lower than the fair value of the identified net assets, the difference is recorded as a gain in the statement of profit or loss and other comprehensive income for the period in which the acquisition occurs.

Following the exception established in IFRS 1, the Company did not retrospectively apply the provisions of IFRS 3 to the acquisitions that occurred before 1 January 2015. Therefore, the goodwill generated on acquisitions prior to the date of transition to IFRS (1 January 2015) was maintained at the net book values presented, on that date, pursuant to the accounting principles generally accepted in Portugal.

Goodwill is recorded as an asset and is not amortised, being presented separately in the statement of financial position. Goodwill is tested for impairment annually, or whenever there are indications of a possible loss of value. Any impairment loss is recorded immediately as a cost in the statement of profit or loss and other comprehensive income for the period and cannot be reversed subsequently (Note 12).

Upon the divestment of a subsidiary, the corresponding goodwill is included in the determination of the capital gain or loss.



## 2.4 Intangible assets

Intangible assets, which are essentially composed of software (excluding that related to tangible fixed assets), licenses and other rights of use, are recorded at acquisition cost minus amortisation and any accumulated impairment losses. Intangible assets are only recognised when it is probable that they will generate future economic benefits for the Company, they are controllable and can be reliably measured.

Internal costs related to maintenance and development of software are recorded as costs in the statement of profit or loss and other comprehensive income for the year, except where the development costs are directly related to projects which are expected to generate future economic benefits for the Company. In these situations, these costs are capitalised as intangible assets.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, from the moment that the assets are available for use, in conformity with the period of estimated useful life, which varies from three to six years.

## 2.5 Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost minus the corresponding accumulated depreciation.

From this date onwards, the tangible fixed assets are recorded at acquisition cost minus the accumulated depreciation and accumulated impairment losses. Acquisition cost is defined as the purchase price plus related purchase costs.

Estimated losses arising from the replacement of equipment before the end of its useful life, due to technological obsolescence, are recognised as a decrease in the corresponding asset by corresponding entry to the statement of profit or loss and other comprehensive income.

Current maintenance and repair costs are recorded as incurred. Improvements and upgrades are only recognised as assets when they correspond to the replacement of assets which are written off, and lead to increased future economic benefits.

Tangible fixed assets are depreciated from the time when they become available for their intended use. Their depreciation is calculated on their acquisition cost minus their residual value (if significant), on a straight-line basis, from the month that the asset becomes available for use, over the period of expected useful life of the assets, as follows:

<u>Homogenous class</u>	<u>Years</u>
Buildings and other constructions	13-14
Basic equipment	3-10
Transport equipment	4-8
Administrative equipment	3-10

## 2.6 Financial investments

Financial investments essentially include equity stakes in subsidiaries recorded by the equity method, except when they are classified as held for sale. Under the equity method, the equity stakes are initially recorded at acquisition cost, which is increased or decreased by the difference between this cost and the proportion of equity held in these companies, reported as at the acquisition date or the date that the equity method is applied for the first time.

Pursuant to the equity method, financial holdings are periodically adjusted by the value corresponding to the share in the net income of the Group companies, through other changes in their equity and the recognition of impairment losses, against financial gains or losses.

In addition, dividends received from these companies are recorded as reduction of the value of the investments in subsidiaries.

## 2.7 Leases

The Company assesses whether a contract contains a right-of-use asset or not at the beginning of the contract. The Company recognises a right-of-use asset and the corresponding liability due to the right-of-use in relation to all lease contracts in which it is the lessee, except short-term leases (lease period of 12 months or less) and low value leases. For these contracts, the Company recognises the lease expenses on a straight-line basis as an operating cost.

The right-of-use liability is initially measured by the present value of the future payments of each lease, discounted based on the implicit interest rate of the lease. If this implicit interest rate is not immediately determinable, the Company uses its incremental interest rate.

The lease payments included in the measurement of the right-of-use liability include:

- In-substance fixed payments, net of any incentives associated to the lease;
- Variable payments based on indices or rates;
- Expected payments related to guarantees of residual value;
- Price of the exercise of the purchase option, if it is reasonably certain that the Company will exercise the option in the future; and
- Penalty of the clauses of termination or renovations that are unilaterally exercisable, if it is reasonably certain that the Company will exercise the option of terminating or renovating the lease period in the future.

The right-of-use liability is subsequently measured, increased on account of accrued interest (recognised in the consolidated income statement), reduced by the lease payments made.

Its book value is remeasured to reflect a possible reassessment, when there is a modification or review of the in-substance fixed payments.

The right-of-use liability is remeasured, with the corresponding adjustment being made in the related right-of-use asset whenever:

- There are significant events or changes that are under the control of the lessee, to the lease term or right to exercise the purchase option as a result of a significant event or change in the circumstances. In this case, the right-of-use liability is remeasured based on the present payments of the lease, using a new discount rate;
- The lease payments are modified due to changes in an index or rate or a change in the expected payment of a guaranteed residual value, in which case the lessee's liability is remeasured, discounting the new lease liability by using an unchanged discount rate (unless the change of the lease payments is due to a change based on floating interest rates, in which case a new discount rate is used);
- A lease contract is modified and the modification of the lease is not recorded as a separate lease. In this case, the right-of-use liability is remeasured based on the modified lease term, discounting the new payments by using a discount rate ascertained on the effective date of the modification.

Lease liabilities are presented in the statement of financial position on the line of loans received, and are properly identified in the notes to the financial statements.

Right-of-use assets correspond to the initial measurement of the corresponding lease liability, plus lease payments before or on the starting date of the lease, plus any initial direct expenses and minus any amounts received. Right-of-use assets are subsequently measured at cost minus accumulated depreciation and impairment.

Whenever the Company expects to incur dismantlement costs of the right-of-use asset, or expenses related to the restoration of the site where this right-of-use asset or the asset underlying the lease is installed via requirements established in the terms and conditions of the lease contract, a provision is recognised and measured pursuant to IAS 37. These expenses are included in the related right-of-use asset, as long the expenses are related to it.

Right-of-use assets are depreciated over the lowest period between the lease term and useful life of the underlying asset.

If a lease transfers the ownership of the underlying asset or the price of the right-of-use reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated during the useful life of the underlying asset. Depreciation begins on the starting date of the lease contract.

Right-of-use assets are presented on the same line of items under which the respective underlying assets would be presented if they were owned by the Company, and are properly identified in the notes to the financial statements. The Company applies IAS 36 to determine the recoverable value of the underlying asset, whenever necessary.

The portions of variable lease payments that do not depend on an index or rate are not included in the measurement of the liability or asset due to the right-of-use. The respective payments are recognised as an operating cost, in the income statement, in the period to which they refer.

IFRS 16, through a practical expedient, allows the lessee, by class of asset, not to separate the lease components from those that are not lease components which might established in the same contract and, alternatively, consider them as a single component of the contract. The Company uses this practical expedient in vehicle lease contracts. For contracts that contain a lease component and one or more components that are not related to the lease, the Company allocates a consideration in the contract to each lease component based on the independent price of each component and in the aggregated independent price of the non-lease components.

## 2.8 Financial instruments

### 2.8.1 Customer debt and other receivables

Customer debt and other receivables are classified as current assets are recorded at their nominal value which is deemed to correspond to amortised cost, as they are expected to be received in the short-term and this does not differ significantly from their fair value at the date they were contracted, minus any impairment losses.

The Company recognises an expected credit loss on financial instruments that are measured at amortised cost. The values of expected credit losses are updated on each reporting date to reflect changes in credit risk from the initial recognition of the respective financial instrument.

Expected credit losses on these financial assets are estimated based on the historical experience of impairment losses of accounts receivable of the Company by type of transactions, adjusted for specific factors of the debtors, general economic conditions and an assessment both of the current conditions and the forecast conditions on the reporting date, including the time value of money, when appropriate.

Impairment losses on customer debt and other receivables classified as current assets essentially correspond to the difference between the value initially recognised and the value that the Company estimates that it will receive from the debtor. In addition to the expected losses of accounts receivable, the Company estimates impairment losses based on the age of balances of the entities in question, any guarantees that may exist for each entity, relative to their financial situation and any reasons that may exist for payments in arrears.

Customer debt and other receivables are classified as non-current assets, and are recorded at amortised cost minus any impairment losses. The effective interest rate method was used in the measurement of amortised cost, imputing the interest income during the expected life of the respective financial instruments, considering their contractual terms.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income for the period in which they were estimated.

### 2.8.2 Other current assets

Other current assets are initially recognised at their nominal value and are stated deducted by any impairment losses. An impairment loss of these assets is recorded when there is objective evidence that all the amounts due will not be collected in accordance with the terms initially established for the settlement of the receivables. The amount of the loss corresponds to the difference between the nominal value and the estimated recoverable value, and is recognised in the statement of profit or loss and other comprehensive income for the year.

### 2.8.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, term deposits and other treasury applications which mature in less than three months that are readily convertible to cash with an insignificant risk of change in value.

### 2.8.4 Loans received

Loans are initially recognised at the value received net of expenses related to their issuance. In subsequent periods, the loans are recorded at amortised cost. Any difference between the amount received (net of issue costs) and the amount payable is recognised in the statement of profit or loss and other comprehensive income over the term of the loan using the effective interest rate method.

Loans that mature in less than twelve months are classified as current liabilities, unless the Company has the unconditional right to defer their settlement for more than twelve months after the date of the statement of financial position

### 2.8.5 Suppliers, accounts payable and other current liabilities

Accounts payable are recorded at amortised cost and, when applicable, at their value discounting any interest calculated in accordance with the effective interest rate method.

## 2.9 Programme broadcasting rights

The Company follows the policy of recording the rights acquired from third parties to broadcast programmes under the heading “Programme broadcasting rights”, with corresponding entry in the heading “Suppliers and other accounts payable” from the date of entry into force of these rights and whenever the following conditions are simultaneously met:

- The cost of the broadcasting rights is known or can be reasonably determined;
- The program contents have been accepted in accordance with the contractually established conditions; and
- The programs are available for broadcasting without restriction.

Programme broadcasting rights essentially correspond to contracts or agreements concluded with third parties for broadcasting soaps, films, series and other television programmes, and are stated at their specific acquisition cost. The cost of programmes for broadcasting on the generalist and thematic channels is recorded in the statement of profit or loss and other comprehensive income when they are broadcast, taking into consideration the number of estimated broadcasts and estimated benefit of each broadcast. The cost of programmes for broadcasting on the OPTO streaming platform is recognised on a straight-line basis over their estimated period of useful life.

In addition, advances made for the purchase of contents are recorded under the heading “Programme broadcasting rights” with corresponding entry in the heading “Suppliers and other accounts payable”.

Costs incurred associated to the broadcasting of programmes, both the costs related to broadcasting rights purchased from producers and the costs related to programmes produced in-house, are recorded in the statement of profit or loss and other comprehensive income under the heading “Cost of programmes broadcast”.

Information on future financial commitments for the acquisition of programs is presented in Note 27.

Impairment losses (Note and 17) are recorded whenever the book value of the programme broadcasting rights is higher than its estimated recoverable amount.

## 2.10 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or implicit) arising from a past event, the resolution of which will probably require spending internal resources, the amount of which can be reasonably estimated.

Provisions for restructuring costs are only recognised when a detailed formal plan exists identifying the main characteristics of the plan, after the plan has been communicated to the entities involved.

The amount of provisions is reviewed and adjusted on the date of each statement of financial position so as to reflect the best estimate at that time.

When any of the conditions described above are not met, the corresponding contingent liability is not recorded but only disclosed (Note 27), unless a future outflow of funds affecting future financial benefits is remote, in which case it is not disclosed.

## 2.11 Income tax

Income tax for the year consists of the sum of current tax and deferred tax, and is recognised in accordance with the provisions of IAS 12. Current taxes and deferred taxes are recorded through profit or loss, except when the deferred taxes refer to items recorded directly through equity. In these cases, the deferred taxes are likewise recorded in equity.

The Company is covered by the system of taxation through consolidated profit (currently referred to as the Special Regime for the Taxation of Groups of Companies (“RETGS”)) which covers all the companies in which Impresa has a direct or indirect stake of at least 75% of the share capital and comply with all the other conditions of this regime.

The measurement of the income tax cost for the year, in addition to current tax, also considers the effect of deferred tax, calculated based on the variation between the years of the difference between the book value of the assets and liabilities at the end of each year and their corresponding value for tax purposes.

As established in the aforesaid standard, deferred tax assets are only recognised when there is reasonable assurance that they can be recovered in the future. At the end of each year an assessment is made of deferred tax assets, and they are reduced whenever their future recovery is no longer probable.

#### 2.12 Revenue

Income from services rendered (essentially the sale of advertising space on television and value added services) is recognised in the statement of profit or loss and other comprehensive income when the advertising is broadcast. It should also be noted that a significant part of the sale of advertising space on free-to-air television channels arises from the broadcasting of advertisements, for which the revenue generated is dependent on the audiences reached, considering the profile of the respective commercial target contracted by the advertiser. Services rendered are recognised net of taxes, discounts and other costs related to their accomplishment. The main commercial discounts granted to the Company's key customers are dependent on the level of advertising investment made by these customers on an annual basis, as well as other conditions agreed between the parties.

Income related to the assignment of broadcasting rights on generalist and theme channels, essentially to cable television operators, is recognised in the statement of profit or loss and other comprehensive income during the period that they are assigned.

Income related to the assignment of programme broadcasting rights or rights of the respective formats to third parties is recognised in the statement of profit or loss and other comprehensive income when the control is transferred, this revenue can be estimated reliably and it is probable. The revenue of this transaction is affected by a series of costs belonging to the same performance obligation.

#### 2.13 Accruals basis

Costs and income are recorded in the period to which they refer, regardless of when they are paid or received. Where the real value of costs and revenue is not known it is determined based on estimates.

Interest and financial income are recognised on an accruals basis in accordance with the applicable effective interest rate.

#### 2.14 Impairment of assets, excluding goodwill

The Company conducts impairment tests of tangible and intangible fixed assets whenever events or changes in circumstances are identified that indicate that the amount of an asset may be impaired. Where such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount is estimated for each asset individually or, when this is not possible, for the cash flow generating unit to which the asset belongs.

The recoverable amount is the higher of net selling price and value in use. The net selling price is the amount that could be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, minus the costs directly attributable to the sale. The value in use is the present value of the estimated future cash flows updated based on discount rates that reflect the present value of the principal and the specific risk of the assets.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss and other comprehensive income for the period to which it refers. When an impairment loss is subsequently reversed, the book value of the asset is adjusted to its estimated value. However, impairment losses are reversed only up to the amount that would have been recognised had no impairment loss been recognised for the asset, net of amortisation or depreciation, in previous years. The reversal of impairment losses is recognised immediately in the statement of profit or loss and other comprehensive income.



#### 2.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their book value is essentially recovered via a sale transaction and not through continuous use. This condition is considered to be fulfilled only when the asset (or group of assets to be divested) is available for immediate sale in its current condition, subject only to terms that are usual for sale of this asset (or group of assets to be divested) and their sale is highly probable. It is considered that a non-current asset is held for sale when the Board of Directors expects that the sale of these assets will be completed within one year of the date of classification.

Non-current assets (or group of assets to be divested) classified as held for sale are measured at the lowest value between their book value and fair value less costs to sell.

#### 2.16 Foreign currency balances and transactions

Assets and liabilities expressed in foreign currency are converted into euros at the exchange rates prevailing on the date of the statement of financial position, published by financial institutions. Foreign exchange gains and losses arising from differences between the exchange rates prevailing on the transaction date and those prevailing on the date collection, payment or of the statement of financial position are recorded as income or costs in the statement of profit or loss and other comprehensive income for the year.

#### 2.17 Classification of the statement of financial position

Assets that are realisable and liabilities that are payable in less than one year from the statement of financial position date are classified as current assets and liabilities, respectively.

#### 2.18 Subsequent events

Events that occur after closing of the year which provide additional information of the conditions that existed on that date are reflected in the financial statements.

Events that occur after the closing date of the year which provide additional information on the conditions that existed after that date are disclosed in the notes to the financial statements, if material.

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**3. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES**

No changes to the accounting policies were made during the year ended on 31 December 2020.

The most relevant accounting estimates reflected in the financial statements for the years ended on 31 December 2020 and 2019 include:

- Analysis of impairment of goodwill;
- Recording of provisions;
- Useful lives of tangible fixed assets;
- Broadcasting dates of the program broadcasting rights;
- Impairment losses of receivables;
- Commercial discounts granted to key customers.

As mentioned in Note 2.9, programme broadcasting rights essentially correspond to contracts or agreements concluded with third parties for broadcasting soap operas, films, series and other television programmes, and are stated at their specific acquisition cost. The cost of the programmes is recorded in the statement of profit or loss and other comprehensive income when they are broadcast, taking into consideration the number of estimated broadcasts and estimated benefit of each broadcast. During the year ended on 31 December 2020, the Company, based on historical analyses, estimated a new imputation of costs associated with the broadcasting of nationally produced soap operas, in relation to the estimate followed in previous years. This estimated imputation takes into account criteria of audience level of the first broadcast, probability of occurrence of a second broadcast, the historical record of advertising revenues generated by the first and second broadcasts of nationally produced soap operas, and timeframe for the second broadcast.

The revision of an estimate of a previous period is not considered an error. Changes in estimates are only recognised prospectively in results and are subject to disclosure when the effect is materially relevant. Estimates are determined based on the best information available at the time of preparing the financial statements.

**4. SERVICES RENDERED BY ACTIVITY**

The services rendered for the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Services rendered:		
Advertising	99 829 998	105 743 980
Subscription to channels	32 939 603	34 308 874
Multimedia (a)	16 201 650	11 278 342
Others	959 768	778 318
	<u>149 931 019</u>	<u>152 109 514</u>

(a) This heading primarily includes the revenue of competitions and initiatives with telephone participation.

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(Translation of notes originally issued in Portuguese – Note 33)

5. OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue for the years ended on 31 December 2020 and 2019 was as follows:

	2020	2019
Reversal of impairment losses (Note 23)	468 380	23 881
Supplementary income	217 116	200 684
Subsidies	130 381	-
Divestments	-	335 038
Other	37 600	512 281
	<u>853 477</u>	<u>1 071 884</u>

Other operating expenses for the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Taxes	522 465	502 092
Impairment losses on receivables (Note 23)	32 941	501 800
Other operating costs	71 067	53 097
	<u>626 473</u>	<u>1 056 989</u>

6. COSTS OF PROGRAMMES BROADCAST

As at 31 December 2020 and 2019, the cost of programs broadcast was detailed as follows:

	2020	2019
Generalist channel:		
Soaps	22 692 107	26 510 389
In-house production	17 818 066	18 245 970
Entertainment programmes	14 000 390	13 846 299
Films	2 111 248	3 192 135
Sports	1 288 000	1 533 333
Series	339 021	203 209
Other	397 796	618 446
Thematic channels (a)	6 530 003	6 667 288
OPTO (b)	53 440	-
	<u>65 230 070</u>	<u>70 817 070</u>

(a) The costs of broadcasting television programmes on the thematic channels are recognised in this heading.

(b) This heading records the costs related to the provision of audiovisual contents on the streaming platform (OPTO) launched in November 2020.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
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(Translation of notes originally issued in Portuguese – Note 33)

7. EXTERNAL SUPPLIES AND SERVICES

During the years ended on 31 December 2020 and 2019, this heading was detailed as follows:

	2020	2019
Communication	6 868 878	5 323 412
Specialized works	4 285 410	4 870 965
Prizes to be given	4 076 961	4 133 816
Rents and leases	3 795 562	4 915 602
Fees	3 144 598	2 822 953
Maintenance and repair	2 464 284	2 030 709
Subcontracts	2 159 441	2 159 441
Advertising	992 386	1 116 167
Other	2 063 689	2 728 456
	<u>29 851 209</u>	<u>30 101 521</u>

The variation observed in the heading “Communication”, during the year ended on 31 December 2020 in relation to the same period of the previous year is essentially related to the increased expenses incurred with value added services related to contests with telephone participation, derived from the increased revenue from these services.

8. STAFF COSTS

Staff costs for the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Salaries	20 496 484	19 970 624
Charges on remuneration	4 439 944	4 381 816
Indemnities	274 860	1 189 327
Other personnel costs	452 815	388 078
	<u>25 664 103</u>	<u>25 929 845</u>

During the years ended on 31 December 2020 and 2019, the average number of employees of the Company was 573 and 557 employees, respectively.

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9. FINANCIAL RESULTS

The financial results for the years ended on 31 December 2020 and 2019 are detailed as follows:

	2020	2019
Gain and loss on associated companies (Note 15)	302.067	704.864
Interest and other financial costs:		
Interest	(3.420.113)	(2.485.429)
Other financial costs (a)	(1.118.604)	(871.880)
Lease liabilities	(220.058)	(195.592)
Exchange rate differences	(105.361)	-
	<u>(4.864.136)</u>	<u>(3.552.901)</u>
<u>Other financial income:</u>		
Shareholder and companies of the Group (Notes 19 and 28)	2.337.500	2.004.545
Interest (Note 28)	11.409	40.830
Other financial income	-	8.900
	<u>2.348.909</u>	<u>2.054.275</u>
Net financial expenses	<u>(2.213.160)</u>	<u>(793.762)</u>

(a) This heading essentially corresponds to commissions and bank charges.

10. DIFFERENCES BETWEEN THE ACCOUNTING AND TAX RESULTS

The Company is subject to corporate income tax ("IRC") under the RETGS, as it is part of the tax group headed by Impresa. Consequently, the values of estimated corporate income tax, tax deductions at source made by third parties and payments on account are recorded in the statement of financial position as accounts payable or receivable by Impresa, as applicable, as the controlling company. The Company is subject to corporate income tax at the rate of 21% for the tax base, plus a 1.5% municipal surcharge on taxable profit, resulting in a maximum aggregate tax rate of 22.5%.

The state surcharge rates for taxable profit in excess of 1,500,000 euros are as follows:

- 3% for taxable profit between 1,500,000 euros and 7,500,000 euros;
- 5% for taxable profit between 7,500,000 euros and 35,000,000 euros;
- 9% for taxable profit above 35,000,000 euros.

The deduction of the net financial costs in the determination of taxable profit on a consolidated basis is limited to the highest of the following thresholds:

- 1,000,000 euros;
- 30%.

Pursuant to article 88 of the Corporate Income Tax Code the Company is subject to autonomous taxation on certain charges at the rates established in that article.

Pursuant to the current legislation, tax returns are subject to review and correction by the tax authorities during four years (five years for social security), except where there have been tax losses, tax benefits have been given or tax inspections, claims or objections have been made, in which case, depending on the circumstances, this period can be extended or suspended. Therefore, the tax returns for the years of 2017 to 2020, inclusively, may still be subject to review.

The Board of Directors believes that any corrections arising from reviews/inspections by the tax authorities of these tax returns will not have a significant effect on the financial statements as at 31 December 2020 and 2019.

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Pursuant to the current legislation, tax losses can be carried forward during a period of 5 years after their occurrence and may be deducted from tax profit generated during that period. This deduction is limited to 70% of the taxable profit in each year, applicable also to tax losses generated in previous years. Due to the pandemic situation, the tax loss carry-forward period was changed. The years of 2020 and 2021 were not considered for the period of use of tax losses generated up to 2019 and the carry-forward period for tax losses generated in 2020 and 2021 was extended from 5 to 12 years. The limit of deduction of these tax losses was also extended to 80%, but only when referring the tax losses recorded in 2020 and 2021.

As at 31 December 2020 and 2019, the Company did not have tax losses carried forward.

As at 31 December 2020 and 2019, the current tax liabilities (Note 28) are detailed as follows:

	2020	2019
Current taxes generated under RETGS	6 307 199	5 156 765
Withholding income tax	(110 958)	(101 277)
	<u>6 196 241</u>	<u>5 055 488</u>

a) Movements in deferred tax assets

The movement occurred in deferred tax assets, according to the temporary differences that generated them, in the years ended on 31 December 2020 and 2019, was as follows:

2020			
Temporary differences	Opening balance	Increase/ (decrease)	Closing balance
Impairment losses on receivable	177 428	-	177 428
Indemnities	149 190	(81 456)	67 734
Bonus	137 418	56 171	193 589
Provisions for other risks and charges	504 547	25 300	529 847
	<u>968 582</u>	<u>15</u>	<u>968 597</u>
2019			
Temporary differences	Opening balance	Increase/ (decrease)	Closing balance
Impairment losses on receivable	199 271	(21 843)	177 428
Impairment losses on investments properties	405 206	(405 206)	-
Indemnities	160 084	(10 894)	149 190
Bonus	-	137 418	137 418
Provisions for other risks and charges	440 394	64 153	504 547
	<u>1 204 955</u>	<u>(236 373)</u>	<u>968 582</u>



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b) Reconciliation of the tax rate:

	2020	2019
Pre-tax result	23.511.005	20.545.049
Nominal tax rate	22,5%	22,5%
	5.289.976	4.622.636
State Surcharge	968.576	757.748
	6.258.552	5.380.384
Permanent differences (i)	(53.899)	(98.897)
Adjustments to corporate income tax (ii)	102.531	111.652
(Excess) / insufficiency of corporate income tax estimate	(121.577)	(167.998)
Corporate income tax	6.185.607	5.225.140
Effective tax rate	26%	25%
Current tax	6.307.199	5.156.765
(Excess) / insufficiency estimate for prior period income tax	(121.577)	(167.998)
Deferred tax for the year	(15)	236.373
	6.185.607	5.225.140

(i) As at 31 December 2020 and 2019, this amount was broken down as follows:

	2020	2019
Effect of the application of the equity method	(302.067)	(704.864)
Other	62.515	265.316
	(239.552)	(439.548)
Tax rate	22,5%	22,5%
	(53.899)	(98.897)

(ii) This amount consists of the portion of corporate income tax that is taxed autonomously.

**11. EARNINGS PER SHARE**

The calculation of the earnings per basic and diluted share, as at 31 December 2020 and 2019, was based on the following information:

	2020	2019
<u>Number of shares</u>		
Weighted average number of shares for purposes of computing basic earnings per share (Note 21)	6 005 000	6 005 000
<u>Earnings</u>		
Earnings for purposes of computing basic earnings per share (net profit for the year)	17 325 398	15 319 909
Earnings for purposes of computing comprehensive earnings per share (comprehensive income for the year)	17 325 398	15 319 909
<u>Earnings per share:</u>		
Basic	2,8852	2,5512
Diluted	2,8852	2,5512
<u>Comprehensive income for the year per share:</u>		
Basic	2,8852	2,5512
Diluted	2,8852	2,5512

As at 31 December 2020 and 2019, there are no dilutive effects; therefore, the earnings per basic and diluted share are identical.

**12. GOODWILL**

During the years ended on 31 December 2020 and 2019 there were no movements in the book value of goodwill.

On 27 February 2009, the Company acquired, for 20,000,000 euros, an additional stake of 40% of the capital of Lisboa TV - Informação e Multimédia, S.A. ("Lisboa TV" or "SIC Notícias"), recording goodwill of the value of 17,324,797 euros and henceforth holding 100% of the capital of this participated company. Reported as at 1 January 2009 for accounting purposes, the Company carried out the merger, by incorporation, of the net worth of Lisboa TV in its financial statements. In the recording of this merger, the financial holding in this subsidiary was annulled in consideration of the identifiable assets and liabilities of the participated company.

Approach used to determine the amounts attributed to key assumptions

As at 31 December 2020 and 2019, the Group used a specialised external entity to carry out the impairment test on the goodwill relative to Television.

Impairment tests on goodwill are conducted using the discounted cash flow method, based on the financial projections of cash flow for five years for each cash generating unit, with the first year corresponding to the annual budget of the cash generating unit, and considering a perpetuity from the fifth year.

The financial projections are prepared based on assumptions of the evolution of the operations of the cash generating units, which the Board of Directors believes are coherent with past historical experience and the markets trends, reasonable and prudent, and reflect the vision of the Board of Directors and consultants involved in their preparation. Furthermore, whenever possible data obtained from external entities were used, which were compared with historical data and the Group's experience.

In the Television cash generating unit, specific key assumptions were used corresponding to the advertising revenue and cost of the programmes broadcast. These variables were projected in order to reflect past experience, the Board of Directors' knowledge of the operations, and the forecast performance of that variable, which were complemented with external sources whenever possible.

The rest of the key assumptions of the impairment tests correspond to the discount rate and growth rate, which are determined through external sources, as they are calculated by external consultants. The discount rates used reflect the debt level and the cost of capital borrowed from outside the cash generating unit, as well as the level of risk and profitability expected by the market. It should also be noted that, in determining the discount rates, an interest rate applicable to assets without risk was used based on the rates of interest of ten-year German bonds plus a country risk premium, corresponding to the average spread between the Portuguese and German bonds at 10 years. The discount rates used also include a market risk premium, estimated by the external consultants that carried out the impairment studies.

The perpetuity growth rate is estimated based on an analysis of the potential market of the cash generating unit, based on the expectations of the Board of Directors and the external consultants involved in the valuations. For this purpose, the external consultants considered a sample of companies of the sector.

During the years ended on 31 December 2020 and 2019, the Company assessed the recoverable value of the goodwill, not having identified impairment losses.

For purposes of the impairment test, the goodwill is allocated to the Television cash generating unit, with the recoverable value of this cash generating unit having been determined considering the financial projections of SIC for a period of five years, using a discount rate of 7.4% (7.5% as at 31 December 2019) and a perpetuity growth rate of 1% (unchanged in relation to 2019).

The main assumptions of activity considered were as follows:

- Advertising market: a compound annual growth rate throughout the projection period of 2.8% was considered for the market allocated to generalist channels and in paid channels;
- Market share of advertising and audiences: these variables were considered constant and similar to those observed in 2020, for the five-year period of the projections;
- Programming costs: an increase of 11.4% was estimated for 2021 due to the investment in the new OPTO streaming platform and a 1% increase in subsequent years.
- Automatic renewal of the television operating licenses at the end of their term, without additional costs;
- Maintenance of the current costs associated to the free-to-air broadcasting of the SIC generalist channel, as well as operating continuity of the current theme channels.

The impairment tests carried out assume the maintenance of the current number of television channels with free-to-air broadcasting, as well as the current limit of advertising space in each channel and other sector regulations.

The Company conducted the following sensitivity tests:

- a 1% decrease in advertising revenues of the cash generating unit throughout the projection period would not imply the need to record an impairment loss as at 31 December 2020;
- a 0.5% increase in the discount rate assumption throughout the projection years would not imply the need to record an impairment loss as at 31 December 2020;
- a 1% increase in the costs of the programmes broadcast over the projection period would not imply the need to record an impairment loss as at 31 December 2020;
- a decrease of the assumption of the growth rate of perpetuity to 0.5% would not imply the need to record an impairment loss as at 31 December 2020.

The Company believes that the variations considered in the sensitivity tests are reasonable, considering the current evolution and outlook of the market, the performance of SIC, the evolution of the different parameters considered in the projections and the current Portuguese economic circumstances.

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13. INTANGIBLE ASSETS

During the years ended on 31 December 2020 and 2019, the movements occurred in the intangible assets and their accumulated amortisation and impairment losses were as follows:

	31 December 2020		
	Software	Industrial property and other rights	Total
<u>Gross:</u>			
Balance at 31 December 2019	2 244 580	128 800	2 373 380
Balance at 31 December 2020	<u>2 244 580</u>	<u>128 800</u>	<u>2 373 380</u>
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2019	2 242 219	119 405	2 361 624
Increases	2 361	1 911	4 272
Balance at 31 December 2020	<u>2 244 580</u>	<u>121 316</u>	<u>2 365 896</u>
Net balance at 31 December 2020	<u>-</u>	<u>7 484</u>	<u>7 484</u>

	31 December 2019		
	Software	Industrial property and other rights	Total
<u>Gross:</u>			
Balance at 31 December 2018	2 244 580	128 800	2 373 380
Balance at 31 December 2019	<u>2 244 580</u>	<u>128 800</u>	<u>2 373 380</u>
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2018	2 214 742	117 494	2 332 236
Increases	27 477	1 911	29 388
Balance at 31 December 2019	<u>2 242 219</u>	<u>119 405</u>	<u>2 361 624</u>
Net balance at 31 December 2019	<u>2 361</u>	<u>9 395</u>	<u>11 756</u>

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14. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2020 and 2019, the movements occurred in the tangible fixed assets and their accumulated depreciation and impairment losses were as follows:

	31 December 2020				
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Total
Gross:					
Balance at 31 December 2019:	876.082	83.276.260	706.064	15.854.380	100.712.786
Acquisitions	-	605.310	297.639	37.078	940.027
Sales and write-offs	-	-	(126.268)	-	(126.268)
Balance at 31 December 2020	<u>876.082</u>	<u>83.881.570</u>	<u>877.435</u>	<u>15.891.458</u>	<u>101.526.545</u>
<u>Accumulated depreciation and impairment losses</u>					
Balance at 31 December 2019:	96.697	71.737.379	237.057	14.618.014	86.689.148
Increases	143.198	2.402.600	239.537	490.148	3.275.483
Sales and write-offs	-	-	(126.268)	-	(126.268)
Balance at 31 December 2020	<u>239.896</u>	<u>74.139.979</u>	<u>350.326</u>	<u>15.108.162</u>	<u>89.838.363</u>
Net balance at 31 December 2020	<u>636.187</u>	<u>9.741.591</u>	<u>527.109</u>	<u>783.296</u>	<u>11.688.182</u>

	31 December 2019					
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Fixed assets in progress	Total
Gross:						
Balance at 31 December 2018:	474.532	74.047.854	22.221	16.621.920	8.182.696	99.349.223
Initial adoption IFRS16	873.705	-	469.230	-	(4.290)	1.338.645
Acquisitions	-	2.363.320	214.613	596.341	-	3.174.273
Sales and write-offs	(472.155)	(142.877)	-	(2.351.794)	(182.529)	(3.149.355)
Transfers	-	7.007.964	-	987.913	(7.995.877)	-
Balance at 31 December 2019	<u>876.082</u>	<u>83.276.260</u>	<u>706.064</u>	<u>15.854.380</u>	<u>-</u>	<u>100.712.786</u>
<u>Accumulated depreciation and impairment losses</u>						
Balance at 31 December 2018:	455.966	69.150.782	22.221	16.463.780	-	86.092.749
Increases	112.886	2.728.342	214.836	509.709	-	3.565.774
Sales and write-offs	(472.155)	(141.745)	-	(2.351.794)	-	(2.965.694)
Other variations	-	-	-	(3.681)	-	(3.681)
Balance at 31 December 2019	<u>96.697</u>	<u>71.737.379</u>	<u>237.057</u>	<u>14.618.014</u>	<u>-</u>	<u>86.689.148</u>
Net balance at 31 December 2019	<u>779.385</u>	<u>11.538.881</u>	<u>469.007</u>	<u>1.236.366</u>	<u>-</u>	<u>14.023.639</u>

The additions of tangible fixed assets in the year ended on 31 December 2019 primarily refer to the production and broadcasting technical equipment for the implementation of the studies in the Paço de Arcos building.

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During the year ended on 31 December 2020 and 31 December 2019, the movements occurred in the right-of-use assets, included in the Tangible fixed assets, and their accumulated depreciation and impairment losses were as follows:

31 December 2020					
	Buildings and other constructions	Machinery and equipment	Administrative equipment	Transport equipment	Total
Gross:					
Balance at 31 December 2019	869.415	6.552.206	1.219.261	684.563	9.325.445
New contracts	-	555.311	-	296.920	852.231
Sales and write-offs	-	-	-	(126.268)	(126.268)
Balance at 31 December 2020	<u>869.415</u>	<u>7.107.517</u>	<u>1.219.261</u>	<u>855.215</u>	<u>10.051.408</u>
<u>Accumulated depreciation and impairment losses</u>					
Balance at 31 December 2019	90.572	758.711	201.056	214.836	1.265.174
Increases	146.862	1.097.850	346.680	239.536	1.830.928
Sales and write-offs	-	-	-	(126.268)	(126.268)
Balance at 31 December 2020	<u>237.434</u>	<u>1.856.561</u>	<u>547.735</u>	<u>454.372</u>	<u>3.096.102</u>
Net balance at 31 December 2020	<u>631.981</u>	<u>5.250.957</u>	<u>671.526</u>	<u>400.843</u>	<u>6.955.306</u>
31 December 2019					
	Buildings and other constructions	Machinery and equipment	Administrative equipment	Transport equipment	Total
Gross:					
Balance at 31 December 2018:	-	592.789	-	-	6.419.188
Initial adoption IFRS16	869.415	-	-	469.230	1.338.645
New contracts	-	5.959.417	1.219.261	215.333	1.567.612
Balance at 31 December 2019	<u>869.415</u>	<u>6.552.206</u>	<u>1.219.261</u>	<u>684.563</u>	<u>9.325.445</u>
<u>Accumulated depreciation and impairment losses</u>					
Balance at 31 December 2018:	-	303.362	-	-	303.362
Increases	90.572	455.349	201.056	214.836	961.812
Balance at 31 December 2019	<u>90.572</u>	<u>758.711</u>	<u>201.056</u>	<u>214.836</u>	<u>1.265.174</u>
Net balance at 31 December 2019	<u>778.843</u>	<u>5.793.495</u>	<u>1.018.205</u>	<u>469.727</u>	<u>8.060.271</u>

Furthermore, the following expenses were recognised in the year ended on 31 December 2020 and 2019 relative to right-of-use assets:

	2020	2019
Depreciation	1 830 928	961 812
Short term leases	47 919	595 613
Interest	220 058	224 697
	<u>2 098 905</u>	<u>1 782 122</u>

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15. FINANCIAL INVESTMENTS

The changes in investments in the years ended on 31 December 2020 and 2019 were as follows:

	31 December 2020		
	Investments in subsidiaries companies	Investments in other companies	Total
Balance at 31 December 2019	2 174 228	306 235	2 480 463
Application of the equity method (Note 9)	302 067	-	302 067
Dividend distributed	(704 868)	-	(704 868)
Other movements	-	(300 000)	(300 000)
Balance at 31 December 2020	<u>1 771 427</u>	<u>6 235</u>	<u>1 777 662</u>

	31 December 2019		
	Investments in subsidiaries companies	Investments in other companies	Total
Balance at 31 December 2018	1.765.714	6.235	1.771.949
Application of the equity method (Note 9)	704.864	-	704.864
Dividend distributed	(296.350)	-	(296.350)
Acquisition of financial participation	-	300.000	300.000
Balance at 31 December 2019	<u>2.174.228</u>	<u>306.235</u>	<u>2.480.463</u>

The variation observed in the year ended on 31 December 2019 in other financial holdings refers to the acquisition of a financial holding of 5.47% in the capital of Youngstories, S.A. for the value of 300,000 euros. During 2020, this equity holding was reclassified to non-current assets held for sale (Note 16).

As at 31 December 2020 and 2019, the financial investments in subsidiaries are detailed as follows:

Company	Head office	31 December 2020					
		Effective participation	Total assets	Equity	Total revenue	Net result	Amount of participation
GMTS - Global Media Technology Solutions - Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda.	Oeiras	100%	4.532.086	1.771.427	6.745.778	302.067	<u>1.771.427</u>

Company	Head office	31 December 2019					
		Effective participation	Total assets	Equity	Total revenue	Net result	Amount of participation
GMTS - Global Media Technology Solutions - Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda.	Oeiras	100%	4.368.389	2.174.228	7.666.804	704.864	<u>2.174.228</u>

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As at 31 December 2020 and 2019, the financial investments in other financial holdings are detailed as follows:

Company	Head office	Effective participation	2020	2019
			Amount of the participation	Amount of the participation
NP - Notícias de Portugal, S.A.	Lisboa	3,57%	6 235	6 235
Youngstories S.A.	Lisboa	5,50%	-	300 000
			<u>6 235</u>	<u>306 235</u>

16. NON-CURRENT ASSETS HELD FOR SALE

During the year ended on 31 December 2020, the movement that occurred in the assets held for sale was as follows:

	2020
Balance at 31 December 2019	-
Other Movements (Note 15)	300.000
Impairment Losses Exercise (Note 23)	(66.721)
Balance at 31 December 2020	<u>233.279</u>

During the year ended on 31 December 2020, through the signing of a promissory purchase and sale agreement, the Company reached an agreement with a third party for the disposal of its 5.50% stake in Youngstories, S.A. (Note 15). Following this agreement, the selling price of this holding was defined at 233,279 euros.

17. PROGRAMME BROADCASTING RIGHTS

Program broadcasting rights as at 31 December 2020 and 2019 are detailed as follows:

	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
<u>Broadcasting rights</u>				
<u>Gross:</u>				
Program broadcasting rights	6 379 559	5 974 069	4 027 118	5 439 902
Advances on account of purchases	557 128	14 027 445	557 128	10 035 291
	<u>6 936 687</u>	<u>20 001 514</u>	<u>4 584 246</u>	<u>15 475 193</u>
<u>Impairment of realizable value (Note 23):</u>				
Accumulated impairment of the realizable value	(557 128)	-	(557 128)	-
Net realizable value of the broadcasting rights	<u>6 379 559</u>	<u>20 001 514</u>	<u>4 027 118</u>	<u>15 475 193</u>

As at 31 December 2020 and 2019, the heading "Advances on account of purchases" includes payments made by SIC to program suppliers under contracts concluded with these entities, relative to program broadcasting rights, which at this date were not available for broadcasting, essentially related to soaps and sports rights.

As at 31 December 2020 and 2019, the Company had no inventories pledged to guarantee compliance with liabilities.



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18. CUSTOMERS AND ACCOUNTS RECEIVABLE

As at 31 December 2020 and 2019, this heading was detailed as follows:

	31 December 2020			31 December 2019		
	Gross	Accumulated impairment Losses (Note 23)	Net	Gross	Accumulated impairment Losses (Note 23)	Net
Customers	31 203 356	(4 680 363)	26 522 993	28 205 519	(5 538 375)	22 667 144
Invoices to be issued:						
Value added services	1 259 463	-	1 259 463	675 358	-	675 358
Television broadcasting rights of theme channels	70 000	-	70 000	114 870	-	114 870
Television broadcasting rights of generalist channels	-	-	-	70	-	70
Other amounts to be invoiced	52	-	52	155 471	-	155 471
	<u>32 532 871</u>	<u>(4 680 363)</u>	<u>27 852 508</u>	<u>29 151 288</u>	<u>(5 538 375)</u>	<u>23 612 913</u>

19. OTHER NON-CURRENT AND CURRENT ASSETS

As at 31 December 2020 and 2019, these headings were detailed as follows:

	2020	2019
<u>Other non-current assets:</u>		
Shareholders (Note 28) (a)	85 000 000	85 000 000
Premius, S.A.	906 250	906 250
Digital telebroadcasting services (b)	436 474	498 825
Fantasy Day - Unipessoal, Lda. e Lemon - Entretenimento, Lda. (d)	169 403	169 403
Terra do Nunca, SA	143 961	143 961
	<u>86 656 088</u>	<u>86 718 439</u>
<u>Other current assets:</u>		
Shareholders (Note 28) (a)	5 913 892	13 666 284
Other debtors		
Deposit (e)	964 354	1 302 868
Advances to employees	145 428	227 610
Novimovest - Fundo de Investimento Imobiliário (c)	-	800 000
Others	571 142	587 194
Prepayments:		
Digital telebroadcasting services (b)	62 352	62 352
Others	332 077	429 292
	<u>7 989 245</u>	<u>17 075 600</u>
	<u>94 645 333</u>	<u>103 794 039</u>

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- (a) These values refer to loans granted to Impresa. The amounts classified in the non-current assets refer to two contracts with a maturity of 10 years of the value of 55,000,000 euros and 30,000,000 euros which fall due on 31 May 2029 and 31 December 2029, respectively. The amount classified in the current assets refers to a cash credit line which falls due within a period of less than one year. Furthermore, in the years ended on 31 December 2020 and 2019, the amounts include 3,313,292 euros and 1,541,284 euros relative to interest receivable, respectively.

The loans granted earn interest annually, and are indexed to the 6-month Euribor rate plus a spread of 2.75%.

During the years ended on 31 December 2020 and 2019, the movement of loans granted to Impresa was as follows:

	1 January 2020	Payments	Collection	Interest (Note 9)	31 December 2020
Nominal Value	97 125 000	3 684 909	(13 209 309)	-	87 600 600
Interest	1 541 284	-	(565 492)	2 337 500	3 313 292
	<u>98 666 284</u>	<u>3 684 909</u>	<u>(13 774 801)</u>	<u>2 337 500</u>	<u>90 913 892</u>
	1 January 2019	Payments	Collection	Interest (Note 9)	31 December 2019
Nominal Value	51 323 385	45 801 615	-	-	97 125 000
Interest	489 939	-	(953 200)	2 004 545	1 541 284
	<u>51 813 324</u>	<u>45 801 615</u>	<u>(953 200)</u>	<u>2 004 545</u>	<u>98 666 284</u>

- (b) This heading corresponds to the deferral of the single instalment for access to the digital television broadcasting network provided by MEO, under the technological alteration process. This amount is being deferred over the period of the contract to render digital television broadcasting services concluded with MEO. This contract took effect on 1 January 2012 and will remain in force up to 9 December 2028.
- (c) Value receivable from the divestment of the SIC Building, during 2004. This amount was received in 2020.
- (d) Value of the account receivable arising from the sale in previous years of the 100% stake in iPlay- Some Imagem, Lda.
- (e) In 2020 and 2019, the values of 964,354 euros and 1,302,868 euros, respectively, refer to the net balance of a term deposit in dollars with the countervalue of 3,667,183 euros and 4,005,697 euros, respectively, and a funding agreement, recorded in this heading of the value of 2,702,829 euros, in both years, with the maximum amount of 4,500,000 euros, which is automatically renewable for successive periods of six months. The term deposit is currently guaranteeing the liabilities arising from that loan contract.

20. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, the details of cash and cash equivalents included in the cash flow statement and the reconciliation between their value and the amount of cash and cash equivalents reflected in the statement of financial position on those dates are as follows:

	2020	2019
Cash	26 409	29 585
Bank deposits	6 344 499	911 902
	<u>6 370 908</u>	<u>941 487</u>

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21. EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS

As at 31 December 2020 and 2019, the share capital, fully underwritten and paid-up, was composed of 6,005,000 shares with the nominal value of 1.72 euros.

As at 31 December 2020 and 2019, the Company's shareholder structure was as follows:

Acionista	Percentagem
Impresa	100%

Legal reserve

Pursuant to the commercial legislation, at least 5% of annual net income must be used to reinforce the legal reserve until this reserve represents at least 20% of the share capital. The reserve is not available for distribution to the shareholders except upon liquidation of the Company, but may be used to absorb losses, once all other reserves and retained earnings have been depleted, or incorporated in the capital. As at 31 December 2020, the minimum amount of the legal reserve is constituted.

Appropriation of net income

As deliberated in the General Meeting of Shareholders, held on 22 June 2020, the Company attributed and distributed the net income for the year ended on 31 December 2019 in the form of dividends to the shareholders, of the value of 15,319,909 euros.

As deliberated in the General Meeting of Shareholders, held on 26 March 2019, the Company attributed and distributed part of the net income for the year ended on 31 December 2018 in the form of dividends to the shareholders, of the value of 11,331,548 euros, having transferred the remaining 315,546 euros to retained earnings.

The Board of Directors proposes, in the management report, distributing dividends of 17,325,398 euros, with this proposal requiring approval at the General Meeting.

22. LOANS

As at 31 December 2020 and 2019, the balance of loans was broken down as follows:

Lending entities	Notes	31 December 2020			31 December 2019		
		Book value		Nominal value	Book value		Nominal value
		Current	Non current		Current	Non current	
Banco Português de Investimento, S.A.	(a)	255.665	17.129.509	17.000.000	-	16.727.801	17.000.000
Banco Português de Investimento, S.A.	(b)	36.838	1.952.395	2.000.000	-	-	-
Montepio Geral	(c)	252.394	4.711.345	4.916.667	-	-	-
Caixa Geral de Depósitos, S.A.	(d)	-	-	-	2.100.000	-	2.100.000
Banco Português de Investimento, S.A.	(e)	-	-	-	4.800.000	-	4.800.000
Banco Santander Totta, S.A.	(f)	-	-	-	1.800.000	-	1.800.000
Banco BIC, S.A.	(g)	-	-	-	1.000.000	-	1.000.000
Novo Banco, S.A.	(h)	-	-	-	1.300.000	-	1.300.000
Factorings	(i)	1.401.294	-	1.401.294	2.008.032	1.372.192	3.380.224
Bond loan	(j)	-	50.059.944	51.000.000	-	49.500.912	51.000.000
Lease liabilities		2.043.873	3.981.170	6.025.043	2.098.127	4.802.104	6.900.231
		<u>3.990.064</u>	<u>77.834.363</u>	<u>82.343.004</u>	<u>15.106.159</u>	<u>72.403.009</u>	<u>89.280.455</u>

(a) Bank loan taken out by SIC from Banco BPI, S.A. on 26 June 2013 of the maximum value of 17,000,000 euros, which was entirely used in 2014. This loan bears half-yearly interest at the 6-month Euribor rate plus a spread of 3.5%, and will be repaid in 16 successive half-yearly instalments with the first having fallen due on 30 June 2017. In 2019, a top-up of approximately 5,300,000 euros was negotiated, with a new payment plan, starting in December 2021.

As a result of taking out this new loan, a blank promissory note was underwritten, with various covenants and related restrictions having been undertaken. Reference is made to the introduction of new covenants, namely financial ratios and the agreement on broadcasting channels such as NOS Comunicações, S.A. to secure good compliance with the loan, at the time of the negotiation in 2019.

Under the terms of this loan agreement, Impreger must not reduce its stake in Impresa to below 50.01% of its capital.

- (b) Bank loan taken out by SIC from Banco BPI, S.A. on 21 May 2020 of the maximum value of 2,000,000 euros. This is a credit line to support economic activity arising from the pandemic situation. As at 31 December 2020, the loan bears interest monthly and successively at the 12-month Euribor rate plus a spread of 1.5%.
- (c) Loan taken out by SIC, on 6 February 2020, from Caixa Económica Montepio Geral, in the amount of 5,000,000 euros, to be repaid in 60 constant monthly instalments up to February 2025. Pursuant to the moratoria on principal and interest under the measures to combat the effects of the pandemic, the Company deferred the repayment of instalments of 750,000 euros, which will be paid-up from October 2021 onwards. As at 31 December 2020, this loan bears monthly interest in arrears at the 6-month Euribor rate plus a spread of 2.5%. In order to secure full compliance with this loan, SIC, underwrote a blank promissory note.
- (d) This heading refers to a current account to support treasury subscribed on 30 May 2003, of the maximum value of 5,000,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan bears interest at the six-month Euribor rate plus a spread of 2.75%.
- (e) This heading refers to a current account to support treasury subscribed on 12 January 2016, of the maximum value of 5,000,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 6-month Euribor rate plus a spread of 2.75%.
- (f) This heading refers to a current account to support treasury subscribed on 15 September 2005, of the maximum value of 2,350,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 6-month Euribor rate plus a spread of 2%.
- (g) This heading refers to a current account to support treasury subscribed on 24 June 2003, of the maximum value of 1,500,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 3-month Euribor rate plus a spread of 2.75%.
- (h) This heading refers to a current account to support treasury subscribed on 29 November 2016, of the maximum value of 3,540,000 euros, which is automatically renewable for successive three-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 3-month Euribor rate plus a spread of 2%.
- (i) The factoring refers to financing operations obtained by the Group which bear annual interest, between 1.5% and 1.95%. These operations are supported by the anticipation of future revenues from specific contracts of assignment of broadcasting rights of SIC channels.
- (j) Bond loan of 1,700,000 bonds with the unit value of 30 euros and an overall value of 51,000,000 euros. The bond loan issued on 10 July 2019, with maturity on 11 July 2022, bears a gross fixed interest rate of 4.50%.

Under this loan, the Impresa Group undertook certain obligations, such as compliance with financial ratios as well as keeping its holding of the entire capital of SIC.

As at 31 December 2020 and 2019, this loan was listed for trading (Euronext), with its market value being 51,413,100 euros and 52,433,100 euros, respectively.

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As at 31 December 2020 and 2019, the movement occurred in the balance of loans received, separated by movements with associated cash flows and without cash flow, was as follows:

Lending entities	1 January	Cash-flows		Movements without cash-flow			31 December
	2020						2020
	Book value	Receipts	(Payments)	New lease agreements	Effect of the moratoria	Effect of amortized cost	Book value
Banco BPI, S.A.	16.727.801	-	-	-	626.402	30.970	17.385.174
Banco BPI, S.A.	-	2.000.000	-	-	-	(10.767)	1.989.233
Montepio Geral	-	5.000.000	(83.333)	-	92.959	(45.887)	4.963.739
Bond loan	49.500.912	-	-	-	-	559.032	50.059.944
Factorings	3.380.224	-	(1.978.930)	-	-	-	1.401.294
Guaranteed current accounts	11.000.000	-	(11.000.000)	-	-	-	-
Finance leases	6.900.231	-	(1.727.419)	852.231	-	-	6.025.043
	<u>87.509.168</u>	<u>7.000.000</u>	<u>(14.789.682)</u>	<u>852.231</u>	<u>719.361</u>	<u>533.348</u>	<u>81.824.427</u>

Lending entities	1 January	Cash-flows		Movements without cash-flow			31 December
	2019						2019
	Book value	Receipts	(Payments)	Finance Leases	Effect of amortized cost		Book value
Banco BPI, S.A.	12.692.969	5.312.500	(1.062.500)	-	(215.168)		16.727.801
Bond loan	-	51.000.000	-	-	(1.499.088)		49.500.912
Caixa Central de Crédito Agrícola Mútuo, C.R.L.	75.000	-	(75.000)	-	-		-
Montepio Geral	4.615.315	-	(4.666.667)	-	51.352		-
Factorings	13.807.073	-	(10.426.849)	-	-		3.380.224
Guaranteed current accounts	18.043.750	2.200.000	(9.243.750)	-	-		11.000.000
Finance leases	5.542.613	-	(340.418)	1.698.036	-		6.900.231
	<u>54.776.720</u>	<u>58.512.500</u>	<u>(25.815.184)</u>	<u>1.698.036</u>	<u>(1.662.904)</u>		<u>87.509.168</u>

During the years ended on 31 December 2020 and 2019, the effective interest rate on each loan was as follows:

Lending entities	2020	2019
Banco BPI, S.A.	3,68%	3,66%
Banco BPI, S.A.	1,56%	-
Montepio Geral	2,69%	2,50%
Bond loan	5,72%	5,65%
Factorings	1,95%	1,95%
Guaranteed current accounts	2,38%	2,50%

As at 31 December 2020, the loans obtained have the following repayment plan:

2021	1.938.331
2022	52.944.444
2023	1.944.444
2024	1.944.444
2025	1.944.444
2026	4.851.852
2027	4.000.000
2028	4.000.000
2029	2.750.000
	<u>76.317.961</u>

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The Board of Directors believes that there is no non-compliance with the obligations arising from the loans referred to above, in terms of maintenance of the shareholder structure, limitation of investments or distribution of dividends, or concerning financial covenants. Under these covenants, the financial ratios to be achieved, which are not applicable to all the loans, correspond to the “Ratio of net remunerated debt/EBITDA” and the “Financial autonomy ratio”. Any non-compliance with these ratios could lead to the funding entities being entitled to request the early repayment of the loan and/or change the previously agreed loan conditions.

As at 31 December 2020 and 2019, the Company had approved unused credit limits of approximately 17,390,000 euros and 4,519,000 euros, respectively.

As at 31 December 2020, the lease liabilities have the following repayment plan:

2021	2.043.874
2022	1.974.875
2023	1.534.518
2024	362.306
2025	61.840
2026	47.630
	<u>6.025.043</u>

23. IMPAIRMENT LOSSES, ONGOING LEGAL AND TAX PROCEEDINGS AND PROVISIONS23.1 Impairment losses

During the years ended on 31 December 2020 and 2019, the following movements occurred in the balances of the accumulated impairment loss headings:

31 December 2020:

	Impairment losses on receivables (Note 18)	Impairment losses on broadcasting rights (Note 17)
Balance at 31 December 2019	5.538.375	557.128
Increases (Note 5)	32.941	-
Utilizations	(422.573)	-
Reversal/adjustment (Note 5)	(468.380)	-
Balance at 31 December 2020	<u>4.680.363</u>	<u>557.128</u>

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31 December 2019:

	Impairment losses on investments properties	Impairment losses on receivables (Note 18)	Impairment losses on broadcasting rights (Note 17)
Balance at 31 December 2018	1.473.474	6.168.126	557.128
Increases (Note 5)	-	501.800	-
Utilizations	(1.473.474)	(1.107.670)	-
Reversal/adjustment (Note 5)	-	(23.881)	-
Balance at 31 December 2019	-	5.538.375	557.128

The impairment losses are deducted from the values of the assets.

23.2 Provisions and other impairment losses

In the years ended as at 31 December 2020 and 31 December 2019, the headings of provisions and other impairment losses were detailed as follows:

	31 december 2020		
	Opening balance	Increases	Utilizations
Lawsuits in progress	3.652.968	342.000	(127.595)
Impairment losses on non-current assets held for sale (Note 17)	-	66.721	-
	3.652.968	408.721	(127.595)
	31 december 2019		
	Opening balance	Increases	Utilizations
Lawsuits in progress	3.528.050	342.000	(217.082)
	3.528.050	342.000	(217.082)

As at 31 December 2020 and 2019, the provisions for risks and charges are detailed as follows:

Natureza	2020		2019	
	Amount claimed	Amount provided	Amount claimed	Amount provided
Dismissal/Labour	667 229	355 414	636 724	324 759
Abuse of freedom of the press	434 675	93 467	1 204 067	140 969
Publicity fines	1 296 702	129 670	1 404 202	140 420
Others	21 493 786	3 288 821	21 485 241	3 046 820
	23 892 393	3 867 373	24 730 235	3 652 968

The Company is facing several lawsuits for abuse of freedom of the press, for which provisions have been constituted based on the opinion of its lawyers and historical experience in this type of litigation.

The amounts claimed under legal action related to advertising fines essentially arise from the filing of various administrative offence proceedings by the Media Regulatory Entity (ERC) due to breach of the Advertising Code.

The significant amount claimed in the heading “Other” primarily arises from the quantification made by GDA – Cooperativa de Gestão dos Direitos dos Artistas Intérpretes ou Executantes, CRL in the incident of settlement submitted in December 2015, as disclosed below.

The Board of Directors and the Company's lawyers believe, based on an assessment of the risks of the ongoing legal and tax proceedings, that the outcome of these lawsuits will not give rise to significant liabilities that are not covered by provisions reflected in the financial statements as at 31 December 2020, which correspond to the best estimate of the outflow of funds arising from these lawsuits on that date.

#### Lawsuits in progress

As at 31 December 2020, there were several lawsuits in progress brought against the Company by third parties, the amounts of which and final outcome were still unknown at the time of preparing the financial statements, in particular including:

- In previous years, GDA – Cooperativa de Gestão dos Direitos dos Artistas, CRL (“GDA”) brought ordinary legal proceedings against SIC, in the Judicial Court of Oeiras, under which GDA claimed the payment of an annual remuneration payable to artists, interpreters or performers, established at the rate of 1.5% of the annual value of the advertising revenue earned, taking effect from September 2004, as well as late payment interest. SIC contested this action, with a favourable decision having been issued, which considered the initial petition to be unfounded due to the lack of cause of the claim and, consequently, dismissed the entire proceedings. This decision was contested, with the action having followed in the first instance. The Court judged the GDA's action as groundless and established a value per minute of broadcasting as the annual equitable remuneration, with the value per minute being subject to determination. In December 2015, GDA submitted a bill requesting the payment by SIC of approximately 17,700,000 euros, with the amount requested having increased by approximately 2,357,000 euros, as a result of the addition of connected rights related to the years of 2015 and 2016, with the total amount claimed as at 31 December 2020 standing at approximately 20,057,000 euros.

The determination of this value was substantiated by a study made by a third party, with one of its assumptions being the approximation of television activity to an activity of any company and its production. SIC contested this request made by GDA, based on the incompetence of the court, the lack of legal capacity of GDA which only represents national artists, interpreters and performers, and also objected to the methodology presented. In the form of an appeal, SIC estimated its liability based on the effective use of the services of the artists, just as the sentence that is intended to be settled determines, as well as the calculation of a value per minute of these instalments, close to that paid by SIC to the Portuguese Authors Society, but of a lower value pursuant to the law and practice. On 6 July 2020, the court of intellectual property delivered its judgement on the GDA case, which condemned SIC to pay 909,080 euros, relative to the years of 2004 to 2016. This sentence may be appealed by both parties. GDA filed an appeal during 2020. The financial statements as at 31 December 2020 present a provisioned amount to meet this liability that the Board of Directors believes, based on the opinion of its lawyers and technical personnel, is sufficient.



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24. SUPPLIERS AND ACCOUNTS PAYABLE

As at 31 December 2020 and 2019, this heading was detailed as follows:

	<u>2020</u>	<u>2019</u>
<u>Non-current:</u>		
Suppliers of fixed assets	<u>735 913</u>	<u>1 423 989</u>
<u>Current:</u>		
Trade payables, current account	17 052 115	17 917 161
Program suppliers, current account	1 934 345	1 850 449
Suppliers of fixed assets, current account	<u>773 753</u>	<u>798 268</u>
	<u>19 760 213</u>	<u>20 565 878</u>
	<u>20 496 126</u>	<u>21 989 867</u>

The non-current amount corresponds to equipment acquisition contracts, for which payment agreements were signed with the suppliers with instalments up to 2023.

25. OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019, the heading "Other current liabilities" was detailed as follows:

	<u>2020</u>	<u>2019</u>
Advances from clients	<u>37.420</u>	<u>25.759</u>
Other creditors:		
Suppliers' credits guaranteed by third parties	4.833.868	5.602.747
Advance on contract for broadcasting signal	6.000.000	-
Consultants and advisers	248.739	210.229
Others	<u>76.416</u>	<u>319.520</u>
	11.159.023	6.132.496
Accrued costs:		
Commercial agreements	12.256.364	11.449.492
Personnel vacation and vacation subsidy	3.310.218	3.303.059
Accrued interest	1.124.502	1.134.884
Cost of program production	2.187.245	1.252.867
Indemnities	284.549	552.755
Authors' rights	150.000	150.000
Personnel commission payable	734.897	499.700
Commercial fee	239.264	470.729
Other accrued costs	<u>2.117.114</u>	<u>1.931.335</u>
	22.404.153	20.744.821
Deferred income:		
Pre-billing	1.759.455	1.431.039
Other deferred income	<u>471.439</u>	<u>618.399</u>
	2.230.894	2.049.438
State and other public entities:		
Value Added Tax	4.824.233	3.740.030
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1.642.021	1.472.699
Social security contributions	919.030	904.006
Personal income tax - withholdings at source	1.172.360	954.678
Stamp tax	330.322	289.354
Work compensation fund	<u>1.496</u>	<u>-</u>
	8.889.462	7.360.767
	<u>44.720.952</u>	<u>36.313.281</u>

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26. CONTINGENT LIABILITIES AND GUARANTEES PROVIDEDGuarantees provided and other commitments

As at 31 December 2020 and 2019, the Company had requested the issuance of the following bank guarantees in favour of third parties:

	2020	2019
Union des Associations Européennes de Football	1 456 667	2 622 000
ERC	1 995 192	1 995 192
Secretaria Geral do Ministério da Administração Interna ("SGMAI")	1 994 981	1 126 281
Câmara Municipal de Oeiras	35 745	35 745
Tribunal de Oeiras	4 000	4 000
	<u>5 486 585</u>	<u>5 783 218</u>

The guarantee given to UEFA is to cover compliance with the "European League 2018/-2021" contract.

The guarantees provided to the ERC arise from the current legal requirements for the licensing of channels and broadcasting of television contests.

The guarantees provided to the SGMAI are to secure full compliance with the advertising contests. The variation of the value of the guarantees provided is related to the existing competitions at any given time.

The guarantee provided to Oeiras Municipal Council of Oeiras are to secure the repair of any damage which might be caused to public infrastructures due to excavations and earth retaining at Estrada da Outorela on a plot of land adjacent to SIC's head office.

27. COMMITMENTS UNDERTAKEN27.1 Commitments to acquire programmes

As at 31 December 2020 and 2019, the Company had contracts or agreements concluded with third parties for the purchase of rights to broadcast films, series and other programmes of 20,524,295 euros and 22,493,885 euros, respectively, not included in the statement of financial position, according to the valuation criteria used, as follows:

Nature	31 December 2020				31 December 2019			
	Year the titles are available				Year the titles are available			
	2021	2022	2023 and following years	Total	2020	2021	2022 and following years	Total
Entertainment	6 793 974	1 476 600	-	8 270 574	6 919 871	2 100 000	-	9 019 871
Films	222 045	-	-	222 045	424 968	25 000	-	449 968
Format	44 624	-	-	44 624	29 990	-	-	29 990
Soap-operas	10 338 722	-	-	10 338 722	9 807 436	-	-	9 807 436
Children	126 802	3 354	-	130 156	438 904	11 838	-	450 742
Documentaries	505 242	-	-	505 242	292 094	365 000	-	657 094
60 Series	1 007 849	-	-	1 007 849	307 639	-	-	307 639
Mini séries	2 519	-	-	2 519	160 447	-	-	160 447
Sport	-	-	-	-	1 543 333	-	-	1 543 333
Events	2 564	-	-	2 564	67 365	-	-	67 365
	<u>19 044 341</u>	<u>1 479 954</u>	<u>-</u>	<u>20 524 295</u>	<u>19 992 048</u>	<u>2 501 838</u>	<u>-</u>	<u>22 493 885</u>

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Nature	31 December 2020				31 December 2019			
	Limit year for broadcasting the titles				Limit year for broadcasting the titles			
	2021	2022	2023 and following years	Total	2020	2021	2022 and following years	Total
Entertainment	2.712.992	113.216	5.444.367	8.270.574	4.646.796	3.627.988	745.088	9.019.871
Films	942	4.894	216.210	222.045	3.400	303.010	143.558	449.968
Format	-	44.624	-	44.624	-	3.210	26.780	29.990
Soap-operas	-	711	10.338.011	10.338.722	43.258	2.184.178	7.580.000	9.807.436
Children	6.400	44.804	78.950	130.155	(20.486)	371.429	99.798	450.741
Documentaries	429.122	-	76.120	505.242	245.317	378.887	32.890	657.094
60 Series	20.054	76.020	911.774	1.007.849	833	209.201	97.605	307.639
Mini séries	-	2.519	-	2.519	-	4.447	156.000	160.447
Sport	-	-	-	-	10.000	1.533.333	-	1.543.333
Events	2.564	-	-	2.564	27.865	-	39.500	67.365
	<u>3.172.075</u>	<u>286.788</u>	<u>17.065.432</u>	<u>20.524.295</u>	<u>4.956.983</u>	<u>8.615.683</u>	<u>8.921.220</u>	<u>22.493.885</u>

As at 31 December 2020 and 2019, the commitments for acquisition of programmes include 10,511,300 euros and 7,580,000 euros, respectively, concerning contents to be acquired from related parties (SP Televisão).

27.2. Commitments for the acquisition of tangible fixed assets

As at 31 December 2020 and 2019, the commitments undertaken to acquire tangible fixed assets amounted to approximately 22,000 euros and 476,000 euros, respectively.

28. RELATED PARTIES

All the subsidiaries and associates belonging to the Impresa Group, identified in the consolidated financial statements, and the shareholder Impreger are considered related parties.

Pursuant to the internal regulations endorsed in 2019, the Group considers “key management personnel” to be the Board of Directors of all the subsidiaries and Joint Executive Committee, as the main decisions related to its activity are taken by these bodies.

As at 31 December 2020 and 2019, the balances and transactions with related parties are as follows:

31 December 2020:

	31 December 2020				
	External services	Acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue
<b>Shareholders:</b>					
GMTS	5.334.824	-	-	3.000	23.913
Impresa Publishing, S.A.	33.250	-	-	77.781	31.045
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	-	-	1.502	41.273
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	6.025.980	-	10.440	14.647	-
Impresa SGPS, S.A.	-	-	-	-	-
<b>Others:</b>					
Lusa - Agência de Notícias de Portugal, S.A.	277.094	-	-	-	-
Grupo BPI	-	-	489.661	-	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	17.924	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	13.175.992	-	19.976	-
Vasp Premium - Entrega personalizada de publicações, Lda.	12.766	-	-	-	-
	<u>11.701.837</u>	<u>13.175.992</u>	<u>500.101</u>	<u>116.905</u>	<u>96.231</u>
					<u>2.348.909</u>

(a) The services obtained essentially refer to the acquisition of rights to broadcast soap operas.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 33)

31 December 2020						
	Demand deposits	Receivables	Shareholders (Note 19)	Payables	RETGS (Note 10)	Borrowings
<b>Shareholders:</b>						
GMTS	-	39.018	-	2.775.729	-	-
Impresa SGPS, S.A.	-	-	90.913.892	-	6.196.241	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	-	15.166	-	3.685	-	-
Impresa Publishing, S.A.	-	1.301.904	-	81.117	-	-
<b>Others:</b>						
Grupo BPI	106.190	964.354	-	-	-	22.329.231
Lusa - Agência de Notícias de Portugal, S.A.	-	-	-	84.502	-	-
Grupo Madre (SP - Televisão, Lda.) (b)	-	6.943	-	7.855.250	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	-	-	-	3.572	-	-
	<u>106.190</u>	<u>2.327.384</u>	<u>90.913.892</u>	<u>10.803.856</u>	<u>6.196.241</u>	<u>22.329.231</u>

(a) The balances related to accounts payable refer to balances of suppliers concerning the acquisition of rights to broadcast soaps.

31 December 2019:

Transactions					
	External services	Acquisition of soap operas rights	Financial costs	Other operating revenue	Financial income (Note 9)
<b>Shareholders:</b>					
GMTS	5.545.725	-	-	-	-
Impresa Publishing, S.A.	31.474	-	-	31.045	-
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	-	-	41.273	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	6.696.469	-	-	-	-
Impresa SGPS, S.A.	-	-	-	-	2.004.545
<b>Others:</b>					
Grupo BPI	-	-	645.187	-	40.830
Morais Leitão, Galvão Teles, Soares da Silva & Associados	12.295	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	16.943.274	-	-	-
Vasp TMK - Soluções de Trademarketing, Lda.	279.905	-	-	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	21.384	-	-	-	-
	<u>12.587.252</u>	<u>16.943.274</u>	<u>645.187</u>	<u>72.318</u>	<u>2.045.375</u>

(a) The services obtained essentially refer to the acquisition of rights to broadcast soaps.

Balances						
	Demand deposits	Receivables	Shareholders (Note 19)	Payables	RETGS (Note 10)	Borrowings
<b>Shareholders:</b>						
GMTS	-	44.291	-	2.830.713	-	-
Impresa SGPS, S.A.	-	-	98.666.284	-	5.055.488	-
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	8.461	-	-	-	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	-	27.091	-	8.320	-	-
Impresa Publishing, S.A.	-	549.213	-	53.242	-	-
<b>Others:</b>						
Grupo BPI	681.800	-	-	-	-	24.502.829
Lusa - Agência de Notícias de Portugal, S.A.	-	-	-	84.502	-	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	6.943	-	7.855.250	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	-	-	-	3.572	-	-
	<u>681.800</u>	<u>635.998</u>	<u>98.666.284</u>	<u>10.835.598</u>	<u>5.055.488</u>	<u>24.502.829</u>

(a) The balances related to accounts payable refer to balances of suppliers concerning the acquisition of rights to broadcast soaps.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
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(Translation of notes originally issued in Portuguese – Note 33)

The terms and conditions applied in transactions between the Company and related parties are substantially the same as those that would normally be contracted, accepted and applied between independent entities in comparable operations. Some of Impresa's shareholders are financial institutions with which commercial agreements are established in the normal course of the Company's operations, with similar conditions to those currently contracted with independent entities. The activities carried out under these commercial agreements essentially refer to advertising services rendered by SIC and the granting of loans by these financial institutions.

29. RATES USED TO CONVERT FOREIGN CURRENCY BALANCES

As at 31 December 2020 and 2019, the following exchange rates were used to convert assets and liabilities expressed in foreign currency into euros:

	2020	2019
US Dollar (USD)	1,2271	1,1234
Swiss Franc (CHF)	1,0802	1,0854
Pound Sterling (GBP)	0,8990	0,8508
Australian Dollar (AUD)	1,5896	1,5995
Canadian Dollar (CAD)	1,5633	1,4598
Real do Brasil (BRL)	6,3735	4,5157

30. FINANCIAL INSTRUMENTS

The Company manages its capital to ensure that it pursues its operations from a going concern standpoint. In this respect, the Company periodically analyses its capital structure (own and third party) and debt maturity, bringing in funding whenever necessary.

As at 31 December 2020 and 2019, the financial instruments were as follows:

	2020	2019
<u>Financial assets:</u>		
Receivables	120 447 324	125 196 870
Cash and equivalents (Note 20)	6 370 908	941 487
Assets classified as held for sale	233 279	-
	<u>127 051 511</u>	<u>126 138 357</u>
<u>Financial liabilities:</u>		
Borrowings	81 824 427	87 509 169
Payables	62 986 185	56 227 951
Current tax liabilities	6 196 241	5 055 488
	<u>151 006 853</u>	<u>148 792 607</u>

As at 31 December 2020 and 2019, except for the bond loan which has a market quotation, the Company believes that the values at which the loans are recorded do not differ significantly from their fair value or actually exceed fair value. Indeed, the fair value of the loans received will significantly depend on the risk level attributed by the funding entities and the conditions under which the Company would be able to obtain from the market, as at 31 December 2020 and 2019, if it were to take out loans with maturity periods and values similar to those which it has on that date.

The Company believes that the majority of loans have market spreads as they were negotiated recently or the rates are updated periodically, implying that their conditions are updated in relation to the current situation of the financial markets, reflecting the risk level attributed by the lenders.

For the loans that were not subject to renegotiation, as they were taken out under market conditions that were more favourable than those currently existing, their fair value should not exceed their book value.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 33)

The Company is primarily exposed to the following financial risks:

a) Interest rate risk

Interest rate risk essentially refers to the interest paid due to the contracting of various loans with variable interest rates. Except with respect to the bond loan, which is fixed rate, the loans that have been taken out are exposed to changes in market interest rates (Note 22).

If market interest rates in the years ended on 31 December 2020 and 2019 were 0.5% higher or lower, the net income for these years would have decreased or increased by approximately 423,334 euros and 355,715 euros, respectively, without considering the tax effect.

b) Exchange rate risk

Exchange rate risk refers to receivables and payables denominated in foreign currency other than the Company's currency, the euro.

As at 31 December 2020 and 2019, the exchange rate risks are essentially related to the acquisition of television broadcasting rights from various foreign producers. In order to reduce the risk to which the Company is exposed, a loan was taken out which amounted to 2,702.829 euros as at 31 December 2020 and 2019, that was converted Group USD term deposit which, as at 31 December 2020 and 2019, amounted to 3,667,183 euros and 4,005,697 euros, respectively (Note 19).

During the years ended on 31 December 2020 and 2019, the Company did not contract any forward exchange rates.

The foreign currency balances payable, expressed in euros at the exchange rate of 31 December 2020 and 2019 are as follows:

	2020	2019
US Dollar (USD)	2 667 330	1 213 121
Swiss Franc (CHF)	60 260	39 880
Pound Sterling (GBP)	6 885	7 345
Australian Dollar (AUD)	4 320	4 320
Canadian Dollar (CAD)	422	422
	<u>2 739 217</u>	<u>1 265 088</u>

As at 31 December 2020 and 2019, the Company has accounts receivable in USD of the value of 1,617,755 dollars and 2,617,330 dollars, respectively

c) Credit risk

Credit risk is essentially related to accounts receivable arising from the Company's operations (Note 18). In order to reduce credit risk, the Company has defined credit granting policies, with credit limits per customer and collection deadlines, and financial discount policies for prepayment or cash payment. Credit risk is monitored regularly for the purpose of:

- limiting credit granted to customers, considering the profile and age of the account receivable;
- monitoring the evolution of the level of credit granted;
- reviewing the recoverability of amounts receivable on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 33)

The impairment losses on accounts receivable are calculated considering:

- the review of the aging of accounts receivable;
- expected credit losses;
- the risk profile of the customer;
- the historical commercial and financial relationship with the customer;
- existing payment agreements;
- the financial condition of the customers.

The changes in impairment losses on accounts receivable are shown in Note 23.

The Board of Directors believes that the impairment losses on accounts receivable are appropriately reflected in the financial statements, with there being no need to increase the impairment losses of accounts receivable.

As at 31 December 2020 and 2019, the accounts receivable from third parties include the following amounts overdue, for which impairment losses were not recognised because the Board of Directors believes that they are collectible:

Overdue balances	2020	2019
Up to 90 days	3 646 401	3 680 126
From 90 to 180 days	117 856	724 938
More than 180 days	279 462	680 228
	<u>4 043 720</u>	<u>5 085 292</u>

d) Liquidity risk

Liquidity risk can occur if the financing sources, such as cash flow from operating activities, divestment, credit lines and cash flow from financing activities, do not meet the financing needs, such as cash outflow for operating and financing activities, investments, shareholder remuneration and repayment of debt.

In order to reduce this risk, the Company endeavours to maintain a liquid position and average debt maturities that enable debt repayment according to appropriate timelines. As at 31 December 2020 and 2019, the amount of cash and credit limits approved and unused amounted to approximately 23,761,000 euros and 5,570,000 euros, respectively, which in the opinion of the Board of Directors, considering the main cash flow projections for 2021, will be sufficient to settle all the Company's current financial liabilities. As at 31 December 2020 and 2019, the financial liabilities fall due as follows:

	2020				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing	1 946 191	52 112 546	1 949 262	19 791 385	75 799 384
Lease liabilities	2 043 873	1 974 875	1 534 518	471 777	6 025 043
Advance on contract for broadcasting signal	6 000 000	-	-	-	6 000 000
Suppliers' credits guaranteed by third parties	4 833 868	-	-	-	4 833 868
	<u>14 823 931</u>	<u>54 087 422</u>	<u>3 483 780</u>	<u>20 263 163</u>	<u>92 658 295</u>
Not remunerated:					
Trade payables	17 052 115	-	-	-	17 052 115
Program suppliers	1 934 345	-	-	-	1 934 345
Suppliers of fixed assets	773 753	735 913	-	-	1 509 666
Other current liabilities	37 852 431	-	-	-	37 852 431
	<u>57 612 644</u>	<u>735 913</u>	<u>-</u>	<u>-</u>	<u>58 348 557</u>
	<u>72 436 575</u>	<u>54 823 335</u>	<u>3 483 780</u>	<u>20 263 163</u>	<u>151 006 853</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
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(Translation of notes originally issued in Portuguese – Note 33)

	2019				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing	13 008 032	2 110 183	50 484 900	15 005 821	80 608 937
Lease liabilities	2 098 127	2 004 150	1 603 171	1 194 783	6 900 231
Suppliers' credits					
guaranteed by third parties	5 602 747	-	-	-	5 602 747
	<u>20 708 907</u>	<u>4 114 333</u>	<u>52 088 071</u>	<u>16 200 604</u>	<u>93 111 915</u>
Not remunerated:					
Trade payables	17 917 161	-	-	-	17 917 161
Program suppliers	1 850 449				1 850 449
Suppliers of fixed assets	798 268	1 423 989	-	-	2 222 257
Other current liabilities	33 690 825	-	-	-	33 690 825
	<u>54 256 703</u>	<u>1 423 989</u>	<u>-</u>	<u>-</u>	<u>55 680 692</u>
	<u>74 965 609</u>	<u>5 538 322</u>	<u>52 088 071</u>	<u>16 200 604</u>	<u>148 792 607</u>

31. OTHER INFORMATION

The year of 2020 was constrained by the effects of the Covid-19 pandemic and the containment measures that were taken. The notes to the financial statements provide detailed information about its impacts for SIC. However, despite all the constraints and the adverse macroeconomic circumstances, the Company's performance in 2020 ended up by being positive, with the negative factors (essentially Covid-19) having ultimately been offset by other positive factors. In this context, and because a series of measures were taken, both from the revenue side and the cost side, it is difficult to isolate the specific impacts of the pandemic on the main headings of the financial statements. Nevertheless, we will try to present the most relevant aspects in the Company's performance, and, in this review, point out the aspects that the Company believes could have been those most influenced by the pandemic situation. In 2020, the Company recorded a revenue reduction of about 2%, which was significantly influenced by a reduction of advertising revenues. Total revenues stood at 149,931,019 euros in 2020, compared to 152,109,514 euros in 2019. As briefly mentioned above, the essential factor that led to the reduction of revenues was the decline in advertising revenue, which fell by 5.6% (to 99,829,998 euros).

The Company believes that this reduction in advertising revenue corresponds to the main negative impact of the pandemic on its net income. Advertising revenue showed a positive performance up to March 2020 (SIC's advertising revenue grew by 9% in the first quarter, year-on-year), with significant reductions having occurred between the end of March 2020 and June 2020. From July 2020 onwards, the Company began to experience a recovery in advertising revenue, with the last quarter of the year having shown a particularly positive performance, partially offsetting the reduction recorded in the second quarter. Multimedia revenues (added value calls, or interactive voice response - "IVR") also showed significant growth, of 43.7% to 16.2 million euros, which is partly explained by the implemented programming strategy, but this is also partly due to the pandemic (in being confined to their home, television viewers are more available and predisposed to participate in these initiatives). Finally, it is important to note that a series of cost-cutting measures were taken. Accordingly, the impacts of Covid-19 and other situations on revenues combined with the measures taken to cut costs ended up by having a positive effect on SIC's overall performance, with net income having grown by 13.1% (to 17,325,398 euros). As a result of the sound operating performance, the total value of the loans raised, notwithstanding the use of the moratoria described in Note 22, decreased by 5,684,741 euros (to 81,824,427 Euros).



32. SUBSEQUENT EVENTS

On 15 January 2021, the Parliament approved the renewal of the State of Emergency in Portugal, imposing a new general lockdown with restrictions to movement. Up to the date of approval of the financial statements by the Board of Directors, SIC has not experienced any unexpected relevant impacts on its activity, arising from the extension of the State of Emergency. In view of the Company's cash balances on the date of this report, SIC continues to have sufficient funds to meet its commitments in the current year, and may also resort to credit lines. We believe that the conditions for the continuity of the operations are thus assured.

It is important to highlight the activity of SIC, which plays a particularly important role in this type of situation, where the search for up-to-date, accurate and credible information takes on even more prominence. SIC, in its various platforms, shall continue to assure its mission of safeguarding the public interest by informing society, with the rigour that it is recognised for, and conveying, first hand, the institutional messages of relevance. The Company shall monitor the economic implications of the Covid-19 virus, and, in particular, the identification of potential sources of risk for its activity.

33. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in conformity with International Financial Reporting Standards as endorsed by the European Union. In the event of discrepancies, the Portuguese language version prevails.

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS



III.

STATUTORY AUDITOR'S  
CERTIFICATION AND AUDIT  
REPORT OF THE  
INDIVIDUAL ACCOUNTS

2020

## STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of discrepancies the Portuguese version will always prevail)

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying financial statements of SIC – Sociedade Independente de Comunicação, S.A. (“Entity” or “SIC”), which comprise the statement of financial position as at 31 December 2020 (showing a total of Euros 187,249,823 and equity of Euros 30,144,704, including a net profit of Euros 17,325,398), the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow for to the year then ended, and the accompanying notes to the financial statements that include a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view , in all material aspects, of the financial position of SIC– Sociedade Independente de Comunicação, S.A. as at 31 December 2020 and its financial performance and cash flows relative to the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

#### **Basis for our opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section below. We are independent from the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence that we 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 judgment, 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.

Description of the most significant risks of material distortion identified	Summary of the response to the most significant risks of material distortion identified
<p><u>Recognition of the revenue derived from advertising</u></p> <p>(Notes 2.12 and 4 of the notes to the financial statements)</p> <p>The revenue generated from the broadcast of advertisements on television corresponds to the Entity's main source of revenue. This revenue essentially arises from advertising campaigns conducted by customers on television through a high number of transactions, the respective audiences, and from the conditions agreed with the customers. As mentioned in note 2.12 of the notes to the financial statements, the measurement of this revenue depends on the measurement and profile of the respective audiences, the discounts to be attributed according to the advertising investment made by the customers and the conditions agreed with them. Therefore, there is the risk of the revenue of these campaigns being incorrectly recorded, namely considering the effective measurement of the audiences and the application of the discounts to be granted that have been negotiated and the other agreed conditions.</p>	<p>Our main procedures included:</p> <ul style="list-style-type: none"> <li>- Understanding of the advertising revenue calculation process by the relevant invoicing support systems, in which our internal specialists are involved and evaluation of the internal control mechanisms considered relevant in the calculation and recording of advertising revenue;</li> <li>- Assessment of the policy for recognition of the revenue generated by the broadcast of television advertisements adopted by the Entity with reference to the applicable accounting standards;</li> <li>- Analysis of the main variations of generated revenue in relation to the same period of the previous year, taking into account the key measurement indicators of the business activity generated;</li> <li>- For a sample of advertising orders recognised as revenue, recalculation of the revenue based on the agreed commercial conditions, respective broadcast and/or audience reached in the respective time slot;</li> <li>- Conciliation of the invoicing system with the accounting records;</li> <li>- Comparison of the amounts recorded by the Entity relating to discounts granted and to be granted to customers, with those resulting from the respective advertising investment and the commercial conditions approved by the Entity;</li> <li>- Appraisal of the reliability of the estimates made by the management body, based on the comparison of the discounts effectively granted in the financial year with estimates recorded in previous financial years;</li> <li>- Confirmation of balances and responsibilities as at 31 December 2020 with major customers.</li> </ul>

## **Other matters**

As referred to in the Introductory Note of the notes, the above mentioned financial statements refer to the activity of the Entity at an individual level and were prepared for approval and publication in accordance with the legislation in force. As provided for under IFRS and indicated in Note 2.6, the financial holding in the subsidiary is accounted for under the equity method. Therefore, the financial statements attached herewith do not include the full consolidation effect, which will be included in consolidated financial statements to be prepared and approved separately.

## **Responsibilities of management and supervisory body for the financial statements**

The management body is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, including the information on corporate governance, in accordance with applicable laws and regulations ;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error ;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management;

- conclude on the appropriateness of management’s use 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 Entity’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 report. However, future events or conditions may cause the Entity 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;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, 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;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to threaten our independence, and where applicable, related safeguards.

Our responsibility also includes verification that the information contained in the management report is consistent with the financial statements, and the verifications established in numbers 4 and 5 of article 451 of the Commercial Companies Code (“Código das Sociedades Comerciais”).

## **REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **On the management report**

Pursuant to article 451.º, n.º 3, al. e) of the Portuguese Companies’ Code, it is our opinion that the sole management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

### **On the information regarding corporate governance**

Pursuant to article 451.º, number 4, of the Portuguese Company’s Code, we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245.º-A of the Portuguese Securities Code (“Código dos Valores Mobiliários”), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

### **On the non-financial statement**

We inform that the Entity has prepared a report separate from the management report that includes the consolidated non-financial statement, as provided for in article 508-G of the Commercial Companies Code, which was disclosed together with the management report.

**On the additional elements provided in article 10 of Regulation (EU) 537/2014**

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April, 2014, in addition to the key audit matter mentioned above, we also report on the following:

- Deloitte & Associados, SROC, S.A. is the Statutory Auditor of the Entity, as a public interest entity, resulting from the appointment at the General Shareholders' Meeting held on 22 June 2020 for the term that ends in 2023.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report that we prepared and submitted to the Entity's supervisory body on 27 April 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Estatuti da Ordem dos Revisores Oficiais de Contas (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Entity in conducting the audit.

Lisbon, 27 April 2021

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Deloitte & Associados, SROC S.A.  
Represented by Tiago Nuno Proença Esgalhado, ROC



IV.  
CONSOLIDATED  
FINANCIAL STATEMENTS  
2020



SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of financial position originally issued in Portuguese - Note 34)

ASSETS	Notes	31 December 2020	31 December 2019
<b>NON-CURRENT ASSETS:</b>			
Goodwill	13	17.324.797	17.324.797
Intangible assets	14	7.484	11.756
Tangible fixed assets	15	12.659.297	14.888.532
Investments	16	6.235	306.235
Program broadcasting rights	18	6.379.559	4.027.118
Other non-current assets	20	86.656.088	86.718.439
Deferred tax assets	11	968.597	968.582
Total non-current assets		<u>124.002.057</u>	<u>124.245.459</u>
<b>CURRENT ASSETS:</b>			
Program broadcasting rights	18	20.001.514	15.475.193
Trade and other receivables	19	28.293.352	24.088.040
Other current assets	20	8.039.520	17.123.611
Cash and cash equivalents	21	6.623.338	1.126.784
Total current assets		<u>62.957.724</u>	<u>57.813.628</u>
Non-current assets classified as held for sale	17	233.279	-
<b>TOTAL ASSETS</b>		<u><u>187.193.060</u></u>	<u><u>182.059.087</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	22	10.328.600	10.328.600
Legal reserve	22	2.065.720	2.065.720
Other reserves	22	269.361	269.361
Retained earnings		155.625	155.625
Consolidated net profit for the year		17.325.398	15.319.909
<b>TOTAL EQUITY</b>		<u>30.144.704</u>	<u>28.139.215</u>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Borrowings	23	78.707.619	72.426.047
Trade and other payables	24	3.897.974	1.423.989
Provisions	25	735.913	3.683.569
Total non-current liabilities		<u>83.341.506</u>	<u>77.533.605</u>
<b>CURRENT LIABILITIES:</b>			
Borrowings	23	4.265.558	15.625.693
Trade and other payables	25	17.672.864	18.535.082
Current tax liabilities	11	6.294.076	5.271.754
Other current liabilities	26	45.474.352	36.953.738
Total current liabilities		<u>73.706.850</u>	<u>76.386.267</u>
<b>TOTAL LIABILITIES</b>		<u>157.048.356</u>	<u>153.919.872</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>187.193.060</u></u>	<u><u>182.059.087</u></u>

The accompanying notes form an integral part of on the consolidated statement of financial position as of 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of profit and loss and other comprehensive income originally issued in Portuguese - Note 34)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>OPERATING REVENUE</u>			
Services rendered	5	151.332.208	154.114.014
Other operating revenue	6	836.329	1.135.390
Total operating revenue		<u>152.168.537</u>	<u>155.249.404</u>
<u>OPERATING EXPENSES</u>			
Cost of programs broadcast and goods sold	7	(65.230.070)	(70.817.070)
Supplies and services	8	(29.252.142)	(29.547.975)
Personnel costs	9	(26.566.275)	(26.815.859)
Amortization and depreciation	14 and 15	(3.903.273)	(4.381.275)
Provisions and impairment losses	24	(408.721)	(311.400)
Other operating expenses	6	(630.220)	(1.066.253)
Total operating expenses		<u>(125.990.701)</u>	<u>(132.939.832)</u>
Operating profit		<u>26.177.836</u>	<u>22.309.572</u>
<u>NET FINANCIAL EXPENSES</u>			
Interest and other financial costs	10	(4.916.854)	(3.605.241)
Other financial income	10	2.348.909	2.054.272
Net financial expenses		<u>(2.567.945)</u>	<u>(1.550.969)</u>
Profit before taxes		23.609.891	20.758.603
Income tax expense	11	(6.284.493)	(5.438.694)
Consolidated net profit and comprehensive income for the year		<u>17.325.398</u>	<u>15.319.909</u>
Earnings per share:			
Basic	12	2,8852	2,5512
Diluted	12	2,8852	2,5512
Comprehensive income per share:			
Basic	12	2,8852	2,5512
Diluted	12	2,8852	2,5512

The accompanying notes form an integral part of the consolidated statement of profit and loss  
and other comprehensive income for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of changes in equity originally issued in Portuguese - Note 34)

	Share Capital	Legal Reserve	Other Reserves	Retained earnings	Consolidated net profit for the year	Total
Balance at 1 January 2019	10.328.600	2.065.720	269.361	(159.921)	11.647.094	24.150.854
Appropriation of consolidated net profit for the year ended 31 December 2018	-	-	-	315.546	(11.647.094)	(11.331.548)
Consolidated net profit for the year ended 31 December 2019	-	-	-	-	15.319.909	15.319.909
Balance at 31 December 2019	<u>10.328.600</u>	<u>2.065.720</u>	<u>269.361</u>	<u>155.625</u>	<u>15.319.909</u>	<u>28.139.215</u>
Appropriation of consolidated net profit for the year for the year ended 31 December 2019	-	-	-	-	(15.319.909)	(15.319.909)
Consolidated net profit for the year ended 31 December 2020	-	-	-	-	17.325.398	17.325.398
Balance at 31 December 2020	<u>10.328.600</u>	<u>2.065.720</u>	<u>269.361</u>	<u>155.625</u>	<u>17.325.398</u>	<u>30.144.704</u>

The accompanying notes for an integral part of the consolidated statement of changes in equity  
for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2020 AND 2019

(Amounts stated in Euros)

(Translation of consolidated statements of comprehensive income originally issued in Portuguese - Note 34)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>OPERATING ACTIVITIES</u>			
Cash receipts from customers		156.274.884	159.061.780
Cash paid to suppliers		(103.358.716)	(107.620.672)
Cash paid to employees		(25.455.034)	(26.263.041)
Cash generated from operations		27.461.134	25.178.067
Payments relating to income taxes		(5.262.186)	(4.354.733)
Other cash paid/received relating to operating activities		(173.333)	736.590
Net cash from operating activities (1)		<u>22.025.615</u>	<u>21.559.924</u>
<u>INVESTING ACTIVITIES</u>			
Cash received relating to:			
Loans to group companies	20	13.209.309	-
Interests		576.901	994.030
Investment Property	20	800.000	4.360.000
		<u>14.586.210</u>	<u>5.354.030</u>
Cash paid relating to:			
Tangible fixed assets		(801.025)	(3.238.351)
Financial investments		-	(300.000)
Loans to group companies	20	(3.684.909)	(45.801.615)
		<u>(4.485.934)</u>	<u>(49.339.966)</u>
Net cash used in investing activities (2)		<u>10.100.277</u>	<u>(43.985.936)</u>
<u>FINANCING ACTIVITIES</u>			
Cash received relating to:			
Bank borrowings	23	7.500.000	58.962.500
		<u>7.500.000</u>	<u>58.962.500</u>
Cash paid relating to:			
Bank borrowings	23	(15.410.570)	(27.315.184)
Interests and similar costs		(3.398.859)	(4.605.201)
Dividends	22	(15.319.909)	(11.331.548)
		<u>(34.129.337)</u>	<u>(43.251.933)</u>
Net cash from financing activities (3)		<u>(26.629.337)</u>	<u>15.710.567</u>
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		5.496.554	(6.715.445)
Captive fixed-term deposit		-	640.000
Cash and cash equivalents at the beginning of the year	21	1.126.784	7.202.229
Cash and cash equivalents at the end of the year	21	6.623.338	1.126.784

The accompanying notes form an integral part of the consolidated cash flow statement for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

## 1. INTRODUCTORY NOTE

SIC - Sociedade Independente de Comunicação, S.A. ("SIC" or "Company") is a public limited liability company, with registered office in Paço de Arcos (up to 5 February 2019 in Carnaxide), that was incorporated on 23 July 1987 and started its activity on 6 October 1992, with its core business being the broadcasting of television programmes, and is 100% held by Impresa – Sociedade Gestora de Participações Sociais, S.A. ("Impresa"), with its financial statements being included in the consolidated financial statements of Impresa - Sociedade Gestora de Participações Sociais, S.A. ("Impresa Group"), with registered office in Lisbon.

GMTS (Global Media Technology Solutions) Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. ("GMTS") with registered office in Carnaxide, was incorporated on 28 September 2001, with its core business being the provision of technical services concerning any media, audiovisual and cinematographic and digital television digital activity, and is 100% held by SIC.

Segmento Televisão ("Segment" or "Group") of the Impresa Group is composed of SIC and its subsidiary GMTS ("Group") (Note 4). The companies of the segment operate in the media area, namely through the broadcasting of television programmes.

The Group pursues its activity under broadcast licences and permits of various television channels (SIC Generalista, SIC Mulher, SIC Radical, SIC Caras, SIC K, SIC Notícias and SIC Internacional), granted by the Media Regulatory Entity ("ERC").

The financial statements attached herewith are presented in euros, as this is the currency preferably used in the economic environment in which the Group operates. Transactions in foreign currency are included in the financial statements in conformity with the policy described in Note 2.16.

These consolidated financial statements were authorised for publication on 19 April 2021 by the Board of Directors of SIC.

## 2. MAIN ACCOUNTING POLICIES

### 2.1 Basis of presentation

The consolidated financial statements were prepared under the going concern assumption, in conformity with the provisions in the International Financial Reporting Standards as endorsed by the European Union, which include the International Accounting Standards ("IAS") issued by the International Standards Committee ("IASC"), the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and respective IFRIC and SIC interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). Hereinafter, the set of these standards and interpretations shall be referred to as "IFRS".

The Group adopted the IFRS for the first time in 2016; therefore, the transition date from the Portuguese accounting principles ("Accounting Standardisation System") to these standards for this purpose was established as 1 January 2015, pursuant to IFRS 1 – First-time adoption of the international financial reporting standards ("IFRS 1").

Consequently, in compliance with IAS 1, the Group declares that these financial statements and related notes comply with the requirements of IAS/IFRS as endorsed by the European Union, in force for financial years beginning on 1 January 2020.

The Board of Directors appraised the Group's capacity to operate as a going concern, based on all the relevant information, facts and circumstances, of financial, commercial or other nature, including subsequent events as at the reporting date of the consolidated financial statements, available about the future. As a result of this appraisal, the Board of Directors concluded that the Group has the appropriate resources to maintain its activities and no intention to cease these activities in the short-term. In this light, the Board of Directors considered that it was suitable to use the going concern assumption in the preparation of the consolidated financial statements.

## 2.2 Adoption of new/revised IAS/IFRS

The accounting policies used in the year ended on 31 December 2020 are consistent with those used for the preparation of the consolidated financial statements of SIC for the year ended on 31 December 2019 and referred to in the respective notes.

During the year ended on 31 December 2020, the following standards, interpretations, amendments and improvements were endorsed, with mandatory application in the current financial year:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to references to the Conceptual Framework in IFRS Standards	01-jan-20	Corresponds to amendments to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	01-jan-20	This amendment clarifies the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, misstatement or concealment it could reasonably be expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	01-jan-20	Corresponds to amendments to the definition of business, intending to clarify the identification of a business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business as the supply of goods or services to customers. The amendments include examples for identifying the acquisition of a business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 34)

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of benchmark interest rates (IBOR Reform)	01-jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to diminish the potential impact of the change in benchmark interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions"	01-jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analyzing whether rent concessions, typically rent suspensions or rent reductions, related to the "COVID-19" pandemic correspond to contract modifications.

The adoption of the standards referred to above did not affect the consolidated financial statements.

The following standards, interpretations, amendments and revisions, of mandatory application in future financial years had been, by the date of approval of these consolidated financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to IFRS 9, IAS 39 and IFRS 7 -Phase 2 - benchmark interest rate reform (IBOR Reform)	01-jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on August 27, 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), concerning changes to benchmark interest rates and the impacts at the level of modifications to financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9	01-jan-21	Corresponds to an amendment to IFRS 4 that extends the deferral of application of IFRS 9 to initial years on or after January 1, 2023.

The Group did not proceed with the early application of any of these standards in the consolidated financial statements of the year ended on 31 December 2020. The Group believes that the adoption of the standards referred to above will not lead to significant changes in its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020  
(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 34)

The following standards, interpretations, amendments and revisions that may be applicable to the Group's operations, but are of mandatory application in future financial years, had not been, by the date of approval of these consolidated financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 17 - Insurance Contracts	01-jan-23	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current	01-jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	01-jan-22	<p>These amendments correspond to a set of updates to the various standards mentioned, namely nomeadamente</p> <ul style="list-style-type: none"> <li>- IFRS 3 - updated the reference to the 2018 conceptual framework; additional requirements for analyzing liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination.</li> <li>- IAS 16 - prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use</li> <li>- IAS 37 - clarification that the costs of fulfilling a contract correspond to costs directly related to the contract</li> <li>- Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41</li> </ul>

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the year ended on 31 December 2020. The Group believes that the adoption of the standards referred to above will not lead to significant changes in its consolidated financial statements.

### 2.3 Principles of consolidation

The consolidation methods adopted by the Group are as follows:

#### a) Controlled companies

The financial statements of all the companies controlled by the Group were included in these financial statements by the full consolidation method. Control is considered to exist when the Group is exposed, or has rights, to variable returns arising from its involvement with participated companies and has the capacity to affect these same returns through the power it exercises over these companies. The equity and net profit or loss of these companies corresponding to third party stakes in these companies, when applicable, are presented separately in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, under the heading "Equity attributable to non-controlling interests". The controlled companies included in the consolidated financial statements are detailed in Note 4.



The assets and liabilities of a subsidiary are measured at their respective fair value as at the date of acquisition of the subsidiary. Any excess of cost over the fair value of identifiable net assets is recorded as goodwill. Where the acquisition cost is lower than the fair value of the identified net assets, the difference is recognised as income in the consolidated statement of profit or loss and other comprehensive income for the year of the acquisition.

The results of subsidiaries acquired or sold during the year are included in the consolidated statement of profit or loss and other comprehensive income as of the date of their acquisition or up to the date of their sale.

Changes in the Group's participation in companies that are already controlled, which do not result in loss of control are recorded in equity. Consequently, the Group's interest and non-controlling interests in these companies are adjusted so as to reflect the changes in control of the subsidiaries. The differences between the non-controlling interests acquired or sold and the fair value of the purchase or sale, respectively, are recognised in equity.

Transactions, balances and dividends distributed between companies included in the consolidation are eliminated in the consolidation process. Capital gains arising from the sale of participated companies, carried out within the Group, are also annulled.

b) Associates

An associate is an entity over which the Group has significant influence, but does not have control or joint control over decisions relative to their operating and financial policies.

Investments in associates are recorded in accordance with the equity method of accounting, except when they are classified as held for sale. Investments in associates are initially recorded at cost, which is subsequently increased or decreased by the difference between this cost and the proportion of equity held in the companies, reported as at the acquisition date or the date the equity method is applied for the first time.

Pursuant to the equity method, financial holdings are periodically adjusted by the value corresponding to the share in the net income of the associates, through other changes in their equity and the recognition of impairment losses, against financial gains or losses.

In addition, dividends received from these companies are recorded as decreases in the amount of the investment.

The Group ceases applying the equity method of accounting when the investment in the associate is reduced to zero, and a liability is recognised only if the Group has a legal or constructive obligation to the associate or its creditors. If the associate subsequently reports profits, the equity method is only resumed once the Group's share of these profits equals the amount of the unrecognised losses.

An annual assessment is made of the existence of signs of impairment of the investments in associates, and when corroborated, valuations are prepared to determine their recoverable value. Impairment losses that are demonstrated to exist are recorded as a cost. When impairment losses recognised in previously periods cease to exist, they are reversed up to the limit of the recorded impairment loss.

Any excess of cost over the fair value of identifiable net assets as at the acquisition date is classified as goodwill and included in the book value of the investment. Where the acquisition cost is lower than the fair value of the identified net assets, the difference is recognised as income in the consolidated statement of profit or loss and other comprehensive income for the year of the acquisition.

Whenever necessary, adjustments are made to the financial statements of the associates to ensure their consistency with the accounting standards used by the Group.

## 2.4 Goodwill

Goodwill corresponds to the excess of acquisition cost over the fair value of the identifiable assets and liabilities of a subsidiary on its acquisition date. Where the acquisition cost is lower than the fair value of the identified net assets, the difference is recorded as a gain in the consolidated statement of profit or loss and other comprehensive income for the period in which the acquisition occurs.

Following the exception established in IFRS 1, the Group did not retrospectively apply the provisions of IFRS 3 to the acquisitions that occurred before 1 January 2015. Therefore, the goodwill generated on acquisitions prior to the date of transition to IFRS (1 January 2015) was maintained at the net book values presented, on that date, pursuant to the accounting principles generally accepted in Portugal.

Goodwill is recorded as an asset and is not amortised, being presented separately in the consolidated statement of financial position. Goodwill is tested for impairment annually, or whenever there are indications of a possible loss of value. Any impairment loss is recorded immediately as a cost in the consolidated statement of profit or loss and other comprehensive income for the period and cannot be reversed subsequently (Note 13).

Upon the divestment of a subsidiary, the corresponding goodwill is included in the determination of the capital gain or loss.

## 2.5 Intangible assets

Intangible assets, which are essentially composed of software (excluding that related to tangible fixed assets), licenses and other rights of use, are recorded at acquisition cost minus amortisation and any accumulated impairment losses. Intangible assets are only recognised when it is probable that they will generate future economic benefits for the Group, they are controllable and can be reliably measured.

Internal costs related to maintenance and development of software are recorded as costs in the consolidated statement of profit or loss and other comprehensive income for the year, except where the development costs are directly related to projects which are expected to generate future economic benefits for the Group. In these situations, these costs are capitalised as intangible assets.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, from the moment that the assets are available for use, in conformity with the period of estimated useful life, which varies from three to six years.

## 2.6 Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost minus the corresponding accumulated depreciation.

From this date onwards, the tangible fixed assets are recorded at acquisition cost minus the accumulated depreciation and accumulated impairment losses. Acquisition cost is defined as the purchase price plus related purchase costs.

Estimated losses arising from the replacement of equipment before the end of its useful life, due to technological obsolescence, are recognised as a decrease in the corresponding asset by corresponding entry to the consolidated statement of profit or loss and other comprehensive income.

Current maintenance and repair costs are recorded as incurred. Improvements and upgrades are only recognised as assets when they correspond to the replacement of assets which are written off, and lead to increased future economic benefits.

(Translation of notes originally issued in Portuguese – Note 34)

Tangible fixed assets are depreciated from the time when they become available for their intended use. Their depreciation is calculated on their acquisition cost minus their residual value (if significant), on a straight-line basis, from the month that the asset becomes available for use, over the period of expected useful life of the assets, as follows:

Homogenous class	Years
Buildings and other constructions	13-14
Basic equipment	3-10
Transport equipment	4-8
Administrative equipment	3-10

## 2.7 Leases

The Group assesses whether a contract contains a right-of-use asset or not at the beginning of the contract. The Group recognises a right-of-use asset and the corresponding liability due to the right-of-use in relation to all lease contracts in which it is the lessee, except short-term leases (lease period of 12 months or less) and low value leases. For these contracts, the Group recognises the lease expenses on a straight-line basis as an operating cost.

The right-of-use liability is initially measured by the present value of the future payments of each lease, discounted based on the implicit interest rate of the lease. If this implicit interest rate is not immediately determinable, the Group uses its incremental interest rate.

The lease payments included in the measurement of the right-of-use liability include:

- In-substance fixed payments, net of any incentives associated to the lease;
- Variable payments based on indices or rates;
- Expected payments related to guarantees of residual value;
- Price of the exercise of the purchase option, if it is reasonably certain that the Group will exercise the option in the future; and
- Penalty of the clauses of termination or renovations that are unilaterally exercisable, if it is reasonably certain that the Group will exercise the option of terminating or renovating the lease period in the future.

The right-of-use liability is subsequently measured, increased on account of accrued interest (recognised in the consolidated income statement), reduced by the lease payments made.

Its book value is remeasured to reflect a possible reassessment, when there is a modification or review of the in-substance fixed payments.

The right-of-use liability is remeasured, with the corresponding adjustment being made in the related right-of-use asset whenever:

- There are significant events or changes that are under the control of the lessee, to the lease term or right to exercise the purchase option as a result of a significant event or change in the circumstances. In this case, the right-of-use liability is remeasured based on the present payments of the lease, using a new discount rate;
- The lease payments are modified due to changes in an index or rate or a change in the expected payment of a guaranteed residual value, in which case the lessee's liability is remeasured, discounting the new lease liability by using an unchanged discount rate (unless the change of the lease payments is due to a change based on floating interest rates, in which case a new discount rate is used);
- A lease contract is modified and the modification of the lease is not recorded as a separate lease. In this case, the right-of-use liability is remeasured based on the modified lease term, discounting the new payments by using a discount rate ascertained on the effective date of the modification.

Lease liabilities are presented in the consolidated statement of financial position on the line of loans received, and are properly identified in the notes to the consolidated financial statements.

Right-of-use assets correspond to the initial measurement of the corresponding lease liability, plus lease payments before or on the starting date of the lease, plus any initial direct expenses and minus any amounts received. Right-of-use assets are subsequently measured at cost minus accumulated depreciation and impairment.

Whenever the Group expects to incur dismantlement costs of the right-of-use asset, or expenses related to the restoration of the site where this right-of-use asset or the asset underlying the lease is installed via requirements established in the terms and conditions of the lease contract, a provision is recognised and measured pursuant to IAS 37. These expenses are included in the related right-of-use asset, as long as the expenses are related to it.

Right-of-use assets are depreciated over the lowest period between the lease term and useful life of the underlying asset.

If a lease transfers the ownership of the underlying asset or the price of the right-of-use reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated during the useful life of the underlying asset. Depreciation begins on the starting date of the lease contract.

Right-of-use assets are presented on the same line of items under which the respective underlying assets would be presented if they were owned by the Group, and are properly identified in the notes to the consolidated financial statements. The Group applies IAS 36 to determine the recoverable value of the underlying asset, whenever necessary.

The portions of variable lease payments that do not depend on an index or rate are not included in the measurement of the liability or asset due to the right-of-use. The respective payments are recognised as an operating cost, in the consolidated income statement, in the period to which they refer.

IFRS 16, through a practical expedient, allows the lessee, by class of asset, not to separate the lease components from those that are not lease components which might be established in the same contract and, alternatively, consider them as a single component of the contract. The Group uses this practical expedient in vehicle lease contracts. For contracts that contain a lease component and one or more components that are not related to the lease, the Group allocates a consideration in the contract to each lease component based on the independent price of each component and in the aggregate independent price of the non-lease components.

## 2.8 Non-current assets held for sale

Non-current assets are classified as held for sale if their book value is essentially recovered via a sale transaction and not through continuous use. This condition is considered to be fulfilled only when the asset (or group of assets to be divested) is available for immediate sale in its current condition, subject only to terms that are usual for sale of this asset (or group of assets to be divested) and their sale is highly probable. It is considered that a non-current asset is held for sale when the Board of Directors expects that the sale of these assets will be completed within one year of the date of classification.

Non-current assets (or group of assets to be divested) classified as held for sale are measured at the lowest value between their book value and fair value less costs to sell.

## 2.9 Financial instruments

### 2.9.1 Customer debt and other receivables

Customer debt and other receivables classified as current assets are recorded at their nominal value which is deemed to correspond to amortised cost, as they are expected to be received in the short-term and this does not differ significantly from their fair value at the date they were contracted, minus any impairment losses.

The Group recognises an expected credit loss on financial instruments that are measured at amortised cost. The values of expected credit losses are updated on each reporting date to reflect changes in credit risk from the initial recognition of the respective financial instrument.

Expected credit losses on these financial assets are estimated based on the historical experience of impairment losses of accounts receivable of the Group by type of transactions, adjusted for specific factors of the debtors, general economic conditions and an assessment both of the current conditions and the forecast conditions on the reporting date, including the time value of money, when appropriate.

Impairment losses on trade and other receivables classified as current assets correspond essentially to the difference between the amount initially recognised and the estimated recoverable amount. In addition to the expected losses of accounts receivable, the Group estimates impairment losses based on the age of balances of the entities in question, any guarantees that may exist for each entity, relative to their financial situation and any reasons that may exist for delays in payments.

Customer debt and other receivables classified as non-current assets, are recorded at amortised cost minus any impairment losses. The effective interest rate method was used in the measurement of amortised cost, imputing the interest income during the expected life of the respective financial instruments, considering their contractual terms.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income for the period in which they are estimated.

### 2.9.2 Other current assets

Other current assets are initially recognised at their nominal value and are stated deducted by any impairment losses. An impairment loss of these assets is recorded when there is objective evidence that all the amounts due will not be collected in accordance with the terms initially established for the settlement of the receivables. The amount of the loss corresponds to the difference between the nominal value and the estimated recoverable value, and is recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

### 2.9.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, term deposits and other treasury applications which mature in less than three months that are readily convertible to cash with an insignificant risk of change in value.

#### 2.9.4 Loans received

Loans are initially recognised at the value received net of expenses related to their issuance. In subsequent periods, the loans are recorded at amortised cost. Any difference between the amount received (net of issue costs) and the amount payable is recognised in the consolidated statement of profit or loss and other comprehensive income over the term of the loan using the effective interest rate method.

Loans that mature in less than twelve months are classified as current liabilities, unless the Group has the unconditional right to defer their settlement for more than twelve months after the date of the consolidated statement of financial position.

#### 2.9.5 Suppliers, accounts payable and other current liabilities

Accounts payable are recorded at amortised cost and, when applicable, at their value discounting any interest calculated in accordance with the effective interest rate method.

#### 2.10 Programme broadcasting rights

The Group records under the heading “Program broadcasting rights” the rights acquired from third parties to broadcast programs, by corresponding entry to the heading “Trade and other payables” as of the date when such rights come into force and whenever the following conditions are met:

- The cost of the broadcasting rights is known or can be reasonably determined;
- The program contents have been accepted in accordance with the contractually established conditions; and
- The programs are available for broadcasting without restriction.

Programme broadcasting rights essentially correspond to contracts or agreements concluded with third parties for broadcasting soap operas, films, series and other television programmes, and are stated at their specific acquisition cost. The cost of programmes for broadcasting on the generalist and thematic channels is recorded in the consolidated statement of profit or loss and other comprehensive income when they are broadcast, taking into consideration the number of estimated broadcasts and estimated benefit of each broadcast. The cost of programmes for broadcasting on the “OPTO” streaming platform is recognised on a straight-line basis over their estimated period of useful life.

In addition, advances made for the purchase of contents are recorded under the heading “Programme broadcasting rights” with corresponding entry in the heading “Suppliers and other accounts payable”.

Costs incurred associated to the broadcasting of programmes, both the costs related to broadcasting rights purchased from producers and the costs related to programmes produced in-house, are recorded in the statement of profit or loss and other comprehensive income under the heading “Cost of programmes broadcast”.

Information on future financial commitments for the acquisition of programs is presented in Note 28.

Impairment losses (Note and 18) are recorded whenever the book value of the programme broadcasting rights is higher than its estimated recoverable amount.

#### 2.11 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or implied obligation resulting from a past event, the resolution of which will probably require expending internal resources, the amount of which can be reasonably estimated.

Provisions for restructuring costs are only recognised when a detailed formal plan exists identifying the main characteristics of the plan, after the plan has been communicated to the entities involved.

The amount of provisions is reviewed and adjusted on the date of each consolidated statement of financial position so as to reflect the best estimate at that time.

When any of the conditions described above are not met, the corresponding contingent liability is not recorded but only disclosed (Note 27), unless a future outflow regime affecting future financial benefits is remote, in which case it is not disclosed.

#### 2.12 Income tax

Income tax for the year consists of the sum of current tax and deferred tax, and is recognised in accordance with the provisions of IAS 12. Current taxes and deferred taxes are recorded through profit or loss, except when the deferred taxes refer to items recorded directly through equity. In these cases, the deferred taxes are likewise recorded in equity.

The Group is covered by the system of taxation through consolidated profit (currently referred to as the Special Regime for the Taxation of Groups of Companies ("RETGS")) which covers all the companies in which Impresa has a direct or indirect stake of at least 75% of the share capital and comply with all the other conditions of this outflow regime.

The measurement of the income tax cost for the year, in addition to current tax, also considers the effect of deferred tax, calculated based on the variation between the years of the difference between the book value of the assets and liabilities at the end of each year and their corresponding value for tax purposes.

As established in the aforesaid standard, deferred tax assets are only recognised when there is reasonable assurance that they can be recovered in the future. At the end of each year an assessment is made of deferred tax assets, and they are reduced whenever their future recovery is no longer probable.

#### 2.13 Revenue

Income from services rendered (essentially the sale of advertising space on television and value added services) is recognised in the consolidated statement of profit or loss and other comprehensive income when the advertising is broadcast. It should also be noted that a significant part of the sale of advertising space on free-to-air television channels arises from the broadcasting of advertisements, for which the revenue generated is dependent on the audiences reached, considering the profile of the respective commercial target contracted by the advertiser. Services rendered are recognised net of taxes, discounts and other costs related to their accomplishment. The main commercial discounts granted to the Group's key customers are dependent on the level of advertising investment made by these customers on an annual basis, as well as other conditions agreed between the parties.

Income related to the assignment of broadcasting rights on generalist and theme channels, essentially to cable television operators, is recognised in the consolidated statement of profit or loss and other comprehensive income during the period that they are assigned.

Income related to the assignment of programme broadcasting rights or rights of the respective formats to third parties is recognised in the consolidated statement of profit or loss and other comprehensive income when the control is transferred, this revenue can be estimated reliably and it is probable. The revenue of this transaction is affected by to a series of costs belonging to the same performance obligation.

#### 2.14 Accruals basis

Costs and income are recorded in the period to which they refer, regardless of when they are paid or received. Where the real value of costs and revenue is not known it is determined based on estimates.

Interest and financial income are recognised on an accruals basis in accordance with the applicable effective interest rate.

#### 2.15 Impairment of assets, excluding goodwill

The Group conducts impairment tests of assets whenever events or changes in circumstances are identified that indicate that the amount of an asset may be impaired. Where such indications exist, the Group estimates the recoverable amount of the asset, in order to determine the extent of any impairment loss.

The recoverable amount is estimated for each asset individually or, when this is not possible, for the cash flow generating unit to which the asset belongs.

The recoverable amount is the higher of net selling price and value in use. The net selling price is the amount that could be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, minus the costs directly attributable to the sale. The value in use is the present value of the estimated future cash flows updated based on discount rates that reflect the present value of the principal and the specific risk of the assets.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income for the period to which it refers. When an impairment loss is subsequently reversed, the book value of the asset is adjusted to its estimated value. However, impairment losses are reversed only up to the amount that would have been recognised had no impairment loss been recognised for the asset, net of amortisation or depreciation, in previous years. The reversal of impairment losses is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

#### 2.16 Foreign currency balances and transactions

Assets and liabilities expressed in foreign currency are converted into euros at the exchange rates prevailing on the date of the consolidated statement of financial position, published by financial institutions. Foreign exchange gains and losses arising from differences between the exchange rates prevailing on the transaction date and those prevailing on the date collection, payment or of the consolidated statement of financial position are recorded as income or costs in the consolidated statement of profit or loss and other comprehensive income for the year.

#### 2.17 Classification of the statement of financial position

Assets that are realisable and liabilities that are payable in less than one year from the consolidated statement of financial position date are classified as current assets and liabilities, respectively.

#### 2.18 Subsequent events

Events that occur after closing of the year which provide additional information of the conditions that existed on that date are reflected in the financial statements.

Events that occur after the closing of the accounts which provide additional information on conditions that existed after that date, if significant, are disclosed in the notes to the consolidated financial statements.



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**3. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES**

No accounting changes were made during the year ended on 31 December 2020.

The most relevant accounting estimates reflected in the consolidated financial statements for the years ended on 31 December 2020 and 2019 include:

- Analysis of impairment of goodwill;
- Recording of provisions;
- Useful lives of tangible fixed assets;
- Broadcasting dates of the program broadcasting rights;
- Impairment losses of receivables;
- Commercial discounts granted to key customers.

As mentioned in Note 2.10, programme broadcasting rights essentially correspond to contracts or agreements concluded with third parties for broadcasting soap operas, films, series and other television programmes, and are stated at their specific acquisition cost. The cost of the programmes is recorded in the consolidated statement of profit or loss and other comprehensive income when they are broadcast, taking into consideration the number of estimated broadcasts and estimated benefit of each broadcast. During the year ended on 31 December 2020, the Group, based on historical analyses, estimated a new imputation of the costs associated with the broadcasting of nationally produced soap operas, in relation to the estimate followed in previous years. This estimated imputation takes into account criteria of audience level of the first broadcast, probability of occurrence of a second broadcast, the historical record of advertising revenues generated by the first and second broadcasts of nationally produced soap operas, and timeframe for the second broadcast.

The revision of an estimate of a previous period is not considered an error. Changes in estimates are only recognised prospectively in results and are subject to disclosure when the effect is materially relevant. Estimates are determined based on the best information available at the time of preparing the consolidated financial statements.

**4. COMPANIES INCLUDED IN THE CONSOLIDATION**

The companies included in the consolidation by the full method, their head offices and the proportion of capital effectively held as at 31 December 2020 and 2019 are as follows:

Company	Head office	Main activity	Percentage effectively held	
			2020	2019
SIC - Sociedade Independente de Comunicação, S.A. ("SIC")	Paço de Arcos	Television	Parent	Parent
GMTS - Global Media Technology Solutions - Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. ("GMTS")	Paço de Arcos	Rendering of services	100,00%	100,00%

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5. SERVICES RENDERED BY ACTIVITY

The services rendered for the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Services rendered:		
Advertising	99 829 998	105 743 980
Subscription to channels	32 939 603	34 308 874
Multimedia (a)	16 201 650	11 278 342
Technical services	1 003 632	1 489 448
Secondary services	360 385	456 477
Hire and rental charges	37 172	24 325
Others	959 768	812 568
	<u>151 332 208</u>	<u>154 114 014</u>

(a) This heading primarily includes the revenue of competitions and initiatives with telephone participation.

6. OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue for the years ended on 31 December 2020 and 2019 was as follows:

	2020	2019
Reversal of impairment losses (Note 24)	468.380	54.481
Supplementary income	193.203	200.684
Subsidies	130.381	-
Divestments	-	335.038
Other	44.365	545.187
	<u>836.329</u>	<u>1.135.390</u>

Other operating expenses for the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Taxes	525 640	511 015
Impairment losses on receivables (Note 24)	32 941	501 800
Other operating costs	71 639	53 438
	<u>630 220</u>	<u>1 066 253</u>

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7. COSTS OF PROGRAMMES BROADCAST

As at 31 December 2020 and 2019, the cost of programs broadcast was detailed as follows:

	2020	2019
Generalist channel:		
Soaps	22 692 107	26 510 389
In-house production	17 818 066	18 245 970
Entertainment programmes	14 000 390	13 846 299
Films	2 111 248	3 192 135
Sports	1 288 000	1 533 333
Series	339 021	203 209
Other	397 796	618 446
Thematic channels (a)	6 530 003	6 667 288
OPTO (b)	53 440	-
	<u>65 230 070</u>	<u>70 817 070</u>

(a) The costs of broadcasting television programmes on the thematic channels are recognised in this heading.

(b) This heading records the costs related to the provision of audiovisual contents on the streaming platform (OPTO) launched in November 2020.

8. EXTERNAL SUPPLIES AND SERVICES

During the years ended on 31 December 2020 and 2019, this heading was detailed as follows:

	2020	2019
Communication	6.853.285	5.314.966
Fees	4.256.898	4.235.735
Prizes to be given	4.076.961	4.133.816
Specialized works	3.896.991	4.369.005
Maintenance and repair	2.685.511	2.328.945
Subcontracts	2.159.441	2.159.441
Rents and leases	1.765.121	2.528.029
Advertising	992.386	1.116.167
Other	2.565.548	3.361.871
	<u>29.252.142</u>	<u>29.547.975</u>

9. STAFF COSTS

Staff costs for the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Salaries	21 210 229	20 692 157
Charges on remuneration	4 587 718	4 529 756
Indemnities	274 860	1 189 327
Other personnel costs	493 468	404 619
	<u>26 566 275</u>	<u>26 815 859</u>

During the years ended on 31 December 2020 and 2019, the average number of employees of the Group was 595 and 576 employees, respectively.

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10. FINANCIAL RESULTS

The financial results for the years ended on 31 December 2020 and 2019 are detailed as follows:

	2020	2019
Interest and other financial costs:		
Interest	(3.432.662)	(2.521.606)
Other financial costs (a)	(1.155.339)	(888.043)
Lease liabilities	(220.058)	(195.592)
Other financial costs:	(108.795)	-
	<u>(4.916.854)</u>	<u>(3.605.241)</u>
Other financial income:		
Shareholder and companies of the Group (Note 29)	2.337.500	2.004.545
Interest (Note 29)	11.409	40.830
Other financial income	-	8.897
	<u>2.348.909</u>	<u>2.054.272</u>
Net financial expenses	<u>(2.567.945)</u>	<u>(1.550.969)</u>

(a) This heading essentially corresponds to commissions and bank charges.

11. DIFFERENCES BETWEEN THE ACCOUNTING AND TAX RESULTS

The Group is subject to corporate income tax ("IRC") under the RETGS, as it is part of the tax group headed by Impresa. Consequently, the values of estimated corporate income tax, tax deductions at source made by third parties and payments on account are recorded in the statement of financial position as accounts payable or receivable by Impresa, as applicable, as the controlling company. The Group is subject to corporate income tax at the rate of 21% for the tax base, plus a 1.5% municipal surcharge on taxable profit, resulting in a maximum aggregate tax rate of 22.5%.

The state surcharge rates for taxable profit in excess of 1,500,000 euros are as follows:

- 3% for taxable profit between 1,500,000 euros and 7,500,000 euros;
- 5% for taxable profit between 7,500,000 euros and 35,000,000 euros;
- 9% for taxable profit above 35,000,000 euros.

The deduction of the net financial costs in the determination of taxable profit on a consolidated basis is limited to the highest of the following thresholds:

- 1,000,000 euros;
- 30%.

Pursuant to article 88 of the Corporate Income Tax Code the Group is subject to autonomous taxation on certain charges at the rates established in that article.

Pursuant to the current legislation, tax returns are subject to review and correction by the tax authorities during four years (five years for social security), except where there have been tax losses, tax benefits have been given or tax inspections, claims or objections have been made, in which case, depending on the circumstances, this period can be extended or suspended. Therefore, the tax returns for the years of 2017 to 2020, inclusively, may still be subject to review.

The Board of Directors believes that any corrections arising from reviews/inspections by the tax authorities of these tax returns will not have a significant effect on the financial statements as at 31 December 2020 and 2019.

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Pursuant to the current legislation, tax losses can be carried forward during a period of 5 years after their occurrence and may be deducted from tax profit generated during that period. This deduction is limited to 70% of the taxable profit in each year, applicable also to tax losses generated in previous years. Due to the pandemic situation, the tax loss carry-forward period was changed. The years of 2020 and 2021 were not considered for the period of use of tax losses generated up to 2019 and the carry-forward period for tax losses generated in 2020 and 2021 was extended from 5 to 12 years. The limit of deduction of these tax losses was also extended to 80%, but only when referring the tax losses recorded in 2020 and 2021.

As at 31 December 2020 and 2019, the Group did not have tax losses carried forward.

As at 31 December 2020 and 2019, the current tax liabilities (Note 29) are detailed as follows:

	2020	2019
Current taxes generated under RETGS	6 405 034	5 373 030
Withholding income tax	(110 958)	(101 276)
	<u>6 294 076</u>	<u>5 271 754</u>

a) Movements in deferred tax assets

The movement occurred in deferred tax assets, according to the temporary differences that generated them, in the years ended on 31 December 2020 and 2019, was as follows:

2020			
Temporary differences	Opening balance	Increase/ (decrease)	Closing balance
Impairment losses on receivable	177 428	-	177 428
Indemnities	149 190	(81 456)	67 734
Bonus	137 418	56 171	193 589
Provisions for other risks and charges	504 547	25 300	529 847
	<u>968 582</u>	<u>15</u>	<u>968 597</u>

2019			
Temporary differences	Opening balance	Increase/ (decrease)	Closing balance
Impairment losses on receivable	199 271	(21 843)	177 428
Impairment losses on investments properties	405 206	(405 206)	-
Indemnities	160 084	(10 894)	149 190
Bonus	-	137 418	137 418
Provisions for other risks and charges	440 394	64 153	504 547
	<u>1 204 955</u>	<u>(236 373)</u>	<u>968 582</u>

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b) Reconciliation of the tax rate:

	2020	2019
Pre-tax result	23.609.891	20.758.603
Nominal tax rate	22,5%	22,5%
	5.312.225	4.670.686
State Surcharge	968.576	757.748
	6.280.801	5.428.434
Permanent differences (i)	14.324	53.481
Adjustments to corporate income tax (ii)	109.894	127.488
(Excess) / insufficiency of corporate income tax estimate	(120.526)	(170.709)
Corporate income tax	6.284.493	5.438.694
Effective tax rate	26,6%	26,2%
Current tax	6.405.034	5.373.030
(Excess) / insufficiency estimate for prior period income tax	(120.526)	(170.709)
Deferred tax for the year	(15)	236.373
	6.284.493	5.438.694

(i) This amount consists of the portion of corporate income tax that is taxed autonomously.

12. EARNINGS PER SHARE

The calculation of the earnings per basic and diluted share, as at 31 December 2020 and 2019, was based on the following information:

	2020	2019
<u>Number of shares</u>		
Weighted average number of shares for purposes of computing basic earnings per share (Note 22)	6 005 000	6 005 000
<u>Earnings</u>		
Earnings for purposes of computing basic earnings per share (net profit for the year)	17 325 398	15 319 909
Earnings for purposes of computing comprehensive earnings per share (comprehensive income for the year)	17 325 398	15 319 909
<u>Earnings per share:</u>		
Basic	2,8852	2,5512
Diluted	2,8852	2,5512
<u>Comprehensive income for the year per share:</u>		
Basic	2,8852	2,5512
Diluted	2,8852	2,5512

As at 31 December 2020 and 2019, there are no dilutive effects; therefore, the earnings per basic and diluted share are identical.

### 13. GOODWILL

During the years ended on 31 December 2020 and 2019 there were no movements in the book value of goodwill.

On 27 February 2009, the Group acquired, for 20,000,000 euros, an additional stake of 40% of the capital of Lisboa TV - Informação e Multimédia, S.A. ("Lisboa TV" or "SIC Notícias"), recording goodwill of the value of 17,324,797 euros and henceforth holding 100% of the capital of this participated company. Reported as at 1 January 2009 for accounting purposes, the Group carried out the merger, by incorporation, of the net worth of Lisboa TV in its financial statements. In the recording of this merger, the financial holding in this subsidiary was annulled in consideration of the identifiable assets and liabilities of the participated company.

#### Approach used to determine the amounts attributed to key assumptions

As at 31 December 2020 and 2019, the Group used a specialised external entity to carry out the impairment test on the goodwill relative to Television.

Impairment tests on goodwill are conducted using the discounted cash flow method, based on the financial projections of cash flow for five years for each cash generating unit, with the first year corresponding to the annual budget of the cash generating unit, and considering a perpetuity from the fifth year.

The financial projections are prepared based on assumptions of the evolution of the operations of the cash generating units, which the Board of Directors believes are coherent with past historical experience and the markets trends, reasonable and prudent, and reflect the vision of the Board of Directors and consultants involved in their preparation. Furthermore, whenever possible data obtained from external entities were used, which were compared with historical data and the Group's experience.

In the Television cash generating unit, specific key assumptions were used corresponding to the advertising revenue and cost of the programmes broadcast. These variables were projected in order to reflect past experience, the Board of Directors' knowledge of the operations, and the forecast performance of these variables, which were complemented with external sources whenever possible.

The rest of the key assumptions of the impairment tests correspond to the discount rate and growth rate, which are determined through external sources, as they are calculated by external consultants. The discount rates used reflect the debt level and the cost of capital borrowed from outside the cash generating unit, as well as the level of risk and profitability expected by the market. It should also be noted that, in determining the discount rates, an interest rate applicable to assets without risk was used based on the rates of interest of ten-year German bonds plus a country risk premium, corresponding to the average spread between the Portuguese and German bonds at 10 years. The discount rates used also include a market risk premium, estimated by the external consultants that carried out the impairment studies.

The perpetuity growth rate is estimated based on an analysis of the potential market of each cash generating unit, based on the expectations of the Board of Directors and the external consultants involved in the valuations. For this purpose, the external consultants considered a sample of companies of the sector.

During the years ended on 31 December 2020 and 2019, the Group assessed the recoverable value of the goodwill, not having identified impairment losses.

For purposes of the impairment test, the goodwill is allocated to the Television cash generating unit, with the recoverable value of this cash generating unit having been determined considering the financial projections of SIC for a period of five years, using a discount rate of 7.4% (7.5% as at 31 December 2019) and a perpetuity growth rate of 1% (unchanged in relation to 2019).

The main assumptions of activity considered were as follows:

- Advertising market: a compound annual growth rate throughout the projection period of 2.8% was considered for the market allocated to generalist channels and in paid channels;
- Market share of advertising and audiences: these variables were considered constant and similar to those observed in 2020, for the five-year period of the projections;
- Programming costs: an increase of 11.4% was estimated for 2021 due to the investment in the new OPTO streaming platform and a 1% increase in subsequent years.
- Automatic renewal of the television operating licenses at the end of their term, without additional costs;
- Maintenance of the current costs associated to the free-to-air broadcasting of the SIC generalist channel, as well as operating continuity of the current theme channels.

The impairment tests carried out assume the maintenance of the current number of television channels with free-to-air broadcasting, as well as the current limit of advertising space in each channel and other sector regulations.

The Group conducted the following sensitivity tests:

- a 1% decrease in advertising revenues of the cash generating unit throughout the projection period would not imply the need to record an impairment loss as at 31 December 2020;
- a 0.5% increase in the discount rate assumption throughout the projection years would not imply the need to record an impairment loss as at 31 December 2020;
- a 1% increase in the costs of the programmes broadcast over the projection period would not imply the need to record an impairment loss as at 31 December 2020;
- a decrease of the assumption of the growth rate of perpetuity to 0.5% would not imply the need to record an impairment loss as at 31 December 2020.

The Group believes that the variations considered in the sensitivity tests are reasonable, considering the current evolution and outlook of the market, the performance of SIC, the evolution of the different parameters considered in the projections and the current Portuguese economic circumstances.



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14. INTANGIBLE ASSETS

During the years ended on 31 December 2020 and 2019, the movements occurred in the intangible assets and their accumulated amortisation and impairment losses were as follows:

	31 December 2020		
	Software	Industrial property and other rights	Total
<u>Gross:</u>			
Balance at 31 December 2019	2 244 580	128 800	2 373 380
Balance at 31 December 2020	2 244 580	128 800	2 373 380
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2019	2 242 219	119 407	2 361 624
Increases	2 361	1 911	4 272
Balance at 31 December 2020	2 244 580	121 318	2 365 898
Net balance at 31 December 2020	-	7 482	7 484

	31 December 2019		
	Software	Industrial property and other rights	Total
<u>Gross:</u>			
Balance at 31 December 2018	2 244 580	128 800	2 373 380
Balance at 31 December 2019	2 244 580	128 800	2 373 380
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2018	2 214 742	117 494	2 332 236
Increases	27 477	1 911	29 386
Balance at 31 December 2019	2 242 219	119 407	2 361 624
Net balance at 31 December 2019	2 361	9 393	11 756

15. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2020 and 2019, the movements occurred in the tangible fixed assets and their accumulated depreciation and impairment losses were as follows:

	31 December 2020				
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Total
<u>Gross:</u>					
Balance at 31 December 2019:	4 597 646	102 216 028	787 658	16 028 900	123 630 232
Acquisitions	729 739	605 310	297 640	37 078	1 669 767
Sales and write-offs	(397 633)	(17 616)	(126 274)	-	(541 523)
Balance at 31 December 2020	4 929 752	102 803 722	959 024	16 065 978	124 758 476
<u>Accumulated depreciation and impairment losses</u>					
Balance at 31 December 2019:	3 625 691	90 016 576	318 651	14 780 782	108 741 700
Increases	414 085	2 750 011	239 537	495 368	3 899 001
Sales and write-offs	(397 633)	(17 621)	(126 269)	-	(541 523)
Balance at 31 December 2020	3 642 144	92 748 966	431 919	15 276 150	112 099 179
Net balance at 31 December 2020	1 287 609	10 054 756	527 105	789 827	12 659 297

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	31 December 2019					
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Fixed assets in progress	Total
Gross:						
Balance at 31 December 2018:	3.729.350	93.251.297	103.815	16.796.440	8.182.696	122.063.598
Initial adoption IFRS16	1.340.451	-	469.230	-	(4.290)	1.805.391
Acquisitions	-	2.404.286	214.613	596.341	-	3.215.239
Sales and write-offs	(472.155)	(447.518)	-	(2.351.794)	(182.529)	(3.453.996)
Transfers	-	7.007.964	-	987.913	(7.995.877)	-
Balance at 31 December 2019	4.597.646	102.216.028	787.658	16.028.900	-	123.630.232
Accumulated depreciation and impairment losses						
Balance at 31 December 2018:	3.710.783	87.232.007	103.815	16.617.191	-	107.663.796
Increases	387.062	3.230.925	214.836	519.066	-	4.351.889
Sales and write-offs	(472.155)	(446.356)	-	(2.351.794)	-	(3.270.305)
other variations	-	-	-	(3.681)	-	(3.681)
Balance at 31 December 2019	3.625.691	90.016.576	318.651	14.780.782	-	108.741.700
Net balance at 31 December 2019	971.955	12.199.452	469.007	1.248.118	-	14.888.532

During the year ended on 31 December 2020 and 2019, the movements occurred in the right-of-use assets, included in the Tangible fixed assets, and their accumulated depreciation and impairment losses were as follows:

	2020					
	Buildings and other constructions	Machinery and equipment	Administrative equipment	Transport equipment		Total
Gross:						
Balance at 31 December 2019:	1 336 161	6 552 206	1 219 261	684 563		9 792 191
New contracts	729 739	555 311	-	296 920		1 581 970
Sales and write-offs	(397 632)	-	-	(126 268)		(523 900)
Balance at 31 December 2020	1 668 268	7 107 517	1 219 261	855 215		10 850 261
Accumulated depreciation and impairment losses						
Balance at 31 December 2019:	364 746	758 711	201 056	214 836		1 539 349
Increases	417 749	1 097 850	346 680	239 536		2 101 815
Sales and write-offs	(397 632)	-	-	(126 268)		(523 900)
Balance at 31 December 2020	384 863	1 856 561	547 735	328 104		3 117 263
Net balance at 31 December 2019	1 283 405	5 250 957	671 526	527 111		7 732 998

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	2019					
	Buildings and other constructions	Machinery and equipment	Administrative equipment	Transport equipment	Fixed assets in progress	Total
Gross:						
Balance at 31 December 2018:	-	592.789	-	-	5.826.399	6.419.188
Initial adoption IFRS16	1.336.161	-	-	469.230	-	1.805.391
New contracts	-	5.959.417	1.219.261	215.333	(5.826.399)	1.567.612
Balance at 31 December 2019	<u>1.336.161</u>	<u>6.552.206</u>	<u>1.219.261</u>	<u>684.563</u>	<u>-</u>	<u>9.792.191</u>
<u>Accumulated depreciation and impairment losses</u>						
Balance at 31 December 2018:	-	303.362	-	-	-	303.362
Increases	364.746	455.349	201.056	214.836	-	1.235.986
Balance at 31 December 2019	<u>364.746</u>	<u>758.711</u>	<u>201.056</u>	<u>214.836</u>	<u>-</u>	<u>1.539.348</u>
Net balance at 31 December 2019	<u>971.415</u>	<u>5.793.495</u>	<u>1.018.205</u>	<u>469.727</u>	<u>-</u>	<u>8.252.843</u>

Furthermore, the following expenses were recognised in the year ended on 31 December 2020 and 2019 relative to right-of-use assets:

	2020	2019
Depreciation	2 101 815	1 235 986
Short term leases	339 346	690 252
Interest	237 314	236 239
	<u>2 678 475</u>	<u>2 162 477</u>

16. FINANCIAL INVESTMENTS

The changes in investments in the years ended on 31 December 2020 and 2019 were as follows:

	2020	2019
Balance at 31 December 2018	306 235	6 235
Other movements (Note 17)	(300 000)	-
Acquisition financial participation	-	300 000
Balance at 31 December 2019	<u>6 235</u>	<u>306 235</u>

The variation observed in the year ended on 31 December 2019 in other financial holdings refers to the acquisition of a financial holding of 5.47% in the capital of Youngstories, S.A. for the value of 300,000 euros. During 2020, this equity holding was reclassified to non-current assets held for sale (Note 17).

As at 31 December 2020 and 2019, the financial investments are detailed as follows:

			2020	2019
Company	Head office	Effective participation	Amount of the participation	Amount of the participation
NP - Notícias de Portugal, S.A.	Lisboa	3,57%	6 235	6 235
Youngstories S.A.	Lisboa	5,50%	0	300 000
			<u>6 235</u>	<u>306 235</u>

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17. NON-CURRENT ASSETS HELD FOR SALE

During the year ended on 31 December 2020, the movement that occurred in the assets held for sale was as follows:

	2020
Balance at 31 December 2019	-
Other Movements (Note 16)	300.000
Impairment Losses Exercise (Note 24)	(66.721)
Balance at 31 December 2020	<u>233.279</u>

During the year ended on 31 December 2020, through the signing of a promissory purchase and sale agreement, the Group reached an agreement with a third party for the disposal of its 5.50% stake in Youngstories, S.A. (Note 16). Following this agreement, the selling price of this financial holding was defined at 233,279 euros.

18. PROGRAMME BROADCASTING RIGHTS

Program broadcasting rights as at 31 December 2020 and 2019 are detailed as follows:

	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
<u>Broadcasting rights</u>				
<u>Gross:</u>				
Program broadcasting rights	6.379.559	5.974.069	4.027.118	5.439.902
Advances on account of purchases	557.128	14.027.445	557.128	10.035.291
	<u>6.936.687</u>	<u>20.001.514</u>	<u>4.584.246</u>	<u>15.475.193</u>
<u>Impairment of realizable value (Note 24):</u>				
Accumulated impairment of the realizable value	(557.128)	-	(557.128)	-
Accumulated impairment in realizable value (ending balance)	(557.128)	-	(557.128)	-
Net realizable value of the broadcasting rights	<u>6.379.559</u>	<u>20.001.514</u>	<u>4.027.118</u>	<u>15.475.193</u>

As at 31 December 2020 and 2019, the heading “Advances on account of purchases” includes payments made by Group to program suppliers under contracts concluded with these entities, relative to program broadcasting rights, which at this date were not available for broadcasting, essentially related to soap operas and sports rights.

As at 31 December 2020 and 2019, the Group had no inventories pledged in guarantee of compliance with liabilities.

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## 19. CUSTOMERS AND ACCOUNTS RECEIVABLE

As at 31 December 2020 and 2019, this heading was detailed as follows:

	31 December 2020			31 December 2019		
	Accumulated impairment Losses			Accumulated impairment Losses		
	Gross	(Note 24)	Net	Gross	(Note 24)	Net
Customers	31 799 644	(4 835 807)	26 963 837	28 836 090	(5 693 819)	23 142 271
Invoices to be issued:						
Value added services	1 259 463	-	1 259 463	675 358	-	675 358
Television broadcasting rights of theme channels	70 000	-	70 000	114 870	-	114 870
Television broadcasting rights of generalist channels	-	-	-	70	-	70
Other amounts to be invoiced	52	-	52	155 471	-	155 471
	<u>33 129 159</u>	<u>(4 835 807)</u>	<u>28 293 352</u>	<u>29 781 859</u>	<u>(5 693 819)</u>	<u>24 088 040</u>

## 20. OTHER NON-CURRENT AND CURRENT ASSETS

As at 31 December 2020 and 2019, these headings were detailed as follows:

	2020	2019
<u>Other non-current assets:</u>		
Shareholders (Note 29) (a)	85.000.000	85.000.000
Premius, S.A.	906.250	906.250
Digital telebroadcasting services (b)	436.474	498.825
Fantasy Day - Unipessoal, Lda. e Lemon - Entretenimento, Lda. (d)	169.403	169.403
Terra do Nunca, SA	143.961	143.961
	<u>86.656.088</u>	<u>86.718.439</u>
<u>Other current assets:</u>		
Shareholders (Note 29) (a)	5.913.892	13.666.284
Other debtors		
Deposit (e)	964.354	1.302.868
Advances to employees	145.428	237.161
Novimovest - Fundo de Investimento Imobiliário (c)	-	800.000
Others	571.142	587.194
Prepayments:		
Digital telebroadcasting services (b)	62.664	62.352
Others	382.040	467.752
	<u>8.039.520</u>	<u>17.123.611</u>
	<u>94.695.608</u>	<u>103.842.050</u>

- (a) These values refer to loans granted to Impresa. The amounts classified in the non-current assets refer to two contracts with a maturity of 10 years of the value of 55,000,000 euros and 30,000,000 euros which fall due on 31 May 2029 and 31 December 2029, respectively. The amount classified in the current assets refers to a cash credit line which falls due within a period of less than one year. Furthermore, in the years ended on 31 December 2020 and 2019, the amounts include 3,313,292 euros and 1,541,284 euros relative to interest receivable, respectively.

The loans granted earn interest annually, and are indexed to the 6-month Euribor rate plus a spread of 2.75%.

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During the years ended on 31 December 2020 and 2019, the movement of loans granted to Impresa was as follows:

		2020			
	1 January 2020	Payments	Collection	Interest (Note 10)	31 December 2020
Nominal Value	97 125 000	3 684 909	(13 209 309)	-	87 600 600
Interest	1 541 284	-	(565 492)	2 337 500	3 313 292
	<u>98 666 284</u>	<u>3 684 909</u>	<u>(13 774 801)</u>	<u>2 337 500</u>	<u>90 913 892</u>

		2019			
	1 January 2019	Payments	Collection	Interest (Note 10)	31 December 2019
Nominal Value	51 323 385	45 801 615	-	-	97 125 000
Interest	489 939	-	(953 200)	2 004 545	1 541 284
	<u>51 813 324</u>	<u>45 801 615</u>	<u>(953 200)</u>	<u>2 004 545</u>	<u>98 666 284</u>

- (b) This heading corresponds to the deferral of the single instalment for access to the digital television broadcasting network provided by MEO, under the technological alteration process. This amount is being deferred over the period of the contract to render digital television broadcasting services concluded with MEO. This contract took effect on 1 January 2012 and will remain in force up to 9 December 2028.
- (c) Value receivable from the divestment of the SIC Building, during 2004. This amount was received in 2020.
- (d) Value of the account receivable arising from the sale in previous years of the 100% stake in iPlay- Some Imagem, Lda.
- (e) In 2020 and 2019, the values of 964,354 euros and 1,302,868 euros, respectively, refer to the net balance of a term deposit in dollars with the countervalue of 3,667,183 euros and 4,005,697 euros, respectively, and a funding agreement, recorded in this heading of the value of 2,702,829 euros, in both years, with the maximum amount of 4,500,000 euros, which is automatically renewable for successive periods of six months. The term deposit is currently guaranteeing the liabilities arising from that loan contract.

21. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, the details of cash and cash equivalents included in the cash flow statement and the reconciliation between their value and the amount of cash and cash equivalents reflected in the statement of financial position on those dates are as follows:

	2020	2019
Cash	46.674	63.954
Bank deposits	6.576.664	1.062.830
	<u>6.623.338</u>	<u>1.126.784</u>

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**22. EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS**

As at 31 December 2020 and 2019, the share capital, fully underwritten and paid-up, was composed of 6,005,000 shares with the nominal value of 1.72 euros.

As at 31 December 2020 and 2019, the Group's shareholder structure was as follows:

Acionista	Percentagem
Impresa	100%

Legal reserve

Pursuant to the commercial legislation, at least 5% of annual net income must be used to reinforce the legal reserve until this reserve represents at least 20% of the share capital. The reserve is not available for distribution to the shareholders except upon liquidation of the Company, but may be used to absorb losses, once all other reserves and retained earnings have been depleted, or incorporated in the capital. As at 31 December 2020, the minimum amount of the legal reserve is constituted.

Appropriation of net income

As deliberated in the General Meeting of Shareholders, held on 22 June 2020, the Company attributed and distributed the net income for the year ended on 31 December 2019 in the form of dividends to the shareholders, of the value of 15,319,909 euros.

As deliberated in the General Meeting of Shareholders, held on 26 March 2019, the Group attributed and distributed part of the net income for the year ended on 31 December 2018 in the form of dividends to the shareholders, of the value of 11,331,548 euros, having transferred the remaining 315,546 euros to retained earnings.

The Board of Directors proposes, in the management report, distributing dividends of 17,325,398 euros, with this proposal requiring approval at the General Meeting.

**23. LOANS**

As at 31 December 2020 and 2019, the balance of bank debts was broken down as follows:

Lending entities	Nota	31 December 2020			31 December 2019		
		Book value		Nominal value	Book value		Nominal value
		Current	Non current		Current	Non current	
Banco Português de Investimento, S.A.	(a)	255.665	17.129.509	17.000.000	-	16.727.801	17.000.000
Banco Português de Investimento, S.A.	(b)	36.838	1.952.395	2.000.000	-	-	-
Banco Português de Investimento, S.A.	(c)	9.209	488.116	500.000	-	-	-
Montepio Geral - Associação Mutualista	(d)	252.394	4.711.345	4.916.667	-	-	-
Caixa Geral de Depósitos, S.A.	(e)	-	-	-	2.100.000	-	2.100.000
Banco Português de Investimento, S.A.	(f)	-	-	-	4.800.000	-	4.800.000
Banco Santander Totta, S.A.	(g)	-	-	-	1.800.000	-	1.800.000
Banco BIC, S.A.	(h)	-	-	-	1.000.000	-	1.000.000
Novo Banco	(i)	-	-	-	1.650.000	-	1.650.000
Factorings	(j)	1.401.294	-	1.401.294	2.008.032	1.372.192	3.380.224
Bond loan	(k)	-	50.059.944	51.000.000	-	49.500.912	51.000.000
Lease liabilities		2.310.158	4.366.310	6.676.468	2.267.661	4.825.142	7.092.803
		<u>4.265.558</u>	<u>78.707.619</u>	<u>83.494.429</u>	<u>15.625.693</u>	<u>72.426.047</u>	<u>89.823.027</u>

- (a) Bank loan taken out by SIC from Banco BPI, S.A. on 26 June 2013 of the maximum value of 17,000,000 euros, which was entirely used in 2014. This loan bears half-yearly interest at the 6-month Euribor rate plus a spread of 3.5%, and will be repaid in 16 successive half-yearly instalments with the first having fallen due on 30 June 2017. In 2019, an increase of the principal was negotiated of approximately 5,300,000 euros, with a new payment plan, starting in December 2021.

As a result of taking out this new loan, a blank promissory note was underwritten, with various covenants and related restrictions having been undertaken. Reference is made to the introduction of new covenants, namely financial ratios and the agreement on broadcasting channels such as NOS Comunicações, S.A. to secure good compliance with the loan, at the time of the negotiation in 2019.

Under the terms of this loan agreement, Impreger must not reduce its stake in Impresa to below 50.01% of its capital.

- (b) Bank loan taken out by SIC from Banco BPI, S.A. on 21 May 2020 of the maximum value of 2,000,000 euros. This is a credit line to support economic activity arising from the pandemic situation. As at 31 December 2020, the loan bears interest monthly and successively at the 12-month Euribor rate plus a spread of 1.5%.
- (c) During the year ended on 31 December 2020, a bank loan was taken out from Banco Comercial Português, S.A., of the value of 500,000 euros by GMTS. This is a credit line to support economic activity arising from the pandemic situation. As at 31 December 2020, the loan bears interest monthly and successively at the 6-month Euribor rate plus a spread of 1.5%.
- (d) Loan taken out by SIC, on 6 February 2020, from Caixa Económica Montepio Geral, in the amount of 5,000,000 euros, to be repaid in 60 constant monthly instalments up to February 2025. Pursuant to the moratoria on principal and interest under the measures to combat the effects of the pandemic, the Company deferred the repayment of instalments of 750,000 euros, which will be paid-up from October 2021 onwards. As at 31 December 2020, this loan bears monthly interest in arrears at the 6-month Euribor rate plus a spread of 2.5%. In order to secure full compliance with this loan, SIC, underwrote a blank promissory note.
- (e) This heading refers to a current account to support treasury subscribed on 30 May 2003, of the maximum value of 5,000,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 12-month Euribor rate plus a spread of 2.75%.
- (f) This heading refers to a current account to support treasury subscribed on 12 January 2016, of the maximum value of 5,000,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 6-month Euribor rate plus a spread of 2.75%.
- (g) This heading refers to a current account to support treasury subscribed on 15 September 2005, of the maximum value of 2,350,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 6-month Euribor rate plus a spread of 2%.
- (h) This heading refers to a current account to support treasury subscribed on 24 June 2003, of the maximum value of 1,500,000 euros, which is automatically renewable for successive six-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 3-month Euribor rate plus a spread of 2.75%.
- (i) This heading refers to a current account to support treasury subscribed on 29 November 2016, of the maximum value of 3,540,000 euros, which is automatically renewable for successive three-month periods. As at 31 December 2020, this loan was not being used, with the contracted interest being payable at the 3-month Euribor rate plus a spread of 2%.
- (j) The factoring refers to financing operations obtained by the Group which bear annual interest, between 1.5% and 1.95%. These operations are supported by the anticipation of future revenues from specific contracts of assignment of broadcasting rights of SIC channels.
- (k) bond loan of 1,700,000 bonds with the unit value of 30 euros and an overall value of 51,000,000 euros. The bond loan issued on 10 July 2019, with maturity on 11 July 2022, bears a gross fixed interest rate of 4.50%.



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Under this loan, the Impresa Group undertook certain obligations, such as compliance with financial ratios as well as keeping its holding of the entire capital of SIC.

As at 31 December 2020 and 2019, this loan was listed for trading (Euronext), with its market value being 51,413,100 euros and 52,433,100 euros, respectively.

As at 31 December 2020 and 2019, the movement occurred in the balance of loans received, separated by movements with associated cash flows and without cash flow, was as follows:

Lending entities	2020						
	1 January 2020	Cash-flows		Movements without cash-flow			31 December 2020
	Book value	Receipts	(Payments)	New Contracts	Effect of moratoria	Effect of amortized cost	Book value
Banco BPI, S.A.	16727801	-	-	-	626.402	30.970	17.385.173
Banco BPI, S.A.	-	2.000.000	-	-	-	(10.767)	1.989.233
Banco BPI, S.A.	-	500.000	-	-	-	(2.675)	497.325
Montepio Geral	-	5.000.000	(83.333)	-	92.960	(45.887)	4.963.740
Bond loan	49.500.912	-	-	-	-	559.032	50.059.944
Factorings	3.380.224	-	(1.978.930)	-	-	-	1.401.294
Guaranteed current accounts	11.350.000	-	(11.350.000)	-	-	-	-
Finance leases	7.092.803	-	(1.998.306)	1.581.970	-	-	6.676.467
	<u>88.051.740</u>	<u>7.500.000</u>	<u>(15.410.568)</u>	<u>1.581.970</u>	<u>719.364</u>	<u>530.673</u>	<u>82.973.177</u>

Lending entities	2019						
	1 January 2019	Cash-flows		Movements without cash-flow			31 December 2019
	Book value	Receipts	(Payments)	Finance Leases	Effect of amortized cost		Book value
Banco BPI, S.A.	12 692 969	5 312 500	(1 062 500)	-	(215 168)	-	16 727 801
Bond loan	-	51 000 000	-	-	(1 499 088)	-	49 500 912
Caixa Central de Crédito Agrícola Mútuo, C.R.L.	75 000	-	(75 000)	-	-	-	-
Montepio Geral	4 615 315	-	(4 666 667)	-	51 352	-	-
Factorings	13 807 073	-	(10 426 849)	-	-	-	3 380 224
Guaranteed current accounts	19 443 750	2 650 000	(10 743 750)	-	-	-	11 350 000
Finance leases	5 542 613	-	(340 418)	1 890 608	-	-	7 092 803
	<u>56 176 720</u>	<u>58 962 500</u>	<u>(27 315 184)</u>	<u>1 890 608</u>	<u>(1 662 904)</u>	-	<u>88 051 740</u>

During the years ended on 31 December 2020 and 2019, the effective interest rate on each loan was as follows:

Company	Lending entities	2020	2019
SIC	Banco BPI, S.A.	3,68%	3,66%
SIC	Banco BPI, S.A.	1,56%	-
SIC	Montepio Geral	2,69%	2,50%
SIC	Bond loan	5,72%	5,65%
SIC	Factorings	1,95%	1,95%
GMTS	Banco Comercial Português, S.A.	1,57%	-
Group	Guaranteed current accounts	2,38%	2,50%

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As at 31 December 2020, the loans obtained have the following repayment plan:

2021	1.947.590
2022	53.055.556
2023	2.055.556
2024	2.055.556
2025	2.055.556
2026	4.898.148
2027	4.000.000
2028	4.000.000
2029	2.750.000
	<u>76.817.961</u>

The Board of Directors believes that there is no non-compliance with the obligations arising from the loans referred to above, in terms of maintenance of the shareholder structure, limitation of investments or distribution of dividends, or concerning financial covenants. Under these covenants, the financial ratios to be achieved, which are not applicable to all the loans, correspond to the "Ratio of net remunerated debt/EBITDA" and the "Financial autonomy ratio". Any non-compliance with these ratios could lead to the funding entities being entitled to request the early repayment of the loan and/or change the previously agreed loan conditions.

As at 31 December 2020 and 2019 the Group had approved unused credit ceilings of approximately 18,790,000 and 4,519,000 Euros, respectively.

As at 31 December 2020, the lease liabilities have the following repayment plan:

2021	2.310.158
2022	2.218.122
2023	1.676.413
2024	362.306
2025	61.840
2026	47.629
	<u>6.676.468</u>

(Translation of notes originally issued in Portuguese – Note 34)

**24. IMPAIRMENT LOSSES, ONGOING LEGAL AND TAX PROCEEDINGS AND PROVISIONS****24.1 Impairment losses**

During the years ended on 31 December 2020 and 2019, the following movements occurred in the balances of the accumulated impairment loss headings:

**31 December 2020:**

	Impairment losses on receivables (Note 19)	Impairment losses on broadcasting rights (Note 18)
Balance at 31 December 2019	5.693.819	557.128
Increases (Note 6)	32.941	-
Utilizations	(422.573)	-
Reversal/adjustment (Note 6)	(468.380)	-
Balance at 31 December 2020	<u>4.835.807</u>	<u>557.128</u>

**31 December 2019:**

	Impairment losses on investments properties	Impairment losses on receivables (Note 19)	Impairment losses on broadcasting rights (Note 18)
Balance at 31 December 2018	1.473.474	6.329.135	557.128
Increases (Note 6)	-	501.800	-
Utilizations	(1.473.474)	(1.082.635)	-
Reversal/adjustment (Note 6)	-	(54.481)	-
Balance at 31 December 2019	<u>-</u>	<u>5.693.819</u>	<u>557.128</u>

The impairment losses are deducted from the values of the assets.

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## 24.2 Provisions and other impairment losses

As at 31 December 2020 and 2019, the movements in the headings of provisions and other impairment losses in the years ended on 31 December 2020 and 2019 were as follows:

	31 december 2020				Closing balance
	Opening balance	Increases	Usages	Reversals	
Lawsuits in progress	3.683.569	342.000	(127.002)	-	3.897.974
Impairment losses on non-current assets held for sale	0	66.721	-	-	66.721
	<u>3.683.569</u>	<u>408.721</u>	<u>(127.002)</u>	<u>-</u>	<u>3.964.695</u>

	31 december 2019				Closing balance
	Opening balance	Increases	Usages	Reversals	
Lawsuits in progress	3.589.251	342.000	(217.082)	(30.600)	3.683.569
	<u>3.589.251</u>	<u>342.000</u>	<u>(217.082)</u>	<u>(30.600)</u>	<u>3.683.569</u>

As at 31 December 2020 and 2019, the provisions for risks and charges are detailed as follows:

Natureza	2020		2019	
	Amount claimed	Amount provided	Amount claimed	Amount provided
Dismissal/Labour	728 429	386 014	697 924	355 360
Abuse of freedom of the press	434 675	93 467	1 204 067	140 969
Publicity fines	1 296 702	129 670	1 404 202	140 420
Others	21 493 786	3 288 822	21 485 241	3 046 820
	<u>23 953 593</u>	<u>3 897 973</u>	<u>24 791 435</u>	<u>3 683 569</u>

The Group is facing several lawsuits for abuse of freedom of the press, for which provisions have been constituted based on the opinion of its lawyers and historical experience in this type of litigation.

The amounts claimed under legal action related to advertising fines essentially arise from the filing of various administrative offence proceedings by the Media Regulatory Entity (ERC) due to breach of the Advertising Code.

The significant amount claimed in the heading "Other" primarily arises from the quantification made by GDA – Cooperativa de Gestão dos Direitos dos Artistas Intérpretes ou Executantes, CRL in the settlement incident submitted in December 2015, as disclosed below.

The Board of Directors and the Company's lawyers believe, based on an assessment of the risks of the ongoing legal and tax proceedings, that the outcome of these lawsuits will not give rise to significant liabilities that are not covered by provisions reflected in the financial statements as at 31 December 2020, which correspond to the best estimate of the outflow of funds arising from these lawsuits on that date.

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Lawsuits in progress

As at 31 December 2020, there were several lawsuits in progress brought against the Group by third parties, the amounts of which and final outcome were still unknown at the time of preparing the financial statements, in particular including:

- In previous years, GDA – Cooperativa de Gestão dos Direitos dos Artistas, CRL (“GDA”) brought ordinary legal proceedings against SIC, in the Judicial Court of Oeiras, under which GDA claimed the payment of an annual remuneration payable to artists, interpreters or performers, established at the rate of 1.5% of the annual value of the advertising revenue earned, taking effect from September 2004, as well as late payment interest. SIC contested this action, with a favourable decision having been issued, which considered the initial petition to be unfounded due to the lack of cause of the claim and, consequently, dismissed the entire proceedings. This decision was contested, with the action having followed in the first instance. The Court judged the GDA’s action as groundless and established a value per minute of broadcasting as the annual equitable remuneration, with the value per minute being subject to determination. In December 2015, GDA submitted a bill requesting the payment by SIC of approximately 17,700,000 euros, with the amount requested having increased by approximately 2,357,000 euros, as a result of the addition of connected rights related to the years of 2015 and 2016, with the total amount claimed as at 31 December 2020 standing at approximately 20,057,000 euros.

The determination of this value was substantiated by a study made by a third party, with one of its assumptions being the approximation of television activity to an activity of any company and its production. SIC contested this request made by GDA, based on the incompetence of the court, the lack of legal capacity of GDA which only represents national artists, interpreters and performers, and also objected to the methodology presented. In the form of an appeal, SIC estimated its liability based on the effective use of the services of the artists, just as the sentence that is intended to be settled determines, as well as the calculation of a value per minute of these instalments, close to that paid by SIC to the Portuguese Authors Society, but of a lower value pursuant to the law and practice. On 6 July 2020, the court of intellectual property delivered its judgement on the GDA case, which condemned SIC to pay 909,080 euros, relative to the years of 2004 to 2016. This sentence may be appealed by both parties. GDA filed an appeal during 2020. The consolidated financial statements as at 31 December 2020 present a provisioned amount to meet this liability that the Board of Directors believes, based on the opinion of its lawyers and technical personnel, is sufficient.

25. SUPPLIERS AND ACCOUNTS PAYABLE

As at 31 December 2020 and 2019, this heading was detailed as follows:

	<u>2020</u>	<u>2019</u>
<u>Non-current:</u>		
Suppliers of fixed assets	735 913	1 423 989
<u>Current:</u>		
Trade payables, current account	14 964 766	15 886 365
Program suppliers, current account	1 934 345	1 850 449
Suppliers of fixed assets, current account	773 753	798 268
	<u>17 672 864</u>	<u>18 535 082</u>
	<u>18 408 777</u>	<u>19 959 071</u>

The non-current amount corresponds to equipment acquisition contracts, for which payment agreements were signed with the suppliers with instalments up to 2023.

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26. OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019, the heading "Other current liabilities" was detailed as follows:

	2020	2019
<u>Other current liabilities:</u>		
Advances from clients	37.420	25.759
Other creditors:		
Suppliers' credits guaranteed by third parties	4.833.868	5.602.747
Advance on contract for broadcasting signal	6.000.000	-
Consultants and advisers	359.386	320.119
Others	95.271	321.797
	11.288.525	6.244.663
Accrued costs:		
Commercial agreements	12.256.364	11.449.492
Personnel vacation and vacation subsidy	3.424.246	3.416.295
Accrued interest	1.128.722	1.137.357
Cost of program production	2.187.245	1.252.867
Indemnities	284.549	552.755
Technical services	134.254	195.768
Authors' rights	150.000	150.000
Personnel commission payable	744.597	499.700
Commercial fee	239.264	470.729
Other accrued costs	2.344.812	1.998.604
	22.894.053	21.123.567
Deferred income:		
Pre-billing	1.759.455	1.431.039
Other deferred income	471.439	618.399
	2.230.894	2.049.438
State and other public entities:		
Value Added Tax	4.883.088	3.819.548
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1.642.021	1.472.699
Social security contributions	950.636	934.075
Personal income tax - withholdings at source	1.215.896	994.623
Stamp tax	330.322	289.354
Work compensation fund	1.497	12
	9.023.460	7.510.311
	45.474.352	36.953.738

27. CONTINGENT LIABILITIES AND GUARANTEES PROVIDEDGuarantees provided and other commitments

As at 31 December 2020 and 2019, the Group had requested the issuance of the following bank guarantees in favour of third parties:

	2020	2019
Union des Associations Européennes de Football	1.456.667	2.622.000
ERC	1.995.192	1.995.192
Secretaria Geral do Ministério da Administração Interna ("SGMAI")	1.994.981	1.126.281
Imopólis	44.701	44.701
Câmara Municipal de Oeiras	35.745	35.745
Tribunal de Oeiras	4.000	4.000
	5.531.285	5.827.919

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The guarantee given to UEFA is to cover compliance with the “European League 2018/-2021” contract.

The guarantees provided to the ERC arise from the current legal requirements for the licensing of channels and broadcasting of television contests.

The guarantees provided to the SGMAI are to secure full compliance with the advertising contests. The variation of the value of the guarantees provided is related to the existing competitions at any given time.

The guarantee provided to Imopólis – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. arises from the rental agreement for the studies of GMTS.

The guarantee provided to Oeiras Municipal Council of Oeiras are to secure the repair of any damage which might be caused to public infrastructures due to excavations and earth retaining at Estrada da Outorela on a plot of land adjacent to SIC’s head office.

28. COMMITMENTS UNDERTAKEN28.1 Commitments to acquire programmes

As at 31 December 2020 and 2019, the Group had contracts or agreements concluded with third parties for the purchase of rights to broadcast films, series and other programmes of 20,524,295 euros and 22,493,885 euros, respectively, not included in the consolidated statement of financial position, according to the valuation criteria used, as follows:

Nature	31 December 2020				31 December 2019			
	Year the titles are available				Year the titles are available			
	2021	2022	2023 and following years	Total	2020	2021	2022 and following years	Total
Entertainment	6 793 974	1 476 600	-	8 270 574	6 919 871	2 100 000	-	9 019 871
Films	222 045	-	-	222 045	424 968	25 000	-	449 968
Format	44 624	-	-	44 624	29 990	-	-	29 990
Soap-operas	10 338 722	-	-	10 338 722	9 807 436	-	-	9 807 436
Children	126 802	3 354	-	130 156	438 904	11 838	-	450 742
Documentaries	505 242	-	-	505 242	292 094	365 000	-	657 094
60 Series	1 007 849	-	-	1 007 849	307 639	-	-	307 639
Mini séries	2 519	-	-	2 519	160 447	-	-	160 447
Sport	-	-	-	-	1 543 333	-	-	1 543 333
Events	2 564	-	-	2 564	67 365	-	-	67 365
	<u>19 044 341</u>	<u>1 479 954</u>	<u>-</u>	<u>20 524 295</u>	<u>19 992 048</u>	<u>2 501 838</u>	<u>-</u>	<u>22 493 885</u>

Nature	31 December 2020				31 December 2019			
	Limit year for broadcasting the titles				Limit year for broadcasting the titles			
	2021	2022	2023 and following years	Total	2020	2021	2022 and following years	Total
Entertainment	2 712 992	113 216	5 444 367	8 270 575	4 646 796	3 627 988	745 088	9 019 871
Films	942	4 894	216 210	222 046	3 400	303 010	143 558	449 968
Format	-	44 624	-	44 624	-	3 210	26 780	29 990
Soap-operas	-	711	10 338 011	10 338 722	43 258	2 184 178	7 580 000	9 807 436
Children	6 400	44 804	78 950	130 154	-	350 943	99 798	450 742
Documentaries	429 122	-	76 120	505 242	245 317	378 887	32 890	657 094
60 Series	20 054	76 020	911 774	1 007 848	833	209 201	97 605	307 639
Mini séries	-	2 519	-	2 519	-	4 447	156 000	160 447
Sport	-	-	-	-	10 000	1 533 333	-	1 543 333
Events	2 564	-	-	2 564	27 865	-	39 500	67 365
	<u>3 172 074</u>	<u>286 788</u>	<u>17 065 432</u>	<u>20 524 295</u>	<u>4 977 469</u>	<u>8 595 197</u>	<u>8 921 220</u>	<u>22 493 885</u>

As at 31 December 2020 and 2019, the commitments for acquisition of programmes include 10,511,300 euros and 7,580,000 euros, respectively, concerning contents to be acquired from related parties (SP Televisão).

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28.2. Commitments for the acquisition of tangible fixed assets

As at 31 December 2020 and 2019, the commitments undertaken to acquire tangible fixed assets amounted to approximately 22,000 euros and 476,000 euros, respectively.

29. RELATED PARTIES

All the subsidiaries and associates belonging to the Impresa Group, identified in the consolidated financial statements, and the shareholder Impreger are considered related parties.

Pursuant to the internal regulations endorsed in 2019, the Group considers “key management personnel” to be the Board of Directors of all the subsidiaries and Joint Executive Committee, as the main decisions related to its activity are taken by these bodies.

As at 31 December 2020 and 2019, the balances and transactions with related parties are as follows:

31 December 2020:

	31 December 2020					
	Transactions					
	External services	acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue	Financial income (Note 10)
<u>Shareholders and group companies:</u>						
Impresa Publishing, S.A. ("Impresa Publishing")	33.250	-	-	85.350	31.045	-
Infoportugal - Sistemas de Informação e Conteúdos, S.A. ("Infoportugal")	2.500	-	-	1.502	41.273	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	6.447.926	-	10.440	14.647	-	-
Impresa SGPS, S.A.	-	-	-	-	-	2.337.500
<u>Others:</u>						
Lusa-Agência de Noticias de Portugal, S.A. (Lusa)	277.094	-	-	-	-	-
Grupo BPI	-	-	490.905	-	-	11.409
Morais Leitão, Galvão Teles, Soares da Silva & Associados	17.924	-	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	13.175.992	-	405.871	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	12.766	-	-	-	-	-
	6.791.459	13.175.992	501.345	507.370	72.318	2.348.909

(a) The services obtained essentially refer to the acquisition of rights to broadcast soap operas.

	31 December 2020				
	Balances				
	Demand deposits	Receivables	Shareholders (Note 20)	RETGS Payables (Note 11)	Borrowings
<u>Shareholders and group companies:</u>					
Impresa SGPS, S.A.	-	-	90.913.892	-	6.294.076
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	-	-	-	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	-	19.733	-	3.685	-
Impresa Publishing, S.A.	-	1.306.918	-	81.117	-
<u>Others:</u>					
Grupo BPI	311.461	964.354	-	-	22.329.231
Lusa - Agência de Notícias de Portugal, S.A.	-	-	-	84.502	-
Grupo Madre (SP - Televisão, Lda.) (b)	-	103.774	-	7.855.250	-
Vasp Premium - Entrega personalizada de publicações, Lda.	-	-	-	3.572	-
	<u>311.461</u>	<u>2.394.779</u>	<u>90.913.892</u>	<u>8.028.126</u>	<u>22.329.231</u>



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31 December 2019:

	31 December 2019					
	Transactions					
	External services	acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue	Financial income (Note 10)
<u>Shareholders and group companies:</u>						
Impresa Publishing, S.A	31.474	-	-	55.329	31.045	-
Infoportugal - Sistemas de Informação e Conteúdos, S..	-	-	-	-	41.273	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A	6.893.819	-	-	4.093	-	-
Impresa SGPS, S.A.	-	-	-	-	-	2.004.545
<u>Others:</u>						
Grupo BPI	-	-	646.638	-	-	40.830
Morais Leitão, Galvão Teles, Soares da Silva & Associados	12.295	-	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	16.943.274	-	585.108	-	-
Vasp TMK - Soluções de Trademarketing, Lda.	279.905	-	-	-	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	21.384	-	-	-	-	-
	7.238.877	16.943.274	646.638	644.531	72.318	2.045.375

(a) The services obtained essentially refer to the acquisition of rights to broadcast soap operas.

	31 December 2019						
	Balances						
	Demand deposits	Receivables	Shareholders (Note 20)	Other current assets	Payables	RETGS (Note 11)	Borrowings
<u>Shareholders and group companies:</u>							
Impresa SGPS, S.A.	-	-	98.666.284	-	-	5.271.754	-
Infoportugal - Sistemas de Informação e Conteúdos, S.	-	8.461	-	-	-	-	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	-	29.328	-	-	29.000	-	-
Impresa Publishing, S.A.	-	558.962	-	-	53.242	-	-
<u>Others:</u>							
Grupo BPI	822.329	-	-	1.302.868	-	-	24.502.829
Lusa - Agência de Notícias de Portugal, S.A.	-	-	-	-	84.502	-	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	-	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (b)	-	133.325	-	-	7.855.250	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	-	-	-	-	3.572	-	-
	822.329	730.076	98.666.284	1.302.868	8.025.566	5.271.754	24.502.829

The terms and conditions applied in transactions between the Group and related parties are substantially the same as those that would normally be contracted, accepted and applied between independent entities in comparable operations. Some of Impresa's shareholders are financial institutions with which commercial agreements are established in the normal course of the Group's operations, with similar conditions to those currently contracted with independent entities. The activities carried out under these commercial agreements essentially refer to advertising services rendered by the Group and the granting of loans by these financial institutions.

30. RATES USED TO CONVERT FOREIGN CURRENCY BALANCES

As at 31 December 2020 and 2019, the following exchange rates were used to convert assets and liabilities expressed in foreign currency into euros:

	2020	2019
US Dollar (USD)	1,2271	1,1234
Swiss Franc (CHF)	1,0802	1,0854
Pound Sterling (GBP)	0,8990	0,8508
Australian Dollar (AUD)	1,5896	1,5995
Canadian Dollar (CAD)	1,5633	1,4598
Brazilian Real (BRL)	6,3735	4,5157

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31. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that it pursues its operations from a going concern standpoint. In this respect, the Group periodically analyses its capital structure (own and third party) and debt maturity, bringing in funding whenever necessary.

As at 31 December 2020 and 2019, the financial instruments were as follows:

	<u>2020</u>	<u>2019</u>
<u>Financial assets:</u>		
Receivables	120 888 168	125 681 548
Cash and equivalents (Note 21)	6 623 338	1 126 784
Assets classified as held for sale	233 279	-
	<u>127 744 785</u>	<u>126 808 332</u>
<u>Financial liabilities:</u>		
Borrowings	82 973 177	88 051 741
Payables	61 652 235	54 863 371
Current tax liabilities	6 294 076	5 271 754
	<u>150 919 488</u>	<u>148 186 865</u>

As at 31 December 2020 and 2019, except for the bond loan which has a market quotation, the Group believes that the values at which the loans are recorded do not differ significantly from their fair value or actually exceed fair value. Indeed, the fair value of the loans received will significantly depend on the risk level attributed by the funding entities and the conditions under which the Group would be able to obtain from the market, as at 31 December 2020 and 2019, if it were to take out loans with maturity periods and values similar to those which it has on that date.

The Company believes that the majority of loans have market spreads as they were negotiated recently or the rates are updated periodically, implying that their conditions are updated in relation to the current situation of the financial markets, reflecting the risk level attributed by the lenders.

For the loans that were not subject to renegotiation, as they were taken out under market conditions that were more favourable than those currently existing, their fair value should not exceed their book value.

The Group is primarily exposed to the following financial risks:

a) Interest rate risk

Interest rate risk essentially refers to the interest paid due to the contracting of various loans with variable interest rates. Except with respect to the bond loan, which has a fixed rate, the loans that have been taken out are exposed to changes in market interest rates (Note 23).

If market interest rates in the years ended on 31 December 2020 and 2019 were 0.5% higher or lower, the net income for these years would have decreased or increased by approximately 427,562 euros and 357,071 euros, respectively, without considering the tax effect.

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b) Exchange rate risk

Exchange rate risk refers to receivables and payables in currencies other than the Euro, the Group's currency.

As at 31 December 2020 and 2019, the exchange rate risks are essentially related to the acquisition of television broadcasting rights from various foreign producers. In order to reduce the risk to which the Group is exposed, a loan was taken out which amounted to 2,702.829 euros as at 31 December 2020 and 2019, that was converted Group USD term deposit which, as at 31 December 2020 and 2019, amounted to 3,667,183 euros and 4,005,697 euros, respectively (Note 20).

During the year ended on 31 December 2020 and 2019, the Group did not contract any forward exchange rates.

The foreign currency balances payable, expressed in euros at the exchange rate of 31 December 2020 and 2019 are as follows:

	2020	2019
US Dollar (USD)	2 667 330	1 213 121
Swiss Franc (CHF)	60 260	39 880
Pound Sterling (GBP)	6 885	7 345
Australian Dollar (AUD)	4 320	4 320
Canadian Dollar (CAD)	422	422
	<u>2 739 217</u>	<u>1 265 088</u>

As at 31 December 2020 and 2019, the Group has accounts receivable in USD of the value of 1,617,755 dollars and 2,617,330 dollars, respectively.

c) Credit risk

Credit risk is essentially related to accounts receivable arising from the Group's operations (Note 19). In order to reduce credit risk, the Group has defined credit granting policies, with credit limits per customer and collection deadlines, and financial discount policies for prepayment or cash payment. Credit risk is monitored regularly for the purpose of:

- limiting credit granted to customers, considering the profile and age of the account receivable;
- monitoring the evolution of the level of credit granted;
- reviewing the recoverability of amounts receivable on a regular basis.

The impairment losses on accounts receivable are calculated considering:

- the review of the aging of accounts receivable;
- expected credit losses;
- the risk profile of the customer;
- the historical commercial and financial relationship with the customer;
- existing payment agreements;
- the financial condition of the customers.

The changes in impairment losses on accounts receivable are shown in Note 24.

The Board of Directors believes that the impairment losses on accounts receivable are appropriately reflected in the financial statements, with there being no need to increase the impairment losses of accounts receivable.

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As at 31 December 2020 and 2019, the accounts receivable from third parties include the following amounts overdue, for which impairment losses were not recognised because the Board of Directors believes that they are collectible:

Overdue balances	2020	2019
Up to 90 days	3 873 324	3 999 763
From 90 to 180 days	120 316	782 637
More than 180 days	368 343	686 193
	<u>4 361 984</u>	<u>5 468 594</u>

d) Liquidity risk

Liquidity risk can occur if the financing sources, such as cash flow from operating activities, divestment, credit lines and cash flow from financing activities, do not meet the financing needs, such as cash outflow for operating and financing activities, investments, shareholder remuneration and repayment of debt.

In order to reduce this risk, the Group endeavours to maintain a liquid position and average debt maturities that enable it to repay debt within appropriate periods. As at 31 December 2020 and 2019, the amount of cash and credit limits approved and unused amounted to approximately 25,413,000 euros and 5,646,000 euros, respectively, which in the opinion of the Board of Directors, considering the main cash flow projections for 2020, will be sufficient to settle all the Group's current financial liabilities. As at 31 December 2020 and 2019, the financial liabilities fall due as follows:

	2020				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing	1.955.400	52.225.647	2.058.700	20.056.962	76.296.709
Lease liabilities	2.310.158	2.218.122	1.676.413	471.775	6.676.468
Advance on contract for broadcasting signal	6.000.000	-	-	-	6.000.000
Suppliers' credits guaranteed by third parties	4.833.868	-	-	-	4.833.868
	<u>15.099.426</u>	<u>54.443.768</u>	<u>3.735.113</u>	<u>20.528.738</u>	<u>93.807.045</u>
Not remunerated:					
Trade payables	14.964.766	-	-	-	14.964.766
Program suppliers	1.934.345	-	-	-	1.934.345
Suppliers of fixed assets	773.753	735.913	-	-	1.509.666
Other current liabilities	38.703.667	-	-	-	38.703.667
	<u>56.376.531</u>	<u>735.913</u>	<u>-</u>	<u>-</u>	<u>57.112.444</u>
	<u>71.475.956</u>	<u>55.179.681</u>	<u>3.735.113</u>	<u>20.528.738</u>	<u>150.919.488</u>
	2019				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing	13 358 032	2 110 183	50 484 900	15 005 821	80 958 937
Lease liabilities	2 267 661	2 027 186	1 603 171	1 194 785	7 092 803
Suppliers' credits guaranteed by third parties	5 602 747	-	-	-	5 602 747
	<u>21 228 441</u>	<u>4 137 369</u>	<u>52 088 071</u>	<u>16 200 606</u>	<u>93 654 487</u>
Not remunerated:					
Trade payables	15 886 365	-	-	-	15 886 365
Program suppliers	1 850 449	-	-	-	1 850 449
Suppliers of fixed assets	798 268	1 423 989	-	-	2 222 257
Other current liabilities	34 573 307	-	-	-	34 573 307
	<u>53 108 389</u>	<u>1 423 989</u>	<u>-</u>	<u>-</u>	<u>54 532 378</u>
	<u>74 336 830</u>	<u>5 561 358</u>	<u>52 088 071</u>	<u>16 200 606</u>	<u>148 186 865</u>

### 32. OTHER INFORMATION

The year of 2020 was constrained by the effects of the Covid-19 pandemic and the containment measures that were taken. However, despite all the constraints and the adverse macroeconomic environment, the Group's performance in 2020 ended up by being positive, with the negative factors (essentially Covid-19) having ultimately been offset by other positive factors. In this context, and because a series of measures were taken, both from the revenue side and the cost side, it is difficult to isolate the specific impacts of the pandemic on the main headings of the financial statements. Nevertheless, we will try to present the most relevant aspects in the Group's performance, and, in this review, point out the aspects that the Group believes could have been those most influenced by the pandemic situation.

In 2020, the Group recorded a revenue reduction of about 2.1%, which was significantly influenced by a reduction of advertising revenues.

Total revenues stood at 151,332,208 euros in 2020, compared to 154,114,014 euros in 2019. As briefly mentioned above, the essential factor that led to the reduction of revenues was the decline in advertising revenue, which fell by 5.6% (from 105,743,980 euros in 2019 to 99,829,998 euros in 2020).

The Group believes that this reduction in advertising revenue corresponds to the main negative impact of the pandemic on its net income. Advertising revenue showed a positive performance up to March 2020 (SIC's advertising revenue grew by 9% in the first quarter, year-on-year), with significant reductions having occurred between the end of March 2020 and June 2020. From July 2020 onwards, the Group began to experience a recovery in advertising revenue, with the last quarter of the year having shown a particularly positive performance, partially offsetting the reduction recorded in the second quarter. Multimedia revenues (added value calls, or interactive voice response - IVR) also showed significant growth, of 43.7% to 16.2 million euros, which is partly explained by the implemented programming strategy, but this is also partly due to the pandemic (in being confined to their home, television viewers are more available and predisposed to participate in these initiatives). Finally, it is important to note that a series of cost-cutting measures were taken. Accordingly, the impacts of Covid-19 and other situations on revenues combined with the measures taken to cut costs ended up by having a positive effect on SIC's overall performance, with consolidated net income having grown by 13% (to 17,325,398 euros). As a result of the sound operating performance, the total value of the loans raised, notwithstanding the use of the moratoria described in Note 22, decreased by 5,078,563 euros (to 82,973,177 Euros).

### 33. SUBSEQUENT EVENTS

On 15 January 2021, the Parliament approved the renewal of the State of Emergency in Portugal, imposing a new general lockdown with restrictions to movement. Up to the date of approval of the financial statements by the Board of Directors, the Group has not experienced any unexpected relevant impacts on its activity, arising from the extension of the State of Emergency. In view of the Group's cash balances on the date of this report, the Group continues to have sufficient funds to meet its commitments in the current year, and may also resort to credit lines. We believe that the conditions for the continuity of the operations are thus assured.

It is important to highlight the activity of SIC, which plays a particularly important role in this type of situation, where the search for up-to-date, accurate and credible information takes on even more prominence. SIC, in its various platforms, shall continue to assure its mission of safeguarding the public interest by informing society, with the rigour that it is recognised for, and conveying, first hand, the institutional messages of relevance. The Group shall monitor the economic implications of the Covid-19 virus, and, in particular, the identification of potential sources of risk for its activity.

### 34. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in conformity with International Financial Reporting Standards as endorsed by the European Union. In the event of discrepancies, the Portuguese language version prevails.

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS



V.

STATUTORY AUDITOR'S  
CERTIFICATION AND  
AUDIT REPORT OF THE  
CONSOLIDATED ACCOUNTS

2020

## STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of discrepancies the Portuguese version will always prevail)

### **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying consolidated financial statements of SIC – Sociedade Independente de Comunicação, S.A. (“Entity” or “SIC”) and its subsidiary (“Group”), which comprise the consolidated statement of financial position as of 31 December 2020 (showing a total of Euros 187,193,060 and equity of Euros 30,144,704, including a consolidated net profit of Euros 17,325,398), the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of SIC– Sociedade Independente de Comunicação, S.A. as of 31 December 2020 and its consolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

#### **Basis for our opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent from the entities that constitute the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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 judgment, 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.

Description of the most significant risks of material distortion identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p><u>Recognition of the revenue derived from advertising</u></p> <p>(Notes 2.13 and 5 of the notes to the consolidated financial statements)</p> <p>The revenue generated from the advertisements broadcast on television consist of the Group's main source of revenue. This revenue essentially arises from advertising campaigns conducted by customers on television through a high number of transactions, the respective audiences, and from the conditions agreed with the customers. As mentioned in note 2.13 of the notes to the consolidated financial statements, the measurement of this revenue depends on the measurement and profile of the respective audiences, the discounts to be attributed according to the advertising investment made by the customers and the conditions agreed with them. Therefore, there is the risk of the revenue of these campaigns being incorrectly recorded, namely considering the effective measurement of the audiences and the application of the discounts to be granted that have been negotiated and the other agreed conditions.</p>	<p>Our main procedures included:</p> <ul style="list-style-type: none"> <li>– Understanding of the advertising revenue calculation process by the relevant invoicing support systems, in which our internal specialists are involved and evaluation of the internal control mechanisms considered relevant in the calculation and recording of advertising revenue;</li> <li>– Assessment of the policy for recognition of the revenue generated by the broadcast of advertisements on television adopted by the Group with reference to the applicable accounting standards;</li> <li>– Analysis of the main variations of generated revenue in relation to the same period of the previous year, taking into account the key measurement indicators of the business activity generated;</li> <li>– For a sample of advertising orders recognised as revenue, recalculation of the revenue based on the agreed commercial conditions, respective broadcast and/or audience reached in the respective time slot;</li> <li>– Conciliation of the invoicing system with the accounting records;</li> <li>– Comparison of the amounts recorded by the Entity relating to discounts granted and to be granted to customers, with those resulting from the respective advertising investment and the commercial conditions approved by the Group;</li> <li>– Appraisal of the reliability of the estimates made by the management body, based on the comparison of the discounts effectively granted in the financial year with estimates recorded in previous financial years;</li> <li>– Confirmation of balances and responsibilities as of 31 December 2020 with major customers.</li> </ul>



### **Responsibilities of management and supervisory body for the consolidated financial statements**

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, information on corporate governance and the non-financial information statement, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 management;
- conclude on the appropriateness of management's use 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 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 report. However, future events or conditions may cause the Entity 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;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, 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;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to threaten on our independence, and where applicable, related safeguards.

Our responsibility also includes verification that the information contained in the management report is consistent with the consolidated financial statements, and the verifications established in numbers 4 and 5 of article 451 of the Commercial Companies Code ("Código das Sociedades Comerciais"), as well as verification that the non-financial statement has been presented.

## **REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **On the management report**

Pursuant to article 451.º, n.º 3, al. e) of the Portuguese Companies' Code, it is our opinion that the sole management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements.

### **On the information regarding corporate governance**

Pursuant to article 451.º, number 4, of the Portuguese Company's Code, we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245.º-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

### **On the non-financial statement**

In compliance with article 451, number 6, of the Commercial Companies Code, we disclose that the Group prepared a report separate from the management report that includes non-financial statement, as established in article 508-G of the Commercial Companies Code, which was published together with the sole management report.

**On the additional elements provided for in article 10 of Regulation (EU) 537/2014**

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of 16 April, 2014, in addition to the key audit matter mentioned above, we also report on the following:

- Deloitte & Associados, SROC, S.A. is the Statutory Auditor of the Entity, as a public interest entity, resulting from the appointment at the General Shareholders' Meeting held on 22 June 2020 for the term that ends in 2023.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the consolidated financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report that we prepared and submitted to the Entity's supervisory body on 27 April 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Estatuto da Ordem dos Revisores Oficiais de Contas (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Group in conducting the audit.

Lisbon, 27 April 2021

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Deloitte & Associados, SROC S.A.  
Represented by Tiago Nuno Proença Esgalhado, ROC

CERTIFICATE OF COMPLIANCE OF THE FINANCIAL RATIO AS OF DECEMBER 31, 2020  
RELATED TO TERMS AND DEFINITIONS OF THE  
PROSPECTUS OF PUBLIC OFFERING AND ADMISSION TO TRADING  
OF THE BOND LOAN "OBRIGAÇÕES SIC 2019-2022"

(Translation of a certificate originally issued in Portuguese; in the event of discrepancies, the original version in Portuguese prevails)

(Amounts stated in Euros)

Ratio	31 December 2020	Limit Clause 6.9.3
Net financial debt ratio / Recurring Consolidated EBITDA = [(a)-(b)] / [(c)+...+(j)]	2,5	<4,75
(a) Bank borrowings	82.973.177	
(b) Cash and cash equivalents	6.623.338	
(c) Operating profit	26.177.836	
(d) Amortization and depreciation	3.903.273	
(e) Provisions and impairment losses	408.721	
(f) Disposal and write-off of non-current assets	-	
(g) Disposal of financial holdings	-	
(h) Termination benefits to employees	274.860	
(i) Outcome of legal and tax proceedings	-	
(j) Increases and reversals of customer impairment losses	(435.439)	

These amounts were obtained from the consolidated financial statements of SIC - Sociedade Independente de Comunicação, SA on December 31, 2020. The ratio and the items that contribute to its calculation were determined according to the terms and definitions of the prospectus of public offering and admission to trading of the bond loan issued during the year ended 31 December, 2019.

Lisboa, 27 April 2021

President of the Board (or CEO)

Financial Director (or CFO)

(Translation of a report originally issued in Portuguese — in the event of discrepancies, the original version in Portuguese prevails)

To the Board of Directors of SIC – Sociedade Independente de Comunicação, S.A.  
Rua Calvet de Magalhães,  
242 Laveiras  
2770-022 Paço de Arcos

**Report from the Statutory Auditor on the Financial Ratio Compliance Certificate as of 31 December 2020 related to the terms and definitions of the prospectus of the public offer for subscription and admission to trading of the debenture loan named Obrigações SIC 2019-2022**

**Introduction**

We were appointed by the Board of Directors of SIC – Sociedade Independente de Comunicação, S.A. (SIC or Entity) to carry out a reliability assurance work concerning the exam of the Financial Ratio Compliance Certificate as of 31 December 2020 related to the terms and definitions of the prospectus of the public offer for subscription and admission to trading of the debenture loan named “Obrigações SIC 2019-2022 ”(“Annex 1 or Certificate”), made on 10 July 2019.

We would like to point out that the criteria and definitions used to calculate the financial ratio presented in Annex I are not defined by law or regulation, and were not defined by any official body, but are defined in the prospectus referred to above, only for use by the Board of Directors, the Bondholders and the Securities Market Commission as supervisory entity of the capital market where the bonds are listed for trading.

**Responsibilities**

The Board of Directors is responsible for the correct preparation and presentation of the Certificate, pursuant to the terms and definitions of the prospectus, based on the audited consolidated financial statements of SIC as of 31 December 2020.

SIC's Board of Directors is also responsible for keeping the accounting records and preparing the financial information in a manner presenting a true and appropriate view of the consolidated financial position of SIC, and for the adoption of adequate accounting policies and criteria, and the maintenance of an appropriate internal control system.

Our responsibility consists of verifying the reasonableness of the information presented in the Certificate and expressing a professional and independent conclusion on its adequate preparation and presentation.

## Scope

Our work was performed in accordance with the International Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information - ISAE 3000 (Revised). We are independent from the Entity, and comply with all the other technical and ethical rules and guidelines of the Portuguese Institute of Statutory Auditors (OROC), which require that our work should be planned and performed for the purpose of obtaining reasonable assurance of the reliability of the information presented in Annex I and expressing a professional and independent conclusion on the adequacy of its preparation and presentation. To this goal, our work included the following procedures:

- Verification of its arithmetical accuracy;
- Verification as to whether the formula and parameters considered for the calculation of the financial ratio are in conformity with the terms and definitions of the prospectus of the public offer for subscription and admission to trading of the debenture loan named “Obrigações SIC 2019-2022”, made on 10 July 2019;
- Verification as to whether the items considered for the calculation of net financial debt and consolidated recurring EBITDA indicators, as defined in Annex I, are in accordance with SIC's audited consolidated financial statements as of 31 December 2020;

We applied the International Standard on Quality Control ISQC 1 and, consequently, maintained a comprehensive quality control system, which includes documented policies and procedures on compliance with ethical requirements, professional standards, and legal and regulatory requirements that are applicable.

We believe that our work provides an acceptable basis for issuing our report.

## Conclusion

In our opinion, the information contained in the financial ratio compliance certificate as of 31 December 2020 related to the terms and definitions of the prospectus of the public offer for subscription and admission to trading of the debenture loan named “OBRIGAÇÕES SIC 2019-2022” (“Annex I”), is adequately prepared and presented in accordance with the terms and definitions of the prospectus of the public offer for subscription and admission to trading of the debenture loan named Obrigações SIC 2019-2022”.

## Restrictions of use

This report is intended only for information and use of the Board of Directors of SIC, to be made available through the information disclosure system of the Securities Market Commission pursuant to the terms and definitions of the prospectus of the public offer for subscription and admission to trading of the debenture loan named “Obrigações SIC 2019-2022” (“Annex I”), made on 10 July 2019, and cannot be used for any other purpose without our prior approval in writing.

Lisbon, 27 April 2021



# VI. LIST OF QUALIFIED SHAREHOLDERS

31/12/2020



**LIST OF QUALIFIED SHAREHOLDERS**  
**REFERRED TO IN SUBPARAGRAPH B) OF NUMBER 1 OF ARTICLE 8**  
**OF CMVM REGULATION 05/2008**

(with reference to 31/12/2020)

Qualifying shareholder	Number of shares held	Percentage of voting rights
<b>IMPRESA- SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.</b>  * Directly (a)	6 005 000	100%
<b>Total imputable</b>	<b>6 005 000</b>	<b>100%</b>

(a) - IMPRESA - Sociedade Gestora de Participações Sociais, S.A. is (i) 50.306% (directly) held by IMPREGER, Sociedade Gestora de Participações Sociais, S.A. (whose majority shareholder is BALSEGER, Sociedade Gestora de Participações Sociais, S.A., in which 99.99% of the voting rights are attributable to Francisco José Pereira Pinto de Balsemão), (ii) 4.465% held by Madre Entretenimento SGPS, Unipessoal, Lda. (which in turn is held by Madre - Empreendimentos Turísticos, S.A., held by António da Silva Parente and majority held by the Universal Management Foundation, which is controlled by António da Silva Parente, hence the voting rights are also imputable to him), (iii) 3.690% held by Banco BPI, S.A., (iv) 2.404% held by Newshold - S.G.P.S. (which is 91.25% held by Pineview Overseas, SA, hence the corresponding voting rights are also imputable to him).





VII.  
SECURITIES HELD BY  
MEMBERS OF THE  
MANAGEMENT AND  
SUPERVISORY BODIES

2020



## SECURITIES HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

(Shares and bonds held by members of the management and supervisory bodies of the company with reference to 31/12/2020)

### Indication of IMPRESA - Sociedade Gestora de Participações Sociais, S.A. shares (sole shareholder of SIC):

Members of the Management Body of SIC	Shares			
	Held on 31/12/2019	Acquired	Transferred	Held on 31/12/2020
Francisco José Pereira Pinto de Balsemão	2,520,000	0	0	2,520,000
Francisco Pedro Presas Pinto de Balsemão	5,100	0	0	5,100
Francisco Maria Supico Pinto Balsemão	8,246	0	0	8,246
Rogério Paulo de Saldanha Pereira Vieira	1,000	0	0	1,000
Paulo Miguel Gaspar dos Reis	50	0	0	50
Nuno Miguel Pantoja Nazaret Almeida Conde	0	0	0	0
Cristina Alexandra Rodrigues da Cruz Vaz Tomé	0	0	0	0

**Francisco José Pereira Pinto de Balsemão** (Chairman of the Boards of Directors of IMPRESA and SIC) – Held 2,520,000 IMPRESA shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020. IMPREGER - Sociedade Gestora de Participações Sociais, S.A., in which he holds the position of Chairman of the Board of Directors and is a majority shareholder of IMPRESA, held 84,514,588 IMPRESA shares as at 31/12/2019, a position which remained unchanged as at 31/12/2020, since there was no acquisition/divestment of shares in 2020. IMPREGER is majority held by BALSEGER - Sociedade Gestora de Participações Sociais, S.A., in which 99.99% of the voting rights are imputable to Francisco José Pereira Pinto de Balsemão.

Maria Mercedes Aliú Presas Pinto de Balsemão, wife of Francisco José Pereira Pinto de Balsemão, held 868 IMPRESA shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Francisco Pedro Presas Pinto de Balsemão** (Member of the Board of Directors and Chief Executive Officer of IMPRESA and Member of the Board of Directors of SIC) – Held 5,100 IMPRESA shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Francisco Maria Supico Pinto Balsemão** (Deputy Chairman of the Boards of Directors of IMPRESA and SIC) – Held 8,246 IMPRESA shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020. IMPREGER – Sociedade Gestora de Participações Sociais, S.A., of which he is a Director, held 84,514,588 shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Rogério Paulo de Saldanha Pereira Vieira** (Member of the Board of Directors of SIC) – Held 1,000 IMPRESA shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Paulo Miguel Gaspar dos Reis** (Member of the Board of Directors of SIC) - Held 50 IMPRESA shares as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Nuno Miguel Pantoja Nazaret Almeida Conde** (Member of the Board of Directors of SIC) - Made no acquisition/divestment of shares in 2020.

**Cristina Alexandra Rodrigues da Cruz Vaz Tomé** (Member of the Board of Directors of SIC) - Made no acquisition/divestment of shares in 2020.



Members of the Supervisory Board of SIC	Shares			
	Held on 31/12/2019	Acquired	Transferred	Held on 31/12/2020
Joaquim Pereira da Silva Camilo	0	0	0	0
José Manuel Ventura Gonçalves Pereira	0	0	0	0
Alexandre de Azeredo Vaz Pinto	140	0	0	140
António Marques Dias (Alternate)	0	0	0	0

**Joaquim Pereira da Silva Camilo** (Chairman of the Supervisory Board of SIC) - Made no acquisition/divestment of shares in 2020.

**José Manuel Ventura Gonçalves Pereira** (Member of the Supervisory Board of SIC) - Made no acquisition/divestment of shares in 2020.

**Alexandre de Azeredo Vaz Pinto** (Member of the Supervisory Board of SIC) – Held 140 IMPRESA shares as at 31/05/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**António Marques Dias** (Alternate of the Supervisory Board of SIC) - Made no acquisition/divestment of shares in 2020.

Statutory Auditor of SIC	Shares			
	Held on 31/12/2019	Acquired	Transferred	Held on 31/12/2020
Deloitte & Associados, SROC, S.A.	0	0	0	0
João Carlos Henriques Gomes Ferreira (ROC) – (Alternate)	0	0	0	0

#### Indication of SIC 2019-2022 Bonds:

In 2019, SIC – Sociedade Independente de Comunicação, S.A., a subsidiary held in its entirety by IMPRESA – Sociedade Gestora de Participações Sociais, S.A., issued and admitted to trading 1,700,000 bonds, with a total nominal value of € 51,000,000, maturing on 11 July 2022.

Members of the Management Body of SIC	SIC 2019-2022 Bonds*			
	Held on 31/12/2019	Acquired	Transferred	Held on 31/12/2020
Francisco José Pereira Pinto de Balsemão	100	0	0	100
Francisco Pedro Presas Pinto de Balsemão	0	0	0	0
Francisco Maria Supico Pinto Balsemão	0	0	0	0
Rogério Paulo de Saldanha Pereira Vieira	100	0	0	100
Paulo Miguel Gaspar dos Reis	100	0	0	100
Nuno Miguel Pantoja Nazaret Almeida Conde	100	0	0	100
Cristina Alexandra Rodrigues da Cruz Vaz Tomé	0	0	0	0

\*Nominal unit value of € 30



**Francisco José Pereira Pinto de Balsemão** (Chairman of the Boards of Directors of IMPRESA and SIC) — Held 100 SIC 2019-2022 Bonds as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Francisco Pedro Presas Pinto de Balsemão** (Member of the Board of Directors and Chief Executive Officer of IMPRESA and Member of the Board of Directors of SIC) — Made no acquisition/divestment of shares in 2020.

**Francisco Maria Supico Pinto Balsemão** (Deputy Chairman of the Boards of Directors of IMPRESA and SIC) — Made no acquisition/divestment of shares in 2020.

**Rogério Paulo de Saldanha Pereira Vieira** (Member of the Board of Directors of SIC) — Held 100 SIC 2019-2022 Bonds as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Paulo Miguel Gaspar dos Reis** (Member of the Board of Directors of SIC) — Held 100 SIC 2019-2022 Bonds as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Nuno Miguel Pantoja Nazaret Almeida Conde** (Member of the Board of Directors of SIC) — Held 100 SIC 2019-2022 Bonds as at 31/12/2019, a position which remained the same as at 31/12/2020, since there was no acquisition/divestment of shares in 2020.

**Cristina Alexandra Rodrigues da Cruz Vaz Tomé** (Member of the Board of Directors of SIC) — Made no acquisition/divestment of shares in 2020.

Members of the Supervisory Board of SIC	SIC 2019-2022 Bonds*			
	Held on 31/12/2019	Acquired	Transferred	Held on 31/12/2020
Joaquim Pereira da Silva Camilo	0	0	0	0
José Manuel Ventura Gonçalves Pereira	0	0	0	0
Alexandre de Azeredo Vaz Pinto	0	0	0	0
António Marques Dias (Suplente)	0	0	0	0

\*Nominal unit value of € 30

**Joaquim Pereira da Silva Camilo** (Chairman of the Supervisory Board of SIC) - Made no acquisition/divestment of shares in 2020.

**José Manuel Ventura Gonçalves Pereira** (Member of the Supervisory Board of SIC) — Made no acquisition/divestment of shares in 2020.

**Alexandre de Azeredo Vaz Pinto** (Member of the Supervisory Board of SIC) — Made no acquisition/divestment of shares in 2020.

**António Marques Dias** (Alternate of the Supervisory Board of SIC) - Made no acquisition/divestment of shares in 2020.

Statutory Auditor of SIC	SIC 2019-2022 Bonds*			
	Held on 31/12/2019	Acquired	Transferred	Held on 31/12/2020
Deloitte & Associados, SROC, S.A.	0	0	0	0
João Carlos Henriques Gomes Ferreira (ROC) – (Alternate)	0	0	0	0

\*Nominal unit value of € 30



VIII.

REPORT AND OPINION OF  
THE SUPERVISORY BOARD

2020



## **SIC – Sociedade Independente de Comunicação, S.A.**

### **Report and Opinion of the Supervisory Board For the Financial Year of 2020**

1 – In conformity with the legislation in force, articles of association and mandate given to us, we hereby present our report on the supervisory activity conducted during 2020 and issue our opinion on the Management Report and the Individual and Consolidated Financial Statements submitted by the Board of Directors of SIC – Sociedade Independente de Comunicação, S.A., for the year ended on 31 December 2020.

2 – During its term of office, despite the atypical year experienced, the Supervisory Board monitored SIC's activity through meetings and contacts with the Board of Directors and the company's financial and accounting services, having received all the requested information.

3 – In performing its duties, the Supervisory Board held several meetings with the statutory auditor and external auditor, Deloitte & Associados, SROC S.A., which disclosed the planned audit scope and timeframe, following-up on the audit work developed and supervising its independence. We appraised the Legal Certification of Accounts and Audit Report, the Individual and Consolidated Accounts which are also reproduced herein, and merit our concordance.

4 – The Supervisory Board analysed the proposals presented for the provision of non-audit services by the Audit Firm, having approved those that referred to permitted services, did not affect the independence of the Audit Firm and complied with all the other legal requirements.

5 – Pursuant to its powers and duties, the Supervisory Board verified the efficacy of the responses to the most significant risks identified and the internal control systems, having appraised the planning and work of the external auditor, assessed the process of preparation of the individual and consolidated accounts, and followed the operations that materially influenced the evolution of the business activity expressed in the individual and consolidated financial position of SIC - Sociedade Independente de Comunicação, S.A. From this point of view, in a year of most atypical circumstances, the Supervisory Board highlights the turnover obtained, the expenses and costs paid associated with that turnover, the effects of which are evident in the economic and financial performance of the SIC Group.

6 – In compliance with the provisions in Decree-Law 1452-A/91 and in subparagraph c) of number 1 of article 245 of the Securities Market Code, we disclose that, to the best of our knowledge, the individual and consolidated financial statements were prepared in conformity with the applicable accounting standards, giving a true and appropriate image of the assets and liabilities, the financial situation and the results of SIC - Sociedade Independente de Comunicação, S.A., including those of the company incorporated in the consolidation perimeter, and that the Management Report faithfully presents the evolution of the business, performance and financial position of SIC - Sociedade Independente de Comunicação, S.A.,





and contains a description of the main risks and uncertainties faced by them. Furthermore, it is declared that the Corporate Governance Report, attached to the Management Report, complies with the provisions in article 245-A of the Securities Market Code.

7 – In view of the above, taking into consideration the information received from the Board of Directors and Company Services, as well as the conclusions presented in the Legal Certification of Accounts and Audit Report, it is our opinion that the annual general meeting should approve:

- a) The Management Report;
- b) The individual and consolidated financial statements of the financial position, of income by nature, of comprehensive income, of changes in equity and of cash flow, and the corresponding notes, for the years ended on 31 December 2020.
- c) The proposed appropriation of net income submitted by the Board of Directors.

8 - Finally, in a year strongly constrained by the pandemic context, the Supervisory Board highlights the commitment and resilience that all the employees and contract workers of the SIC Group demonstrated, and continue to demonstrate in their daily work.

Paço de Arcos, 29 April 2021

The Supervisory Board

Joaquim Pereira da Silva Camilo, chairman

Alexandre de Azevedo Vaz Pinto, member

José Manuel Ventura Gonçalves Pereira, member



IX.  
CORPORATE GOVERNANCE  
2020





## CORPORATE GOVERNANCE INFORMATION

(Subparagraphs c), d), f), h), i) and m) of article 245-A of the the C.V.M.)

### 1. Qualifying holdings in the company 's share capital (Article 245-A, number 1, subparagraph c)).

Qualifying holdings of SIC - Sociedade Independente de Comunicação, S.A. known as of 31 December 2020:

Qualifying shareholder	Number of shares held	Percentage of voting rights
IMPRESA- SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.  * Directly (a)	6 005 000	100%
Total imputable	6 005 000	100%

(a) - IMPRESA - Sociedade Gestora de Participações Sociais, S.A. is (i) 50.306% (directly) held by IMPREGER, Sociedade Gestora de Participações Sociais, S.A. (whose majority shareholder is BALSEGER, Sociedade Gestora de Participações Sociais, S.A., in which 99.99% of the voting rights are attributable to Francisco José Pereira Pinto de Balsemão), (ii) 4.465% held by Madre Entretenimento SGPS, Unipessoal, Lda. (which in turn is held by Madre - Empreendimentos Turísticos, S.A., held by António da Silva Parente and majority held by the Universal Management Foundation, which is controlled by António da Silva Parente, hence the voting rights are also imputable to him), (iii) 3.690% held by Banco BPI, S.A., (iv) 2.404% held by Newshold - S.G.P.S. (which is 91.25% held by Pineview Overseas, SA, hence the corresponding voting rights are also imputable to him).

### 2. Identification of shareholders with special rights and description of these rights (Article 245-A, number 1, subparagraph d))

There are no special rights granted to shareholders of the company.

### 3. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A, number 1, subparagraph f)).

There are no restrictions on the right to vote.

### 4. Rules applicable to the appointment and replacement of members of the management body and the amendment of the company's articles of association (Article 245-A, number 1, subparagraph h)).

In accordance with Article 12, number 1 of SIC's Memorandum of Association, the company is managed by a Board of Directors composed of three to eleven members, elected by the General Meeting for a period of four years, with re-election permitted for successive four-year terms without any limitation.

Directors are replaced, as defined in article 12, number 2 of the Memorandum of Association, through co-optation within sixty days, with the selection being ratified at the



following General Meeting, which is valid until the end of the period for which the director had been elected.

When applicable, the Statutory Auditor is replaced by his/her alternate.

There are no rules on the amendment of the company's Memorandum of Association, except those arising from applicable law.

**5. Powers of the management body, especially as regards resolutions on capital increase (Article 245-A, number 1, subparagraph i)).**

Regarding deliberations on capital increases, the memorandum of association does not define any empowerment of the Board of Directors, but may, however, make proposals to this effect to the General Meeting, which is solely responsible for this matter.

**6. Main details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A, number 1, subparagraph m))).**

The meetings of SIC's Board of Directors are scheduled in advance (with the exception of any extraordinary meetings). Before each meeting, the members of the management body receive all the documentation related to the agenda in due time, and may request additional information on any points, propose the inclusion of other points they would like to see discussed, and propose to the Chairman of the Board of Directors the attendance at the meeting of any member of the supervisory body (Supervisory Board), as well as of any employee of SIC and its participated companies, who might be related to the discussion of one (or more) points on this same agenda.

The Board of Directors, in coordination with the Supervisory Board, supervises the preparation and disclosure of financial information, in order to ensure a true and fair view of such information, combined with an honest review of business development and, moreover, prevent undue access to relevant information by third parties.

SIC has implemented mechanisms and procedures for internal control of the process of closing accounts and disclosure of financial information, taking into account the detected risks and defining time limits, requirements and obligations for financial reporting. This entails the definition and communication of schedules, tasks and responsibilities among the employees involved in the process of drawing up the financial reporting documentation. The Financial Department reviews the adopted accounting policies, identifies the relevant or unusual transactions, analysing, whenever necessary, with Management, the appropriate accounting treatments and corresponding disclosure requirements.

The Financial Department also identifies the transactions that involve judgements or estimates, defining calculation methods, assumptions and all other pertinent information. Mechanisms for communication between the other Departments and the Financial Department are defined, so as to ensure that any new operations are properly identified and treated from an accounting perspective, namely by coordination between the Financial Department and Management Control.



The Supervisory Board, in particular, holds regular meetings with the Statutory Auditor in order to assess whether conditions have been created for the adequate performance of their work. The content of the Statutory Auditor's reports is presented and analysed in detail at these periodic meetings, which are held prior to the Board of Directors' meetings, so that the Supervisory Board is the first body to examine the content of the reports. Suggestions made by the Statutory Auditor aimed at improving the company's internal control measures and implementing better accounting practices are subsequently presented and discussed with the Board of Directors. The financial information is only disclosed after approval by the Board of Directors, under the legal terms.

In order to perform his/her duties, the Statutory Auditor or any member of the Supervisory Board may, jointly or separately, obtain from Management the presentation, for examination and verification, of the books, records and documents of the company, as well as verify the stocks of all types of assets, namely cash, securities and merchandise. The Supervisory Board may also attend meetings of the Board of Directors, whenever it deems convenient, and obtain from any of the directors information or clarifications on the situation of the company's operations or activities, as well as obtain from third parties who have carried out operations on behalf of the company any information necessary for the proper clarification of such operations.

Paço de Arcos, 19 April 2021

The Board of Directors:

Francisco José Pereira Pinto de Balsemão

Francisco Maria Supico Pinto Balsemão

Francisco Pedro Presas Pinto de Balsemão

Rogério Paulo de Saldanha Pereira Vieira

Paulo Miguel Gaspar dos Reis

Nuno Miguel Pantoja Nazaret Almeida Conde

Cristina Alexandra Rodrigues da Cruz Vaz Tomé



X.  
CONSOLIDATED REPORT  
ON NON-FINANCIAL  
INFORMATION

2020



# **CONSOLIDATED REPORT ON NON-FINANCIAL INFORMATION**

## **2020**



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## INFORMATION ON THE ADOPTED POLICIES

### A. INTRODUCTION

SIC - Sociedade Independente de Comunicação, S.A. is a subsidiary of the IMPRESA Group, active in television, multimedia, audiovisual and film production, as well as any other communication activity, namely, Internet, videos in any medium and publications of any kind. SIC wholly owns Global Media and Technology Solutions ("GMTS"), a company geared towards the provision of technical services, within the scope of any media, audiovisual and film production, digital television and radio-television signals transmission activity<sup>1</sup>.

The topic of sustainability, based on good environmental, social and corporate governance practices, has been part of the business dynamics of the IMPRESA Group since the very beginning, being intrinsically associated with the confidence and trust in its brands and constituting a fundamental corner stone for the long-term creation of value and for strengthening the relations with all its stakeholders.

As a media outlet, SIC shares with the IMPRESA Group the added responsibility and commitment for the impact that its activity and the sector in which it operates have on society.

As part of the dynamics and strategic lines defined by the IMPRESA Group, SIC is involved in promoting various initiatives, both externally and internally, which reflect the Group's values and the pursuit of the objectives associated with them:

- Defence of freedom of expression;
- Role of the independent media and quality in the functioning of democracy;
- Development of strong relations with stakeholders, local communities and Portuguese society in general;
- Focus on talent and human capital;
- Conservation and defence of the environment.

Pursuant to Articles 66-B and 508-G of the Commercial Companies Code, IMPRESA and SIC disclose the Report on Non-Financial Information on annual basis, presenting the actions undertaken throughout the previous year concerning the Group's commitment to the different aspects of the topic of sustainability.

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<sup>1</sup> With a view to harmonising reading, SIC and its wholly-owned participated company GMTS shall hereinafter be jointly referred to only as 'SIC'.





## **B. BUSINESS MODEL**

### **B.1. VALUES, MISSION AND GOVERNANCE MODEL**

#### **VALUES OF IMPRESA**



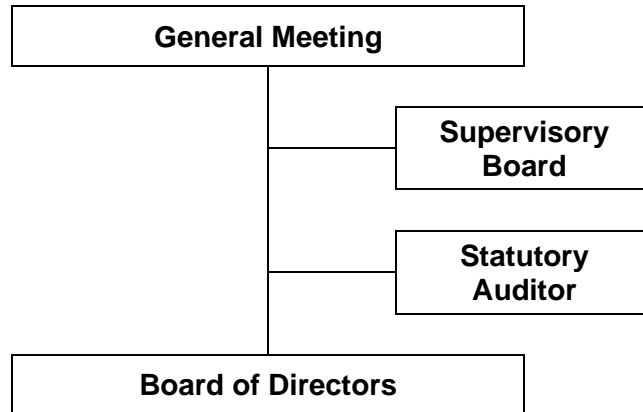
#### **MISSION OF IMPRESA**

IMPRESA contributes, on a daily basis, to a free, enlightened and fulfilled society, seeking to entertain and that people should feel better about themselves. The ultimate goal is to deepen and improve the relationship with those see and read us, captivating and surprising them, creating communities based on values that should be permanently cultivated. Together, we work to build a better country and a better world, and this is the mission that gives meaning to the daily work of all the employees of the IMPRESA Group.

SIC's program service started broadcasting on October 6, 1992, as an open and general channel, with national coverage. It was the first private television channel to operate in Portugal, with a decisive contribution to editorial plurality and independence. One of SIC's great bets, which clearly stood out in the television panorama, was information, combined with the values and principles of independence, proximity, accuracy and quality.

#### **GOVERNANCE MODEL**

SIC's adopted governance model is managed and supervised by a Board of Directors, a Supervisory Board and a Statutory Auditor, in accordance with subparagraph a) of number 1 of article 278 of the Commercial Companies Code and its articles of association.



The Board of Directors represents SIC and performs all the acts necessary to ensure the management of SIC's business.

In this context, the Board of Directors is responsible for deliberating on:

- a) The Company's representation, actively and passively, in court and out of court;
- b) Negotiating and signing all contracts, including arbitration conventions, regardless of their scope, nature and form, in which the Company is involved;
- c) The acquisition, sale, encumbrance or any other form of corporate asset transaction;
- d) Contracting loans, as well as provision of the necessary guarantees, regardless of their extent and nature;
- e) Confession, discontinuance or transactions relative to any judicial proceeding;
- f) The constitution of corporate representatives with the powers it may deem fit, under the terms and limits established by law and by the Articles of Association;
- g) Delegation of specific duties and powers to any director, with the scope established in the respective deliberation;
- h) The constitution of specialized commissions;
- i) Establishing the objectives and management policies of the company;
- j) Preparing the annual activity and financial plans;
- k) Establishing the technical and administrative organisation of the company and the internal operating standards concerning the staff and their remuneration;
- l) Managing the Company's corporate business and conducting all the acts and operations pertaining to its corporate object which do not fall under the duties of other Company bodies; and
- m) Performing all other duties assigned by law, by the Articles of Association or by the General Meeting.

The Board of Directors meets quarterly and whenever convened by the Chairman of the Board of Directors.



In accordance with SIC's Articles of Association, the Board of Directors is composed of a minimum of three members and a maximum of eleven members, who may or may not be shareholders, elected at a General Meeting. The term of office of the Board of Directors is four years, with re-election permitted for successive four-year terms. The General Meeting shall appoint, from among the elected directors, the Chairman and the Deputy Chairman. In 2020, the members of the governing bodies of SIC, including the Board of Directors, were elected for the 2020-2023 mandate.

Currently, SIC has a Board of Directors composed of seven members: one Chairman, one Deputy Chairman and five members.

The supervision of SIC is the responsibility of a Supervisory Board and a Statutory Audit Firm, which perform the functions resulting from applicable legislation and the Articles of Association. The Supervisory Board is elected by the General Meeting and is composed of a minimum of three permanent members and an alternate, one of whom will be its Chairman, and the majority, including the Chairman, must be independent.

Pursuant to Article 420 of the Commercial Companies Code, the Supervisory Board is responsible for supervising the management of SIC and verifying the accuracy of the financial statements, in strict compliance with the law and the Articles of Association. As a result, the Supervisory Board prepares, on an annual basis, a report on the supervisory activity carried out, referring to any constraints detected, and issues an opinion on the documents of accountability and the proposal for the application of results, presented by the Board of Directors to the General Meeting.

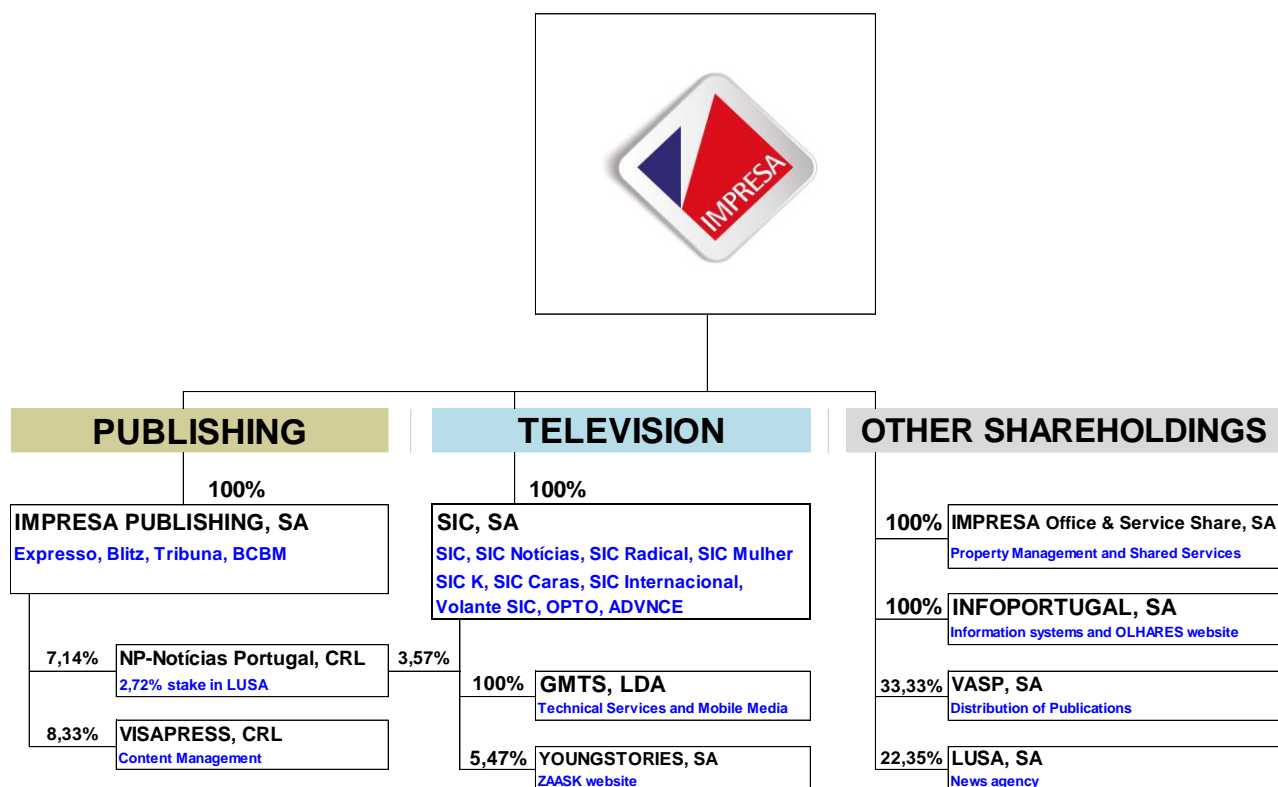
The Supervisory Board is elected by the General Meeting and is composed of a minimum of three permanent members and an alternate.

The Statutory Audit Firm is appointed by the General Meeting, following a proposal by the Supervisory Board.

## **B.2. ORGANISATIONAL STRUCTURE AND BUSINESS AREAS**

### **GROUP STRUCTURE (31.12.2020)**

SIC is part of the IMPRESA Group, being 100% owned by IMPRESA - Sociedade Gestora de Participações Sociais, S.A. SIC holds the total share capital of GMTS (Global Media e Technology Solutions) ) Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. ("GMTS"), a 5.47% stake of the share capital of Young Stories, S.A., and a 3.57% stake in NP - Notícias de Portugal, Cooperativa de Utentes de Serviços de Informação, C.R.L., according to the chart below:



The corporate purpose of SIC – SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A. is to pursue business activity in the area of television, multimedia, audiovisual and film production, as well as any other communication activity, namely, internet, videos in any format and publications of any kind. This segment also includes Global Media Technology Solutions – Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. (“GMTS”), a company incorporated in 2001, fully held by SIC, whose core business is provision of services of technical nature concerning the media, audiovisual and film production, digital television, transmission of television and radio programmes, whether by terrestrial means (Hertzian), cable or satellite, internet, universal mobile telecommunication system or any other multimedia activity.

SIC holds the license to operate the television network 3, corresponding to SIC program service, as well as the licenses to operate the SIC Internacional, SIC Notícias, SIC Radical, SIC Mulher, SIC K, SIC Caras and TXILLO program services.

At the end of 2020, SIC moved forward with two innovative projects in Portugal:

- OPTO, a streaming service launched in November, is pioneer in the sale of subscriptions of exclusive audiovisual contents;
- ADVNCE, launched in December, is available on the distribution platforms, being a project for hosting the eSports community.



SIC depends on GMTS, to pursue its activity, regarding the provision of technical services, such as audiovisual, production, digital television and radio-television signals transmission, and on Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A. ("IOSS"), considering that the accounting, financial, logistical and administrative services in general are provided by this company, 100% owned by the IMPRESA Group.

## C. MAIN RISK FACTORS

### C.1. MAIN AREAS OF RISK

- **Economic risks** (business activity and facilities): Risks primarily related to situations that could affect the current operation of the companies, namely fire, broadcasting cuts in television activity, and failure of computer systems.
- **Financial risks** (credit, liquidity, exchange rate and interest rate risk):
  - i. Credit risk is essentially related to the accounts receivable arising from advertising sales. In order to reduce credit risk, SIC has defined credit granting policies, corresponding to the policies in force for all entities of the IMPRESA Group, with credit limits per customer and collection deadlines, and financial discount policies for early repayment or cash payment.
  - ii. Liquidity risk can occur if the financing sources, such as cash flow from operating activities, divestment, credit lines and cash flow from financing activities, do not meet the financing requirements, such as cash outflow for operating and financing activities, investments, shareholder remuneration and repayment of debt.
  - iii. Exchange rate risk is essentially related to the acquisition of television programmes.
  - iv. Interest rate risk is essentially related to interest paid in relation to the contracting of loans with variable interest rates, which are consequently exposed to changes in market interest rates.
- **Legal Risks:** Risks related to compliance with existing legislation applicable to the media sector.

### C.2. IDENTIFICATION OF RISK MANAGEMENT MECHANISMS

The IMPRESA Group's Board of Directors takes particular care to adopt a risk management policy aimed at minimising any consequences on the Group's business, people or assets, arising from any intentional or unintentional threats.



Plans for exogenous situations that may affect SIC's current operation, such as fires, reductions in production, broadcasting cuts, computer systems failures, etc., are being equated and implemented with the purpose of safeguarding assets and people and to ensure, as far as possible, the continuity of the activity of television and digital content.

At IMPRESA, the following bodies are responsible for monitoring and implementing the internal control and risk management:

- The **Risk Committee**, which is entrusted with operationally ensuring compliance with the Risk Management Policy, defined by the Board of Directors of IMPRESA, the follow-up and monitoring of the different security events that could represent security risks to the Group's different companies, making recommendations aimed at improving the risk event control systems, checking the efficiency of the risk management systems, and monitoring the implementation of the recommendations issued by the actual Risk Committee and/or by the Audit Committee of the IMPRESA Group, with respect to Risk Management.
- **Assets, Risk and Sustainability Department**, which supervises the risks associated with:
  - i. Facilities, infrastructures and logistics;
  - ii. Taking out of insurance at the Group level, in order to achieve the most appropriate solutions to cover insurable risks;
- **Information Technology Department and Operations and Technology Department**, which supervise computer security and cyber risk.
- The **Financial Department**, which carries out the following aspects of risk control:
  - i. Negotiation, contracting and management of bank loans, in order to meet the Group's financial needs;
  - ii. Negotiation and contracting of appropriate financial instruments, aimed at reducing exposure to interest and exchange rate risks;
  - iii. Definition of credit granting policies, with credit ceilings per customer and collection deadlines.
- **Legal Affairs Department and Institutional Relations Department**, responsible for the:
  - i. Monitoring of the evolution of the legal and regulatory framework on the matters with an impact on the activity developed by the IMPRESA Groups and relations with the competent supervisory authorities;
  - ii. Monitoring, in terms of the operational subsidiaries, of the legal and regulatory provisions, in particular, applicable to the media sector, and whose significant change or breach could have an adverse impact on the business or on the earnings of these companies.



### C.3. RISK IDENTIFICATION AND MITIGATION IN 2020

<b>New risks identified in 2020</b>	a. Risks associated with the uncertainty caused by the impact of the Covid-19 pandemic.
	b. Computer security risks, following the increased work from home (telework).
	c. Risks associated with movements observed in the media sector in Portugal, in particular, changes in the shareholder and organisational structures of the main competitors of the IMPRESA Group.
<b>Risk processes concluded in 2020</b>	a. Risk of transfer of SIC premises.
	b. Procedural regularisation of the Risk Committee.
<b>Risks mitigated in 2020</b>	<p>a. Risks related to facilities, infrastructures and logistics:</p> <p>i. Self-protection measures:</p> <ol style="list-style-type: none"> <li>1. The self-protection measures of the building of Paço de Arcos, Parque Holanda and Matosinhos were approved by the National Emergency and Civil Protection Authority (ANEPC).</li> <li>2. "Internal Safety Plans" and contingency plans continue to be developed in the context of the Covid-19 pandemic to protect the health of the workers and ensure the regular functioning of the Group companies, in particular, concerning SIC, the continuity of the broadcasts of the different television channels operated.</li> <li>3. The appointment of new Safety Delegates for the premises of Paço de Arcos, Parque Holanda and Matosinhos were suspended, in articulation with the Department of Human Resources, as well as the distribution of their identifying material and procedural manual, under the Covid-19 contingency plans.</li> </ol> <p>"Low risk" level at the premises of Paço de Arcos and Matosinhos.</p> <p>"High risk" level at the Parque Holanda premises, due to higher exposure to Covid-19 contagion, considering that five independent producers and two technical service providers outside the Group operate at these facilities.</p> <p>ii. Risks related to facilities and infrastructures:</p> <ol style="list-style-type: none"> <li>1. The risks relating to the Paço de Arcos, Matosinhos and Parque Holanda facilities have been checked and reviewed, as necessary.</li> <li>2. The usual internal air quality checks were carried out on a regular basis, in all facilities, as well as testing for active</li> </ol>



	<p>legionella.</p> <p>"<i>Low risk</i>" level.</p> <p>iii. Risk of interruption in communications:</p> <p>1. Outdoor access:</p> <ul style="list-style-type: none"> <li>• Secure fibre connections;</li> <li>• Currently being resolved: box for second communication connection to the outside to allow a second access way in second ditch.</li> </ul> <p>"<i>Medium risk</i>" level.</p> <p>2. Inter-building communication:</p> <ul style="list-style-type: none"> <li>• Secure fibre connections;</li> <li>• Currently being resolved: box for second communication connection to the outside to allow a second access way in second ditch.</li> </ul> <p>"<i>Medium risk</i>" level.</p> <p>3. Distribution of television signals:</p> <ul style="list-style-type: none"> <li>• Secure dual fibre paths (coding redundancy ensured by client operators/distributors);</li> <li>• Currently being resolved: box for second communication connection to the outside to allow a second access way in second ditch.</li> </ul> <p>"<i>Medium risk</i>" level.</p> <p>4. Mail system:</p> <ul style="list-style-type: none"> <li>• Security system through Microsoft's 360-service.</li> </ul> <p>"<i>Low risk</i>" level.</p> <p><b>b. Risk of computer interruption – cyber risk:</b></p> <p>i. A survey was made of the existing risks, by a specialised external company. Following that survey, a plan is underway with a view to the implementation of the recommended measures.</p> <p>ii. Actions to mitigate the risk associated with increased external communications, following the increased work from home (telework).</p> <p>"<i>High risk</i>" level.</p> <p><b>c. Risk of interruption of broadcasting of SIC television channels:</b></p> <p>i. Several emergency alternatives are foreseen to support the broadcasting of the various SIC channels, in order to guarantee their continuity even in the case of interruption caused by failure of different types. For a start, there are redundant servers for</p>
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	<p>emergency payout, bypass matrices, redundant signal paths to the different operators that distribute our channels.</p> <p>ii. The persons in charge of the Information Services, Continuity, IT and Technical Support are prepared and equipped with the necessary means to act, in emergency situations.</p> <p><i>“Medium risk” level.</i></p>
	<p><b>d. Risks related to asset conservation – TV and digital content:</b></p> <p>i. The policy of responsibility of the IMPRESA Group was maintained, which is to conserve the contents produced for TV and digital support.</p> <p>ii. The digitisation plans, content indexing and conservation were fulfilled.</p> <p><i>“Low risk” level, with respect to the risk of loss of content produced.</i></p>
	<p><b>e. Risks associated with taking out insurance:</b></p> <p>i. The policies that ensure that IMPRESA has financial means to deal with emergency situations arising from natural disasters or other circumstances beyond its control are maintained.</p> <p><i>“Low risk” level.</i></p> <p>ii. An external audit concerning cyber risk was conducted, with a view to studying the taking out of insurance better adapted to the current threats.</p> <p><i>“High risk” level.</i></p>
	<p><b>f. Personal data protection: legal and regulatory risks</b></p> <p>i. The IMPRESA Group upholds its commitment to respect personal data and ensure compliance with the entire regulatory framework on this matter, namely Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, relating to the protection of natural persons with respect to personal data processing and the free movement of those data (“GDPR”).</p> <p>ii. IMPRESA implements an inhouse culture of privacy and protection of personal data, with the preparation and disclosure of policies and procedures that promote compliance with the values and principles established in the legislation in force.</p> <p>iii. IMPRESA implements technical measures to safeguard the values of Availability, Integrity and Confidentiality of the information.</p> <p><i>“Medium risk” level.</i></p>



## **D. IMPLEMENTED POLICIES**

### **1. Environmental Sustainability Policy**

IMPRESA actively promotes a culture of environmental sustainability, through a series of simple, direct and daily attitudes conducive to reducing the immediate impact of the actions of Group companies on the environment and diminishing their carbon footprint.

The implementation of the approved measures is entrusted to the “Environmental Sustainability Committee”, which reports directly to the IMPRESA’s Executive Director.

### **2. Information Security Policy**

IMPRESA approved the Information Security Policy, prepared in accordance with Article 24 of the GDPR and with the recommended international standards, such as ISO 27001 and the “Security Measures” of the European Network and Information Security Agency (ENISA).

The Information Security Policy aims to protect the information and its supporting systems, based on three fundamental pillars – Confidentiality, Integrity and Availability.

This policy should ensure the appropriate level of protection of inhouse information and of the information entrusted by external entities. Its security should be in conformity with the applicable agreements, legal requirements and rules.

The Information Security Policy is disclosed and implemented inhouse, according to the needs and functions of each activity. It should be respected and followed by all the employees, partners and suppliers, in addition to covering, when justified, all the contracts or operational agreements with customers and other third parties.

### **3. Risk Management Policy**

The IMPRESA Group proposes the pursuit of an assertive Risk Management that is appropriate to its corporate profile, aimed at safeguarding the Group's interests and meeting the legitimate expectations of its stakeholders.

The IMPRESA Group implements a Risk Management System focused on the handling of risks with impact on the performance of its activity. The IMPRESA Group's Risk Management System promotes, in an evolutive attitude, the identification, assessment and multidisciplinary management of risks, in light of the Group's strategy and values. Risk Management is an integral part of the Group's Governance Models and decision-making processes. The IMPRESA Group promotes a transversal Risk Management Culture, based on transparency and the undertaking of roles and responsibilities by the employees and all other stakeholders.

### **4. Personal Data Protection Policy**

The IMPRESA Group maintained its policy of responsibility concerning observance of the legal provisions, under the General Data Protection Regulation (GDPR).



## 5. Policy on Procurement and Suppliers

The IMPRESA Group maintained its approved procurement procedures in force.

### D.1. ENVIRONMENTAL POLICIES

#### Goals

The Group actively promotes a culture of environmental sustainability, through a series of simple, direct and daily attitudes conducive to reducing the immediate impact of the actions of Group companies on the environment and diminishing their carbon footprint. In this regard, IMPRESA'S goals include:

- a) Disclosing and promoting an environmental sustainability policy in the Group's different business areas, in particular involving the following actions:
  - Intensification and strengthening of the signage appealing to the saving of water, energy, paper and waste separation;
  - Preparation of a booklet of sustainable procedures and good practices to be implemented in a work context (project temporarily suspended due to the Covid-19 pandemic);
  - During study visits, raise the awareness of the IMPRESA Group's sustainability culture (project temporarily suspended due to the Covid-19 pandemic);
  - Organisation of environmental education workshops for children of employees (project temporarily suspended due to the Covid-19 pandemic);
- b) Mobilisation of the Group's stakeholders towards the need for environmental policies.
- c) Reduction of the quantity of waste produced based on the official declarations for the Integrated Environmental Licensing System (SILiAmb) and the use of the Waste Declaration Form (GAR). All the recommendations of the official declarations and waste declaration forms referred to above were implemented.

#### D.1.1. CONTROL AND IMPLEMENTATION

##### ***1. Sustainable Use of Resources***

##### **1. Energy Resources**

Electric and Renewable Energy					
Electricity consumption and % of source tables		KWh		CO <sub>2</sub>	
		2020	2019	2020	2019
	Paço de Arcos Building	4,819,356	4,730,252	1,186,622	1,351,985
	Matosinhos Building	495,118	522,001	121,798	152,632



	Parque Holanda	1,204,473	1,119,741	297,031	337,027
Photovoltaic production	In 2020, 360 photovoltaic modules and 4 inverters, with 100 KW power capacity were installed. Operationalisation on 18 February 2021.				
Electricity consumption Production and Control Measures	<p>During 2020, the following events were noteworthy:</p> <ul style="list-style-type: none"> <li>• Detailed monthly examination of electricity consumption and taking of immediate measures to reduce consumption;</li> <li>• Control of the number of lamps turned on in common areas and open spaces;</li> <li>• Continuation of installation of lighting switches in meeting rooms and offices;</li> <li>• Control of the minimum and maximum temperatures in air conditioning systems;</li> <li>• Replacement of incandescent lamps by low consumption lighting;</li> <li>• Awareness-raising among programme producers and lighting staff on the need to cut energy consumption;</li> <li>• Energy study by EDP – February 2020</li> <li>• EDP partnership – 100 KW installed power on the terraces.</li> <li>• EDP partnership – Installation of 4 electric vehicle charging points</li> <li>• EDP partnership – replacement of the old lighting by LED lighting (operation started in 2020 and completed in 2021);</li> <li>• Reduction of automatic lighting hours;</li> <li>• Reduction of air conditioning hours;</li> <li>• Installation of a bicycle parking rack.</li> </ul>				

Non-Renewable Energy			
Consumption of Diesel / Petrol		2020	2019
	Paço de Arcos Building	169,625 lt	221,881 lt
	Matosinhos Building	345 lt	12,640 lt
	Parque Holanda	0 lt	263 lt
Gas Consumption	Paço de Arcos Building	5,801 m <sup>3</sup>	7,396 m <sup>3</sup>
	Parque Holanda	225 m <sup>3</sup>	315 m <sup>3</sup>
Consumption Control Measures	<p>During 2020, the following events were noteworthy:</p> <ul style="list-style-type: none"> <li>• Analysis of the feasibility of the vehicle fleet renewal with hybrid plug-in or electric vehicles;</li> <li>• Renewal of 4 diesel vehicles with 4 hybrid plug-in or electric vehicles;</li> <li>• Reduction of fuel ceilings in cases of telework over a prolonged time;</li> <li>• Intensification of the inhouse messages encouraging energy saving (e.g., next to the elevators, television sets, computers, etc.).</li> </ul>		



## 2. Water Resources

		2020	2019
Drinking water consumption	Paço de Arcos Building	8,277 m <sup>3</sup>	9,655 m <sup>3</sup>
	Matosinhos Building	487 m <sup>3</sup>	1,624 m <sup>3</sup>
	Parque Holanda	2,866 m <sup>3</sup>	3,999 m <sup>3</sup>
Consumption Control Measures	<p>During 2020, the following events were noteworthy:</p> <ul style="list-style-type: none"> <li>• Installation of flow reducers in taps and water stopping systems by sensor or pressure;</li> <li>• Regular checking, included in the maintenance plan, of water leaks in all existing flushing systems;</li> <li>• Installation of flushing systems with double discharge in all toilets (process in course);</li> <li>• At the Paço de Arcos facilities, exclusive use of water from the borehole for irrigation, washing or works.</li> </ul>		

### ii. Pollution and climate change

Greenhouse gas emissions	<p>Within the limits established by the legal provisions in force.</p> <p>Treatment of fluorinated gases, in case of maintenance.</p> <p>Annual declaration submitted to the Portuguese Environmental Agency (APA), pursuant to Regulation (EU) 517/2014 of the European Parliament and Council of 16 April 2014, on fluorinated greenhouse gases.</p>
Consumption of non-recyclable plastics	<p>During 2020, the following events were noteworthy:</p> <ul style="list-style-type: none"> <li>• Non-use of plastic credentials at events;</li> <li>• Reduction of the plastic in gifts/general office supplies;</li> <li>• Encouragement of the use, whenever possible, of water dispensers provided by the company;</li> <li>• Avoidance, whenever possible, of distributing or offering disposable plastic bottles of water;</li> <li>• Distribution of individual bottles and elimination of disposable cups in the water dispensing machines;</li> <li>• Recommendation to the restaurant operator to not use disposable or plastic utensils;</li> <li>• Reduction of the use of video cassettes;</li> <li>• Placement of bins to collect plastic bottles.</li> </ul>
Sound Pollution	<p>Special noise licenses were requested, whenever increased noise was expected due to construction works or external productions.</p>



### iii. **Circular economy and waste management**

Waste recovery	<p>During 2020, the following events were noteworthy:</p> <ul style="list-style-type: none"> <li>• Maintaining and encouraging the policy of separation and recycling of waste, with selective collection containers (paper/carton, plastic and glass);</li> <li>• Sending of waste such as batteries, cassettes, light bulbs and others to entities certified for their treatment;</li> <li>• Recovery of plastic or paper packaging waste by Ponto Verde;</li> <li>• Reduction of the use of plastic containers and selective collection of plastic in specific containers, with the plastic waste survey having been carried out by Oeiras Municipal Council;</li> <li>• “PURIFY” action: placement of filtered water dispensers and distribution of individual bottles;</li> <li>• The waste generated at the IMPRESA Group's facilities is recorded annually in the Integrated Recording System of the Portuguese Environment Agency (SIRAPA), whose access is restricted to organisations that have environmental responsibilities established by law.</li> </ul>
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## **D.2. SOCIAL POLICIES**

### **D.2.1. THE GROUP'S COMMITMENT TO THE COMMUNITY**

#### **D.2.1.1. Commitment to the community: SIC ESPERANÇA (SIC HOPE)**

SIC Esperança is a private social solidarity institution (IPSS), of public utility, transversal to the IMPRESA Group, whose purpose is to make civil society aware of the social problems that, unfortunately, still exist in Portugal. To achieve this objective, it works in partnership with companies to finance projects and with institutions that carry them out under its supervision, thus contributing to the solution or minimisation of these problems and to the construction of a fairer and less unequal country.

In 2020, SIC Esperança counted once again on the IMPRESA Group for the dissemination of several social solidarity actions. Throughout the year, the SIC, SIC Notícias and SIC Mulher channels provided about 29 hours free of charge in the public service slot. 56 campaigns of private social solidarity institutions were announced, in particular: Attitude – IPSS, Associação para a Promoção da Segurança Infantil [Association for the Promotion of Child Safety], Operação Nariz Vermelho [Operation Red Nose], Vila Com Vida [Town with Life], Portuguese Red Cross, Alzheimer Portugal, among others.



### ***Projects in 2020:***

- In the context of the Covid-19 pandemic, SIC Esperança and SIC, in partnership with the Portuguese Football Federation, launched a fund-raising campaign named United For Portugal, which achieved a total sum of 598,156.37 euros. This sum enabled the donation of masks, gloves, face shields and disinfectant gel to 797 social solidarity institutions all over the country, including the autonomous regions, as well as to 49 Firefighting corporations of various points of the country. At the same time, SIC Esperança established a partnership with Project Open Air to develop a reusable kit, the first in Portugal, with all the protective equipment required by health professionals at the front line in the fight against Covid-19. Each kit is composed of a full body suit with neck and shoulder protection, cap, apron, elbow-length gloves and knee-high boot cover. 2,390 kits will be donated to the National Health Service and 2,610 kits to social solidarity institutions, countrywide.

This campaign also included the provision of food support, with SIC Esperança, in collaboration with Missão Continente, having distributed Cartões Dá [Give Cards] to 334 institutions.

- SIC Esperança established a partnership with Rock in Rio and Curseria, which enabled offering 146 training courses named "How to Rock in Rio: event and business management" directed at professionals of the performance and entertainment industry in situations of unemployment or substantial loss of income during the months following the onset of the pandemic.
- The Covid-19 pandemic has redefined the concept of social interaction, raising barriers to physical contact between people and imposing protection and sanitary precautions. To this end, the funds raised in the Expresso BPI Golf Cup 2020 contributed to the donation of reusable full body suits to employees of private social solidarity institutions, who provide support to the population at risk. The supported institutions will be the Santa Casa da Misericórdia da Amadora and Casa do Povo de Alvito.
- During the second edition of the GEN10S Portugal project, 4,063 students had been trained by the end of 2020, out of the initially programmed 6,000. This edition will be extended up to the end of 2021.
- SIC Esperança, Blanch Filmes and Associação Terra Amarela [Yellow Earth Association] joined forces to develop "Série Azul", a mini-series with an inclusive cast that will address the topic of climate change. The year of 2020 was dedicated to the prospection of funding among various entities.
- For the 8th consecutive year, SIC Esperança and Porto Editora launched a Christmas campaign in which, for every children's book sold, selected for this campaign, 1 euro was donated to the Therapy Grant project. This project consists in the creation of therapy grants for children and young people with developmental disorders and/or special education needs





from economically vulnerable households. The grants will enable these children and young people to have access to various therapies, such as occupational therapy, speech therapy, psychomotricity, clinical psychology, among others.

- SIC Esperança and re.store developed the Solidarity Bag project, which consisted in the sale of cloth bags, made of fabric recovered from the textile industry and donated to private social solidarity institutions which then produced these bags. For each bag made by users, employees and/or volunteers, the institution receives a return of 1 euro. Part of the proceeds from the sale of the bags will be allocated to SIC Esperança, that will create a financing line to support projects of private social solidarity institutions related to damage caused by the Covid-19 pandemic.
- SIC Esperança and Associação Terra Amarela launched the second edition of the Artistic Creation Grant project, aimed at fostering inclusive artistic creation, supporting disabled creators and interpreters who work in the performing arts, visual arts, music, cinema and writing. The winner of this edition was Daniel Moraes, with the Drawing and the Non-Normative Body project.
- During the month of December, SIC Esperança established a partnership with Staples to launch a Christmas campaign aimed at donating office material to private social solidarity institutions countrywide. This was a way of relieving the expenses related to this type of material faced by the institutions, with 16 private social solidarity institutions having been supported in which each received 2,530.81 euros in material.

### ***Other initiatives***

- With the support of the IMPRESA Group, SIC Esperança, as a private social solidarity institution, boosted a campaign appealing to people to donate 0.5% of their personal income tax in its favour.
- SIC Esperança joined the Giving Tuesday Portugal movement for the 2nd year. This is a worldwide movement that, once a year, on Tuesday after Black Friday, encourages people to show solidarity by supporting private social solidarity institutions.
- SIC Esperança and Yamaha Portugal, with the support of Mimosa, donated 2,700 litres of milk to Alfragide Refood which helps about 40 families.
- In partnership with SIC Notícia's Volante programme, SIC Esperança singled out two social solidarity institutions, the Verdine Community Centre and the Tapada das Mercês Residents Associations, which were part of its Christmas solidarity programme. About 40 children received a visit from the programme's presenters, Pedro Amante and Rui Pedro Reis, as well as José Figueiras and João Pedro Pais, who were tasked with distributing gifts donated by Clementoni.





#### **D.2.1.2. Commitment to the community: CULTURE**

SIC continued to support cultural events in 2020, through the dissemination of content and other actions:

##### ***Support to performing arts and other cultural initiatives***

In the area of musical and cultural performances, SIC supported a total of 19 events related to music, the performing arts or culture.

##### ***Special conditions for advertising***

Cultural initiatives and other events of an institutional nature benefited from price discounts to advertise with IMPRESA Group brands.

##### ***Programa Cartaz***

"Programa Cartaz" [Billboard Programme] is one of the oldest programmes on the air at SIC Notícias. First, as an item within the SIC Notícias Night edition and later, as a stand-alone programme.

"Programa Cartaz" is dedicated to national and international culture. From the theatre to cinema, from music to the plastic arts, from dance to literature, all areas are represented on the "Cartaz" programme. Even during the lockdown period, the programme maintained its broadcasting, offering suggestions and raising awareness on performances that were taking place.

##### ***Original é a Cultura***

"Original é a Cultura" [It's Culture that's Original] is a SIC programme made in partnership with the Portuguese Authors Society, that, every Sunday, at 2:00 am, gathers together Carlos Fiolhais, physicist and university professor, Dulce Maria Cardoso, writer, Ruy Vieira Nery, musicologist and university professor, mediated by Cristina Ovídio. The programme is also rebroadcast on SIC Notícias on Sunday evenings.

#### **D.2.1.3. Commitment to the community: INSTITUTIONAL INITIATIVES**

SIC sought, during 2020, to promote and distinguish people and institutions, and use the means at its disposal to draw attention to major current affairs.

##### ***i. I have cancer. So what?***

In 2018, IMPRESA launched the project "I have cancer. So what?", focusing on survival stories and the daily lives of women with breast cancer.



More than 400,000 people shared their stories and interacted with the project, which also involved the key stakeholders in oncology and the discussion of public health policies.

This editorial project of the IMPRESA Group - through the SIC and Expresso brands - enabled the creation of an information team in 2019 exclusively dedicated to this subject, which affects the lives of about 250,000 people in Portugal. This year, the project covered all channels (print, television and digital) involving patient associations, oncology societies and health service providers. In total, the project reached more than two million people and 30 associations, producing more than 150 stories with patients, specialists, stakeholders and doctors.

ii. Car of the Year | Crystal Wheel Trophy 2020/2021

The 38th edition of the Car of the Year/Crystal Wheel Trophy was launched in September 2020, aimed at highlighting the best products in the automotive sector.

The Organising Committee of the award has the mission of selecting the best car available in the national market, as well as the best cars in various segments: City Dweller, Family, Sports/Leisure, Compact SUV, Electric and Hybrid.

The 38th Edition includes cars which were sold between 1 January 2020 and 31 December 2020.

The selection panel of the 38th edition is composed of 20 specialised journalists, representing the print media, digital media, radio and television, in a search for plurality of opinions. For the second time since the trophy has existed, the three largest Portuguese television channels, SIC, TVI and RTP, are members of the selection panel.

▪ Technology and Innovation Award

In the 38th edition of the CAR OF THE YEAR Trophy, the organisation will, once again, select five innovative and technologically advanced devices that directly benefit both driving and the driver. These will be appreciated and then voted by the selection panel members simultaneously with the final vote.

**D.2.1.4. Commitment to the community: STUDY VISITS**

The pandemic forced IMPRESA to take strict measures, in order to minimise the possibility of Covid-19 contagion. One of the decisions was to cancel the study visits. Even so, in the first quarter, the facilities in which SIC operates received 15 visits, involving a total of 416 people.



## **D.2.2. CONSUMERS SERVICE PROVIDED TO VIEWERS**

In 2020, 56,588 contacts were received, representing a substantial increase (23%) in relation to the previous year, which was primarily explained by Covid-19 and the comments related to Cristina Ferreira's leaving SIC. Of these contacts, 79% arrived via email and were Requests for Information (63%), Topics for Reporting (23%), Criticism (10%), Praise (2%) and Suggestions (2%). In 92% of cases, this was pointed at the generalist channel SIC.

During the so-called “first wave” of the pandemic there was strong growth in television viewer contacts. Many contacted the Group during lockdown to clarify doubts about Covid-19 and related topics (disinfection and individual protection, Social Security support, education, homes for senior citizens and the economy). We also highlight the lockdown stage when contacts on possible news more than doubled, and there were also many videos for the *Jornal da Noite* [Evening News] feature “O Mundo em Casa” [The World at Home]. More comments were received about the programming, suggested changes to usual contents. The year was also marked by increased demand in daytime slots for exposure of cases.

## **D.2.3. STAKEHOLDERS**

### **D.2.3.1. INSTITUTIONAL RELATIONS**

The year of 2020 was marked by one of the greatest crises ever undergone by the media. The reduction in sales and advertising, especially with respect to the press, led to the disappearance of some publications and to the unemployment of a considerable number of journalists.

The Government, pressurised by various associations representing the media, by the journalists union, by publishers and politicians, finally made an advance purchase of advertising space, which partially helped to face the first losses.

Despite everything, with respect to relations with the various regulatory and self-regulatory bodies, the Group maintained its participation in the debates of the topics of most interest to the sector, and ensured the follow-up of the Portuguese and/or European Union legislative production.

In this regard, the IMPRESA Group maintained its presence in the governing bodies of the following entities:

- AEM – Associação de Empresas Emitentes de Valores Cotados em Mercados [Association of Issuers of Market Listed Securities] (Chairman of the General Council)
- AEP – Associação Empresarial de Portugal [Business Association of Portugal] (Member of the General Council)



- AIP/ CE - Associação Industrial Portuguesa/Confederação Empresarial [Portuguese Industrial Association/Corporate Confederation] (Deputy Chairman of the Board of Directors)
- AMD – Associação de Marketing Direto [Direct Marketing Association] (Board of Directors)
- ANETIE – Associação Nacional das Empresas de Tecnologia de Informação e Eletrónica [National Association of Information Technology and Electronic Companies] (Deputy Chairman of the General Meeting)
- APDC – Associação Portuguesa para o Desenvolvimento das Comunicações [Portuguese Association for the Development of Communications] (Board of Directors)
- APDSI – Associação para a Promoção e Desenvolvimento da Sociedade de Informação [Association for the Promotion and Development of the Information Society] (General Council)
- CAEM – Comissão de Análise e Estudos de Meios [Commission for Media Analysis and Studies] (Board of Directors, Media Section and Technical Committee)
- Comissão de Classificação dos Meios de Comunicação Social [Media Classification Committee] (Chairman)
- COTEC - Associação Empresarial para a Inovação [Business Association for Innovation] (Chairman of the General Meeting)
- ERC – Entidade Reguladora para a Comunicação Social [Social Communication Regulatory Entity] (Advisory Board)
- Fórum para a Competitividade [Competitiveness Forum] (Advisory Board)
- GEDIPE – Associação para a Gestão Coletiva de Direitos de Autor e de Produtores Cinematográficos e Audiovisuais [Association for the Collective Management of Copyright and Film and Audiovisual Producers] (Chairman of the General Meeting)
- ICAP – Auto Regulação Publicitária [Advertising Self-Regulation] (Chairman of the General Meeting)
- MAPINET – Movimento Cívico Anti Pirataria na Internet [Internet Anti-Piracy Civic Movement] (Board)
- NP – Notícias de Portugal [News from Portugal] (Chairman of the Board of Directors)
- OBERCOM – Observatório da Comunicação [Communication Observatory] (Board of Directors)
- PMP – Plataforma de Media Privados [Private Media Platform] (Chairman of the General Council)]

In all of these entities, and before the Government, Parliament, European Commission and others, the Group always advocated in defence of its interests, freedom of information and the independence and sustainability of media companies.

***Activities of the different bodies in which it has participated:***

***a. AMD – ASSOCIAÇÃO DE MARKETING DIRETO [Direct Marketing Association]***

**Preamble**



In view of the serious situation that has devastated the country since March, the Board of the AMD has sought to adapt to the needs and requirements of its members, in order to provide the possible support, while keeping up with all the legislative dossiers dictated by the circumstances.

**i. Assistance to Members**

A centre for the collection of official information has been maintained, which enables notifying the members on all the legislation – even during this period referred to as “legislative turbo”, seeking to advise the members on compliance with the different rules that have been published.

**ii. Data Protection**

The usual institutional contacts were maintained with the Portuguese Data Protection Authority (CNPD), which enabled contributing to solve various cases presented by the members.

**iii. Consumer Affairs**

At the invitation of the Secretary of State for Trade, Services and Consumer Protection, the AMD became a member of the National Consumer Council. At the same time, the Directorate General for Consumer Affairs also started to invite AMD to all events related to the consumer.

**iv. Directorate General for Economic Activities (DGAE)**

Considering the powers and duties of DGAE in representing European draft bills, the contacts of cooperation were extended, especially focused on the next E-Privacy Regulation. In this regard, AMD was able to be heard and represented at the Permanent Representation of Portugal at the European Union (REPER).

**v. CTT – Correios de Portugal**

As 2020 was the year of the concession contract renewal, and in light of CTT's scarcity of information on pricing and conditions for delivery newspapers, periodical publications and books for 2021, AMD also provided collaboration to publishers and booksellers, namely in contacts with the Portuguese regulatory authority for postal communications and electronic communications (ANACOM).

**vi. Banco de Portugal**

AMD continued as a Member of the Means of Payment Forum Plenary, and was also a member of the Working Groups for Security in Payments and Promotion of Electronic Payments, having managed to influence the approval of proposals with useful outcomes for AMD's members.

**vii. Cooperation with Peers**

The partnerships with the Portuguese Press Association (APIMPRENSA), the Portuguese Advertisers Association (APAN), the Portugal Creative Club (CCP) and other associations were maintained, with participation in joint actions such as:



- Audiovisual Law (transposition of the AVMS Directive)
- Limitations to value added telephone calls
- Restrictions on the advertising of games and gambling

**b. ARP – Auto Regulação Publicitária [Advertising Self-Regulation]**

**1. The 2020 Activity Plan was based on four pillars:** Influence Marketing, Environmental Marketing, Compulsory Statements and Provision of Services.

**2. Ações desenvolvidas:**

- Influence Marketing:** A meeting was held with IAB and Universidade Lusófona to continue the *3 1's Guide – Good Practices in Influence* project, involving the inclusion of the topic of native advertising and virtual influencers. The university was engaged in order to conclude an agreement with an educational establishment, namely the Law Faculty of Universidade Lusófona, to develop a project for monitoring digital influencers that is independent, credible, impartial and shows results. The support of the European Advertising Standards Alliance (EASA) was also requested, with a view to the possible use of artificial intelligence for development of the monitoring project;
- Environmental Marketing:** Monitoring of issues related to the topic of “Environmental allegations”, which have raised various concerns at a European level, where, according to EASA, the European Commission may decide to review the current legislation. Participation in the webinar organised by EASA, under the European Green Deal, attended by a member of the European Commission, in which examples were shared of good practices of the self-regulation system with respect to environmental allegations;
- Compulsory Statements:** The meetings with sectoral associations continued in order to ascertain briefer, condensed and, effectively, informative statements. Following these meetings, the Portuguese Insurers Association (APS) and the Portuguese Pharmaceutical Industry Association (APIFARMA) became members of the ARP;
- Together with the Directorate General for the Consumer, a brochure was drawn up on Advertising Communication in the context of Covid-19, with recommendations for economic agents and warnings for consumers. This joint initiative was widely disclosed in the media, through 38 media entities;
- A series of initiatives concerning Covid-19 were proposed, covering the extension of services for the association members and benefits for non-members in this pandemic period. These include exemption from the fee for new members, the attribution of a larger number of prior opinions free of charge, according to the type of member, and the attribution of a limited number of technical and legal analyses to non-members, about advertising campaigns to be conveyed;



- vi. The Regulations of the Technical and Legal Office were revised, as they did not include the pre-clearance service (binding prior opinions);
  - vii. In view of the increased restrictions in the advertising of the gaming sector, in various European countries, a meeting was held with the Portuguese Online Gambling Association (APAJO), aimed at supporting the sector, through the different tools that are available. It was decided that a cooperation agreement should be prepared to provide the copy advice service to gaming sector operators;
  - viii. The collaboration protocol between the ERC and ARP was renewed, explicitly recognising the benefits of the systems implemented by self-regulation, and, likewise, of the nature of advertising self-regulation as a complement to the law;
  - ix. A *Self-Regulation Manual* was prepared that includes the Principles, Objectives and Operating Rules of the ARP;
  - x. Relations with the European Advertising Standards Alliance (EASA) and the International Council on Ad Self-Regulation (ICAS) were strengthened, through participation in the international webinars and virtual meetings held by both organisations;
  - xi. Member movements: 8 new members entered and 6 left. Testimonies sent by new members, highlighting their reasons for joining ARP continued to be disseminated, via Flash;
  - xii. Provision of services that include the settlement of disputes and preventive activity: There was a 37.5% increase in the complaints received. Among the different self-regulation preventative tools, 577 advertisements were analysed, corresponding to a 1.76% increase year-on-year.
- c. CAEM - Comissão de Análise e Estudos de Meios (Media Analysis and Research Committee)**
- 1. Board Meetings:** Throughout the year, the CAEM Board meetings were largely centred on the audience measurement tender. On 17 December, as a result of this international tender, GFK was awarded the provision of the audience measurement service.
  - 2. Television Technical Advisory Committee:** In view of the public health situation, the regular meetings with this Committee were not held. As a result of the circumstances, two special meetings were held:
    - 2.1 With GFK, at the request of the CAEM, for clarification of the sample characterisation (installed and weighted) during the lockdown period.
    - 2.2 By decision of the CAEM, for updating the universes of the audiometry panels based on National Statistics Institute (INE) estimates for age and gender variables and, in the Establishment Survey, for the variable television subscription ownership of 2019.





### 3. Monitoring

- Continuation of the monitoring of the live and deferred television audience measurement system;
- Radio Bareme;
- Netscope and Netpanel by Marketest.

#### **d. *MAPINET - Movimento Cívico Antipirataria na Internet [Internet Anti-Piracy Civic Movement]***

#### **Removal Requests**

- The year of 2020 brought in new challenges, especially focused on attacking the proliferation of piracy in streaming. Even so, the dynamics of previous years were maintained in relation to requests made to the Inspectorate General for Cultural Activities (IGAC) to block websites that contained, as a whole, a total of 1,172,976,595 links distributed over Films, Series, Streaming, Software, Books, Magazines, Newspapers, Playstation (1.2,3), Wii, Nintendo, PC, Xbox, Music and others, of which 14,982,005 were removed. In addition, 1,922,423,339 links distributed among the categories identified above were re-blocked.
- A total of 396 websites were blocked, with IGAC currently analysing a further 98 for blocking, with 3 having been blocked in the press area. With them disappeared hundreds of links from complete magazines and newspapers or dispersed articles. Concerning websites which broadcast television content, 110 were blocked and 116 re-blocked, with 39 having disappeared.
- The question of re-blocking, which is obligatory at the end of a year of blocking, means that, on average, about 60% to 70% of blocked websites disappear or change their name. Although the numbers achieved are far from what was hoped for, Portugal continues to be singled out as a European success story in the fight against piracy.
- The means available to piracy, as is known, are powerful and agile. And there continues to be lack of punitive measures and effective means to combat it.
- Regarding the blocking of videos in YouTube, about 2,565 reference files were uploaded, which enabled blocking thousands of contents uploaded by users without the rights to do so.
- Regarding the extension of the Memorandum of Understanding with IGAC that enables the temporary blocking of live events, 693 websites that were broadcasting 63 events were blocked.





#### **e. OBERCOM - Observatório da Comunicação [Communication Observatory]**

The year of 2020 brought OberCom, and its members, a series of challenges not only related to the ongoing effort to ensure the excellence of our research, but also the reality of doing this remotely.

- Following the outbreak of the crisis, we were forced to redefine the strategic goals in order to meet the information needs of the members and of the public in general.
- In publishing terms, this was a very productive year with respect to quantity but also in terms of the consolidation of a research and collaboration network with very positive effects on the quality of OberCom's work.

Some of the publications launched are listed below:

##### **1. OberCom public disclosure reports**

- Impact of branding on sponsored content in journalism, at the request of the Professional Journalist Certification Commission (CCPJ)
- Impact of the coronavirus and pandemic crisis on the Portuguese and global media system
- Artificial Intelligence vs Human Factor – Impact of algorithmic automation on journalism
- Advertising Market – Key ideas in times of crisis
- Communication Yearbook 2019
- Reuters Digital News Report 2020 Portugal

##### **2. OberCom reports exclusively for members**

Throughout the year, various studies were produced at the request of the members, RTP, SIC, TVI, CMTV, Rádio Renascença, Rádio Comercial and others, based on the perceptions, attitudes and dynamics of consumption, the patterns of use of the television viewers, readers and listeners of the publications of each member, in relation to the media, in general.

##### **3. Observatory (OBS)\* magazine**

In 2020, the Observatory (OBS)\* magazine maintained the course of its activity ensuring the regular and timely publication of its 4 annual volumes (plus a special volume), with edition number 62 having been issued in December.

The countries that most consult OberCom's magazine are: Brazil, Portugal, Spain and United States. However, the magazine is also preponderant in other geographies, such as Latin America and the United Kingdom.



**f. PMP - Plataforma de Media Privados (Private Media Platform)**

During 2020, the PMP continued its action on behalf of the media sector and the private publishing groups that comprise it, focusing on five key activities:

- Representation of the collective interests of the Platform before the sovereign bodies (Government and Parliament) and society;
- Active monitoring of the effects triggered by the Covid-19 pandemic crisis;
- Preparation of an Action Book for the Media in times of crisis, a key component for the claims positioning of PMP;
- Management of the Nónio Project (unified system for collecting and qualifying digital audiences);
- Response to national and European public consultations relevant to the sector;
- Active monitoring of the most relevant legislative developments for the media.

The year of 2020 was dominated by the Covid-19 crisis, was experienced acutely in the media. PMP closely monitored its incidence, reporting to the sovereign bodies, where it was heard. Following the steps taken, the Government progressed with a measure to support the media, in the form of an advance purchase of institutional campaigns, of the value of 15 million euros, whose negotiation and implementation required a strong allocation of temporary resources.

The Nónio Project has seen new developments, having surpassed the threshold of 2 million registered users by 31 December. In the last quarter, further steps were taken towards the extension of the marketing offer of the advertising inventories of the consortium members, after the adoption of a common adserver and the creation of a Nónio Marketplace.

PMP followed and actively intervened in the transposition of the new directive on Audiovisual Services (AVMS), completed in December, with regulatory extensions planned for January 2021. The directive on Copyright will only be transposed in a draft format in early 2021, which will be followed by a public consultation process.

The Action Book for the Media was updated, publicised and presented to the main political groupings and regulatory entities. At the same time, contacts have been pursued at national and Community level to define the *modus operandi* appropriate to the publishers' desire to see mechanisms for transparency and fairness in the digital advertising sector. In this regard, PMP participated in meetings with the Competition Authority.

In addition, PMP also carried out the following activities:

- Participation in working groups on topics of interest to the media;
- Participation in forums related to innovation and the digital economy;
- Participation in Media Conferences.



### **To Conclude**

Despite the constraints caused by the pandemic during most of the year, the IMPRESA Group, both individually or together with the entities where it is represented in their governing bodies, actively participated in addressing and defending the most important topics for the sectors, in particular:

- Transposition of the AVMS Directive (Audiovisual Law)
- Copyright and Related in the Digital World
- E-Privacy Regulation – a key topic on the agenda of the Portuguese Presidency of the Council of the European Union
- CNPD – Data Protection
- Limitations to value added telephone calls
- Actions against the piracy of content in one-off cases and at the Copyright Court
- New Consumer Agenda 2020
- *Fake News*
- Restrictions on the advertising of games and gambling
- Advertising communication in the context of Covid-19
- Charter of Fundamental Rights in the Digital Age

#### **D.2.3.2. INVESTOR RELATIONS**

SIC has a Securities Markets Liaison Representative (who is also a Member of the Board of Directors of SIC and Chief Financial Officer of the IMPRESA Group) and an Investor Relations Officer, in order to ensure permanent communication and the institutional relations with the universe of investors and analysts, as well as with the regulated market where SIC 2019-2022 Bonds shares are listed for trading, and the respective regulatory and supervisory entities.

The Securities Markets Liaison Representative and the Investor Relations Officer operate as interlocutors between the Board of Directors of SIC, investors and the market. Their function is to ensure the timely and accurate availability of information concerning SIC, in compliance with applicable legal and regulatory provisions, in particular with regard to the disclosure of privileged information and other reports to the market, as well as the publication of annual and interim financial information.

All the requests for information (received by telephone, email or mail) are replied to at the earliest opportunity, and there are no pending requests.



### D.3. WORKERS, GENDER EQUALITY AND NON-DISCRIMINATION

#### D.3.1. EMPLOYMENT

The situation created by Covid-19 has posed challenges in all area of human activity and, particularly, in labour relations. In this context of major unpredictability and growing adversity, the IMPRESA Group was confronted with the need to adjust its policies, practices and procedures, in light of a new framework that is increasingly more agile and flexible.

In order to ensure a competitive positioning in a constantly mutating world, it become imperative to prepare a management strategy in harmony with these changes and that fosters pro-social and pro-health conduct, sustained by strong investment in the development and motivation of the Group's employees.

The human resources of SIC reveal a staff of 588 employees (260 women and 328 men), of an average age of 44 years old, at the end of 2020. Of these 588 employees, 10 are disabled persons.

Distribution by gender of SIC's employees	
Number of female employees	260
Number of male employees	328

Age cohort	
> 60	19
51 - 60	154
41 - 50	247
31 - 40	99
21 - 30	69

Disabled employees	10
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The distribution of academic qualifications show that the majority of the employees have a licentiate degree (280). A higher education is preponderant in SIC, corresponding to 57%.

Academic Qualifications	
1st to 3rd Primary Education	35
Vocational Training	33
Secondary School	185



Bachelor Degree	19
Licentiate Degree	280
Master Degree	35
Doctorate	1

The distribution of the different types of contract show that the vast majority of SIC's employees (93%) have a permanent employment contract, as presented in the table below:

Types of Employment Contract	
Permanent	93%
Fixed-term	6%
Indefinite duration	1%

At SIC the majority of its employees have been at the company for 21 to 25 years (179), as shown in the data presented below.

Seniority (years)	
> 30	1
26 - 30	111
21 - 25	179
16 - 20	67
11 - 15	69
6 - 10	51
<5	110

Despite the average monthly salary difference between genders observed at SIC, this does not reflect any discrimination since the remuneration policy of the IMPRESA Group is based on the evaluation of the components of the functions performed by the employees, and on objective criteria such as seniority and professional experience, merit, productivity and academic qualifications.

Remuneration level by gender of SIC's employees	
Average monthly salary of female employees	2,490 €
Average monthly salary of male employees	2,067 €

SIC promotes harmony between the three spheres of personal, family and professional life, and argues that women and men, when they decide to become parents, should do so in a shared, responsible and balanced way. In 2020, as indicated in the following table, maternity and parental leave amounted to a total of 4.119 hours.



Leave	No. hours
Maternity	2,394
Parentality	745
Parental Leave	980
<b>Total hours</b>	<b>4,119</b>

Analysing the component of work organisation, regarding hours of absenteeism, we find that in 2020, the absences of employees at SIC came to 23,514 hours, predominantly due to sickness (21,203).

Absences	No. hours
Excused	43
Family assistance	1,484
Sickness	21,203
Work accidents	784
<b>Total hours</b>	<b>23,514</b>

Analysing the previous two tables, it is concluded that the absences amounted 27,633 hours in 2020. Therefore, it concluded that the absenteeism rate is 2.64%, in which, of the 1,046,723 foreseen hours 1,019,091 were actually worked.

## Performance Management

The crucial contribution of the employees' performance in the organisational performance implies that performance management plays a preponderant role as a competitive differential in the IMPRESA Group's strategic vision and in its organisational development. Accordingly, a new Performance Management model was implemented in 2020, which started in March and included Self-Assessment and Assessment of the Leadership.

The creation of a new Performance Management model was aimed at the implementation of a model more aligned with the defined strategy, more adjusted to the increasing functional complexity that is required and the growing volatility of the organisational reality. This model promotes continuous monitoring between participants and foresees its use as a tool for the different human resources management policies.



### D.3.2. WORK ORGANISATION

In 2020, the IMPRESA Group maintained its objective of working towards greater motivation and involvement, giving a set of benefits to all the employees of the IMPRESA Group, in addition to those provided for in the Labour Code:

- Right to a day-off on birthdays, providing it coincides with a working day;
- Regular pastimes (up to February 2020) with the offer of invitations to shows (theatre, concerts, conferences, football games, etc.);
- Provision of exclusive parking spaces for pregnant employees;
- Provision of parking places to all the employees that had to continue working at the IMPRESA Paço de Arcos facilities, during the pandemic;
- Assignment of flexible working hours to employees with family responsibilities;
- Distribution of Christmas presents to all the employees and their children aged up to 12 years old;
- Vaccination campaign against influenza;
- Provision of medical services at the Paço de Arcos and Matosinhos facilities, as well as home medical assistance to employees and their families;
- Organisation of sampling initiatives, up to February 2020: distribution, at Paço de Arcos and Matosinhos facilities, of products or sale at advantageous conditions;
- Provision, to employees and direct relatives, of access to products and services at a lower price than the list price, through the establishment of protocols with entities that exercise their activity in areas such as banking, communications, children's services, aesthetics, gymnasiums, leisure, health, insurance and vehicles.

### D.3.3. HEALTH AND SAFETY

Occupational health and safety are core concerns of the IMPRESA Group. To this end, we aim to boost the humanisation of work by offering flexible conditions to all the employees, in order to produce positive returns, namely concerning physical and mental health, professional satisfaction and, consequently, productivity. The data on work accidents at SIC, during 2020, are presented and detailed by gender in the following two tables:

Work accidents	Women	Men	Total
No. accidents	2	4	6
Sick leave	37	158	195



Rates	Women	Men	Total
Frequency	4.72	8,12	6,55
Severity	87.30	320.90	212.83

#### D.3.4. SOCIAL RELATIONS

In 2020, during this anomalous and unstable situation that we are experiencing, the IMPRESA Group was focused, on the one hand, on the risk of Covid-19 infection at its facilities, while ensuring the business continuity and sustainability, and, on the other hand, on creating an aggregating, flexible and empathetic organisational culture. The following are examples of this:

- Annual Meeting of the Board of Directors in order to promote internal networking and align the Group's culture and values;
- Provision of grocery stores to ensure access to essential goods, aimed at providing as much support as possible to the employees, replacing the need to go to supermarkets;
- Boosting of the “Together we are future” initiative in which the employees were challenged to produce a brief film with messages of gratitude towards their colleagues and teams. This initiative promoted greater interaction between the employees, fostering feelings of belonging;
- Constant communication through e-mails, news on the intranet and general presentations (online) by the CEO. The internal communication fulfilled an informative goal, as a priority and at a first instance, with a view to the protection of everyone, and also performed an important role in motivation and encouragement, enormously focused on awareness-raising and mobilisation towards compliance with the contingency plans drawn up by the IMPRESA Group. At a second stage, the communication shifted to one of moving closer together and engagement, as it was important to ensure that the employees of IMPRESA felt minimally adjusted to a new reality. Hence, the messages were no longer informative and awareness-raising but rather expressed peacefulness, gratitude and confidence.
- Use of iNet, the internal communication channel. On iNet, the following information is made available: the list of all benefits attributed to employees, the execution of internal actions, internal communications (mobility, appointments and communications of the CEO. Other information such as birthdays, protocols and established partnerships are also made available;
- Use of iPortal, contributing to the acceleration, simplification and dematerialisation of the most administrative processes of human resources, such as consultation of receipts and personal income tax (IRS) declarations, training hours, registration of absences, management of vacations and updating of personal data;
- Focus on a training programme that meets the training needs of employees of the IMPRESA Group and its managers. This analysis is conducted within the scope of the





Performance Management Model which includes, as a compulsory field, the indication of training actions to be attended. After completing this, an analysis is made by the Human Resources Department, which initiates the annual training process in order to enhance the talent of employees in articulation with the Strategic Plan of the IMPRESA Group.

### Professional Ethics

In addition to regulatory compliance (Press Law, Television Law, Journalist Statute, etc.), SIC has its own Code of Journalist Conduct, adapted, when necessary, to the specific characteristics of journalism in the digital era. This Code of Conduct are not confused with Style Books or mere orthographic norms; it is the result of in-depth discussions and are an extension of the main ethical, deontological and legal norms applied to the exercise of the profession.

#### D.3.5. TRAINING

At the IMPRESA Group, training represents a management practice par excellence, especially as, in the current circumstances of crisis and major uncertainty, its competitive edge will depend even more on the knowledge and skills of its employees.

The information obtained through Performance Assessments is a targeting and effective base for the definition of a training plan that corresponds to the real needs of the human resources of IMPRESA, in order to enhance the employees' talent in coordination with the Strategic Plan of IMPRESA.

In 2020, the IMPRESA Group continued to ensure the compatibility of its strategic objectives with the expectations and individual development of its assets, having strongly focused on the synchronous remote training format, which enabled taking the dynamics of a classroom environment, in real time, to the home of each employee.

The following table presents the most relevant data for 2020 and its comparison with the year 2019.

Table: Training 2019/2020

Area	Number of actions			Employees covered			Number of training hours		
	2019	2020	Variation	2019	2020	Variation	2019	2020	Variation
Television (SIC)	51	44	-13.73%	286	178	-37.76%	4279	3495	-18.32%

Source: IMPRESA

The following actions should be highlighted:



- Microsoft Teams. Remote work is a trend that Covid-19 accelerated and consolidated, bringing challenges and opportunities in terms of time management, productivity, cohesion and alignment. To this end, various e-learning sessions were ministered from this platform that is so important under telework arrangements;
- Remote Team Management Training. Leading a team that works remotely was a major challenge for the Group's leaders. Despite having the same principles of face-to-face leadership, such as establishing goals, sharing the leader's strategic vision and fostering the team's motivation and commitment, remote leadership requires a whole series of skills of planning, organisation, flexibility and communication that were improved due to attending this action;
- Training in the digital area, in the commercial and marketing aspects, namely through Digital Marketing and Strategy, Programmatic Buying and Social Media actions; In light of the ongoing transformation in the IMPRESA operation paradigm, based on the constant introduction of new patterns of interaction between consumers in a digital environment, the digital area continued to be one of the priority training areas in 2020;
- Inhouse training on Elvis, After Effects and social networks. The IMPRESA Group has a pool of inhouse trainers with certificates of teaching skills that, being close to the reality and specialists in certain areas, minister inhouse training;
- Academic training: Post-Graduation in Storytelling, Post-Graduation in Applied Digital Marketing. There is a growing investment in the acquisition and updating of academic knowledge among the SIC's management staff.

#### **D.3.6. EQUALITY**

Aware that equality between women and men is a central topic in companies driven by social responsibility, the IMPRESA Group implements measures and actions that promote conditions of professional integration and career development on equal terms for men and women, encouraging the elimination of gender discrimination and promoting practices that facilitate a balance between family, personal and professional life.

In 2020, the IMPRESA Group continued to adopt measures to promote gender equality and fairness with the following objectives:

- Review the Equality Plan creating measures for non-discrimination between women and men, with the support of the Commission for Citizenship and Gender Equality and the Commission for Equality in Labour and Employment;
- Ensure equal opportunities for all employees in the attendance of training actions;
- Encourage and raise awareness of sharing parental leave, as well as sharing the exercise of family care rights;



- Ensure that the Annual Training Plan is based on equality and non-discrimination between women and men;
- Comply with the principle of equal pay for equal work in nature, quantity and quality;
- Evaluate performance based on objective criteria to provide a fair and accurate assessment, free of any connection to female or male characteristics;
- Ensure promotion and career progression based on objective individual performance criteria, which are exempt from gender discrimination.

### **Non-Discrimination**

At SIC, the diversity of its employees is perceived as a factor of competitive advantage, and the individuality each employee offers to the company is respected and valued, such that the creation of a discrimination-free work environment is promoted.

The IMPRESA Group and SIC do not tolerate any form of direct or indirect discrimination, such that every employee has the right to equal opportunities and treatment with regard to access to employment, training and promotion or professional career and working conditions, and cannot be privileged, benefited, negatively affected, deprived of any right or exempted from any duty whether because of descent, age, gender, sexual orientation, marital status, family status, economic situation, social origin or condition, reduced working capacity, disability, chronic illness, nationality, ethnic origin, political or ideological beliefs and trade union membership.

## **D.4. HUMAN RIGHTS**

Respect for human and workers' rights is a *sine qua non* prerequisite of the IMPRESA Group and of SIC, being the guiding principle in all its relations with its employees, investors, partners, suppliers, customers and consumers.

## **D.5. COMBATING CORRUPTION AND ATTEMPTED BRIBERY**

The IMPRESA Group and SIC do not tolerate any corrupt practices and attempted bribery, so transparency, cooperation and respect are basic principles of the Group and its subsidiaries.

As indicated in the Corporate Governance Report of the IMPRESA Group, the Audit Committee created and approved an internal system for the communication of irregularities in 2007, aimed at preventing and eliminating irregular practices, thereby avoiding damages caused by their continuation. In 2019, the Audit Committee proposed amendments to improve and perfect the whistleblowing system, having approved a new version of the Regulation on Procedures to be Adopted for Reporting Irregularities.



This system, whose Regulations are disclosed on the IMPRESA website and IMPRESA Group Intranet network, ensures the confidentiality of the information provided and defines the procedures for receiving, recording and processing reports on misconduct, in conformity with the applicable legal and regulatory provisions, received by the IMPRESA Group from shareholders, workers, clients, suppliers and others, on matters of:

- a) Accounting;
- b) Internal Accounting Controls;
- c) Audits;
- d) Risk Control;
- e) Abuse of Privileged Information;
- f) Fraud or Corruption;
- g) Money Laundering and Terrorist Financing.

In the case of reporting of irregularities, the investigation process is conducted and supervised by the Audit Committee, in compliance with the legislation in force, which will be responsible for drawing up a final duly substantiated report on the facts ascertained during the investigation and with the proposed closing of the case or the adoption of suitable measures.

It also ensures that the rights of IMPRESA Group company employees will not be harmed by the communication of irregular practices.

Over the course of 2020, similarly to 2019, there were no communications under this Regulation.

Paço de Arcos, 19 April 2021

The Board of Directors,

Francisco José Pereira Pinto de Balsemão

Francisco Maria Supico Pinto Balsemão

Francisco Pedro Presas Pinto de Balsemão

Rogério Paulo de Saldanha Pereira Vieira

Paulo Miguel Gaspar dos Reis

Nuno Miguel Pantoja Nazaret Almeida Conde

Cristina Alexandra Rodrigues da Cruz Vaz Tomé