



Annual Report 2019

SIC - Sociedade Independente de Comunicação, S.A.
Capital Social: 10.328.600 Euros
Sede: Rua Calvet de Magalhães, n.º 242, 2770-022 Paço de Arcos
NIPC 501 940 626
Conservatória do Registo Comercial de Cascais



Single Management Report

In compliance with the requirements imposed by law on publicly held companies, the Board of Directors of SIC - Sociedade Independente de Comunicação, S.A. hereby presents its SINGLE MANAGEMENT REPORT relative to the financial year of 2019. In doing so, the Board was naturally concerned to ensure that this report contained sufficient elements and information for the shareholders and investor public in general to clearly and objectively assess the activity of SIC during the period under review.

SIC 2019 ACCOUNTS

- ✓ SIC's Net Income grows 32% to M€ 15
- ✓ EBITDA of M€ 27, representing an increase of 35%
- ✓ SIC ends the year in a leading position, with an average share of 19,5%

Analysis of the Accounts

(values in Euros)	2019	2018	var %
Total Revenues	155 249 404	145 309 942	6,8%
Advertising	105 743 980	97 448 776	8,5%
Channel Subscriptions	34 308 874	36 857 597	-6,9%
Multimedia	11 278 342	6 474 786	74,2%
Other revenues	3 918 209	4 528 783	-13,5%
Operating Costs (1)	128 247 157	125 308 410	2,3%
EBITDA	27 002 247	20 001 532	35,0%
EBITDA Margin (%)	17,4%	13,8%	
EBITDA (2)	28 191 438	21 333 480	32,1%
EBITDA Margin (2) (%)	18,2%	14,7%	
Net Profit	15 319 909	11 647 093	31,5%

Notes:

EBITDA = Operating Results + Amortisations 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.



In 2019, SIC achieved total revenues of €M 155,2, representing an increase of 6,8%, as a result of the good performance observed in all revenue streams, with the exception of channel subscriptions.

Advertising revenues reached M€ 105,7, up 8,5% year-on-year.

Subscription revenues generated by the 8 SIC channels, distributed over cable and satellite, in Portugal and abroad, fell 6,9% in 2019 to M€ 34,3. This decrease was essentially due to the negotiation of contracts with international operators.

IVR revenues increased 74,2% to M€ 11,3 .

Operating costs increased 2,3%, mainly due to the increase in IVR revenues.

The increase in operating costs (M€ 2,9) was positively offset by the total increase in revenues (M€ 9,9), which led to a 35% increase in EBITDA and a 32,1% increase in EBITDA adjusted for compensations.

SIC's EBITDA in 2019 came to M€ 27 and M€ 28,2 adjusted for compensations.

It should be noted that on 27 January 2019, SIC began broadcasting from the new IMPRESA building studios, in Paço de Arcos, which allowed the entire activity of the IMPRESA Group to be concentrated in only one building (with the exception of the Northern branch office, in Matosinhos and the studios of Parque Holanda, in Carnaxide).

Audiences

SIC ended 2019 as audience leader in the universe of generalist channels, with an average share of 19,5% in terms of consolidated data, representing a year-on-year increase of 2.5 pp. The year of 2019 was marked by the historical change in audience leadership in Portugal, as 12 years on SIC returned to the top spot as the leading station in Portugal once again.

SIC ended 2019 as audience leader in prime time, in the universe of generalist channels, with an average share of 21,9%, in terms of consolidated data, representing a year-on-year increase of 1.3 pp.

The following contributed to these results:

- The success of the various fiction products that SIC broadcast on prime time (“Alma e Coração”, “Vidas Opostas”, “Golpe de Sorte”, “Nazaré”, “Terra Brava”, “Segundo Sol” and “A Dona do Pedaço”) and of the weekend entertainment programmes (“Quem Quer Namorar com o Agricultor”, “Esta Mensagem é Para Ti”, “Terra Nossa”, “A Árvore dos Desejos” and “Casados à Primeira Vista”);
- The “XXIV Gala dos Globos de Ouro”, which aired in September, and which ended in the leading position, in the universe of generalist channels, with a share of 31,9%, at



a distance from the competition which had not been seen since 2011 (+ 20.0 pp than TVI);

- The television debates for the Legislative Elections of 2019, which ended in the leading position with a share of 22,6%;
- The excellent results of daytime television with “O Programa da Cristina” leading on weekday mornings;
- The leadership on weekday afternoons with “Julia” and “Linha Aberta” and on weekend mornings with “Olhó Baião!”;
- “Primeiro Jornal” and “Jornal da Noite”, which ended 2019 in the leading position, on every weekday. The following different programmes throughout the year - “A Rede”, “O Polígrafo”, “Olhá Festa”, “Vidas Suspensas”, “Grande Reportagem – Entregues à Sorte” and “Opinião de Luís Marques Mendes”, among others that ended the year in a leading position, made a very positive contribution to the good performance of “Jornal da Noite”;
- The weekend magazines, “Alta Definição”, “E-Especial” and “Fama Show” which ended the year in a leading position;
- The Europa League broadcast by SIC;
- The programming of films for the whole family at Christmas and New Year, with SIC having once again been chosen by the Portuguese during this season.

The SIC channels, i.e. SIC's set of generalist and thematic channels, ended 2019 in a leading position with a market share of 23,3%, corresponding to a year-on-year growth of 2.5 pp.

In the commercial targets (A/B C D 15/54 and A/B C D 25/54), SIC's set of channels ended the year in the leading position, with shares of 23,0% and 23,9%, respectively.

SIC's subscription channels achieved a market share of 3,7% in 2019. In terms of consolidated data, SIC ended 2019 with an average share of 1,8%, thus maintaining its leadership in the universe of information channels and increased its distance from TVI to 0.3 pp, which had not been achieved since 2015.

SIC Notícias also continued to be the most watched information channel and achieved a much higher share than the competition whenever there were important events or breaking news. Proof of this were the various days throughout the year on which the channel registered audiences far above the average: the fire of Notre Dame, the bus accident in Madeira, the fuel crisis and the European and legislative elections.

Regarding the other thematic channels, in 2019 SIC Mulher achieved a market share of 0,9%, SIC Radical reached 0,4% and SIC K and SIC Caras reached 0,3%.

In 2019, SIC's websites as a whole registered a remarkable improvement (+71,2%) compared to the results obtained in the previous year, having registered an average of 16.324.691 visits per month in 2019.

SIC's generalist channel represents a market share of 49,9% in advertising investment, having grown 4.9 pp year-on-year.



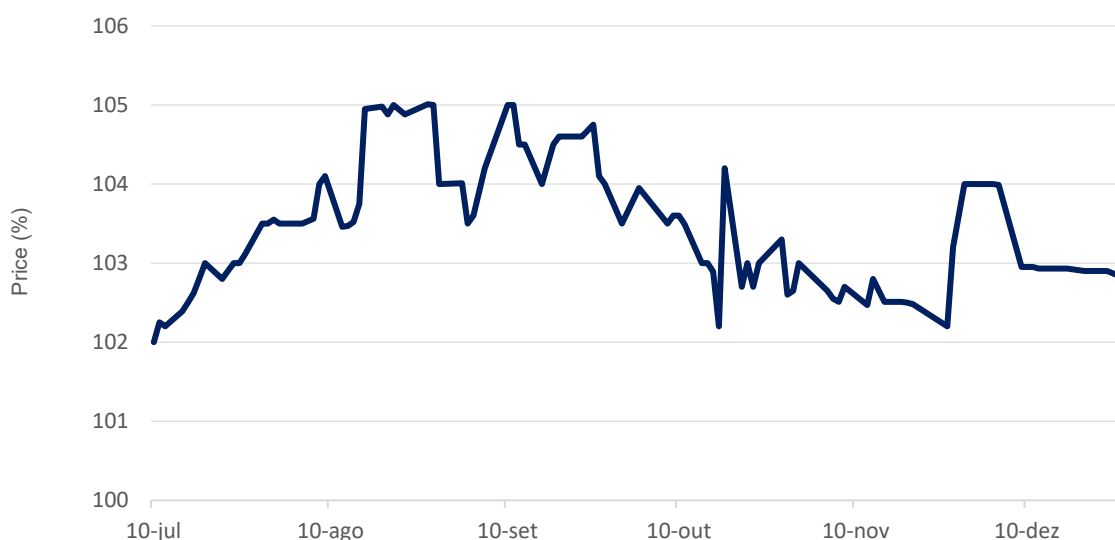
SIC 2019-2022 Bonds

In 2019, SIC issued and admitted to trading 1.700.000 bonds, with a final total nominal value of € 51.000.000, maturing on 11 July 2022 and with a gross annual fixed interest rate of 4,50%.

The Public Offering (IPO), aimed at the general public, registered 10.426 subscribers to SIC Bonds, the highest number of investors in a "Corporate" debt issue in Portugal in the last 6 years. Gross demand was 6,73 times the initial amount and 3,96 times the final amount of the Offering¹.

After the conclusion of the IPO, the shares were admitted to trading on a regulated market (Euronext Lisbon) on 10 July 2019, and integrated in the Central Securities Depository operated by Interbolsa.

SIC 2019-2022 Bond Prices



Data: Euronext

The bond reflected investors' confidence in the good results that SIC presented throughout 2019, trading between 102% and 105%.

The average number of bonds traded in each session came to 28.848.

Source: Euronext; Results of the Public Offering of SIC 2019-2022 Bonds (05/07/2019).



Prospects

SIC, which is 100% owned by Impresa, expects to consolidate the good results achieved in 2019, with a focus on EBITDA growth and an improved operating margin.

Having approved the Strategic Plan for the 2020-2022 three-year period, SIC and Impresa will complement their current activities by expanding into new platforms, meeting the needs of more and new audiences and increasing and diversifying its content portfolio.

Up to the date of approval of the financial statements by the Board of Directors, the Group had not experienced any relevant impacts on its activity arising from the outbreak of the COVID-19 virus, which has progressively propagated on a worldwide scale, including in Portugal. The Group is conducting a survey of the potential impacts of the COVID-19 virus on its activity and the consequent definition of a response plan, and is in the process of implementing a contingency plan to ensure the regular functioning of its operations, in particular the continuity of the broadcasts of the different television channels operated by the Group. However, in view of the uncertainty that this situation involves, it is not possible at this moment in time to foresee the financial consequences that may be faced by the Group.

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 IMPRESA Group shall continue to monitor the economic implications of the COVID-19 virus, and, in particular, the identification of potential sources of risk for its activity.

INDIVIDUAL ACCOUNTS

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 2019, in individual terms, the operating results were positive by 24.934 thousand euros, compared to the negative results of 18.637 thousand euros, obtained in 2018.



The financial results were negative by 794 thousand euros, compared to the negative results of 588 thousand euros obtained in 2018.

Accordingly, net income was positive by 15.320 thousand euros in 2019, higher than the positive value of 11.647 thousand euros obtained in 2018.

2. Proposed Appropriation of Net Income

We propose the distribution of the positive net income for the year of 15.319.909 euros as dividends to the sole shareholder.

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, Millennium BCP, Banco Santander Totta, Montepio Geral, Banco EuroBIC, Novo Banco, Caixa de Crédito Agrícola, BNP Paribas, Bankinter, Haitong Bank, Banco BIG, Banco Best, Banco Carregosa, Banco Finantia and ActivoBank for all their collaboration provided during the previous year.

Paço de Arcos, 17 March 2020

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



Individual Accounts

Annual Report 2019

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2019 AND 2018

(Amounts stated in Euros)

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

ASSETS	Notes	31 December 2019	31 December 2018
NON-CURRENT ASSETS:			
Goodwill	12	17.324.797	17.324.797
Intangible assets	13	11.756	41.144
Tangible fixed assets	14	14.023.639	13.256.474
Investments	15	2.480.463	1.771.949
Investment properties	16	-	1.478.489
Program broadcasting rights	17	4.027.118	2.586.358
Other non-current assets	19	86.718.439	53.786.984
Deferred tax assets	10	968.582	1.204.955
Total non-current assets		125.554.794	91.451.150
CURRENT ASSETS:			
Program broadcasting rights	17	15.475.193	15.264.200
Trade and other receivables	18	23.612.913	26.546.525
Other current assets	19	17.075.600	3.380.033
Cash and cash equivalents	20	941.487	7.753.658
Total current assets		57.105.193	52.944.416
Current assets classified as held for sale	26	-	3.200.000
TOTAL ASSETS		182.659.987	147.595.566
EQUITY AND LIABILITIES			
EQUITY:			
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	(159.921)
Net profit for the year		15.319.909	11.647.094
TOTAL EQUITY		28.139.215	24.150.854
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank borrowings	22	72.403.009	20.543.968
Provisions	23	3.652.968	3.528.050
Trade and other payables	24	1.423.989	1.577.987
Total non-current liabilities		77.479.966	25.650.005
CURRENT LIABILITIES:			
Bank borrowings	22	15.106.159	34.232.752
Trade and other payables	24	20.565.878	29.884.046
Current tax liabilities	10	5.055.488	4.256.727
Other current liabilities	25	36.313.281	29.421.182
Total current liabilities		77.040.806	97.794.707
TOTAL LIABILITIES		154.520.772	123.444.712
TOTAL EQUITY AND LIABILITIES		182.659.987	147.595.566

The accompanying notes form an integral part of on the consolidated statement of financial position as of 31 December 2019.

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 2019 AND 2018

(Amounts stated in Euros)

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

	Notes	2019	2018 (restated)
<u>OPERATING REVENUE</u>			
Services rendered	4	152.109.514	141.955.387
Other operating revenue	5	1.071.884	1.272.192
Total operating revenue		<u>153.181.398</u>	<u>143.227.579</u>
<u>OPERATING EXPENSES</u>			
Cost of programs broadcast and goods sold	6	(70.817.070)	(71.399.512)
Supplies and services	7	(30.101.521)	(26.492.459)
Personnel costs	8	(25.929.845)	(25.888.882)
Amortization and depreciation	13 and 14	(3.595.162)	(2.210.483)
Provisions	23	(342.000)	(95.883)
Other operating expenses	5	(1.056.989)	(713.767)
Total operating expenses		<u>(131.842.587)</u>	<u>(126.800.986)</u>
Operating profit		<u>21.338.811</u>	<u>16.426.593</u>
<u>NET FINANCIAL EXPENSES</u>			
Gain / (loss) on associated companies	9	704.864	451.979
Interest and other financial costs	9	(3.552.901)	(1.705.596)
Other financial income	9	2.054.275	665.157
Net financial expenses		<u>(793.762)</u>	<u>(588.460)</u>
Profit before taxes		20.545.049	15.838.133
Income tax expense	10	(5.225.140)	(4.191.039)
Net profit and comprehensive income for the year		<u>15.319.909</u>	<u>11.647.094</u>
Earnings per share:			
Basic	11	2,5512	1,9396
Diluted	11	2,5512	1,9396
Comprehensive income per share:			
Basic	11	2,5512	1,9396
Diluted	11	2,5512	1,9396

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 2019.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(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 2018		10.328.600	2.065.720	269.361	(256.992)	8.781.249	21.187.938
Appropriation of net result for the year ended 31 December 2017	21	-	-	-	97.071	(8.781.249)	(8.684.178)
Net profit for the year ended 31 December 2018		-	-	-	-	11.647.094	11.647.094
Balance at 31 December 2018		<u>10.328.600</u>	<u>2.065.720</u>	<u>269.361</u>	<u>(159.921)</u>	<u>11.647.094</u>	<u>24.150.854</u>
Application 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>

The accompanying notes form an integral part of the statements of changes in equity for the year ended 31 December 2019

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CASH FLOW STATEMENTS FOR THE YEARS ENDED

FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Amounts stated in Euros)

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

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<u>OPERATING ACTIVITIES</u>			
Cash receipts from customers		157.184.251	144.124.050
Cash paid to suppliers		(108.621.572)	(93.715.369)
Cash paid to employees		<u>(25.380.410)</u>	<u>(25.913.857)</u>
Cash generated from operations		23.182.269	24.494.824
Payments relating to income taxes		(4.190.006)	(3.804.909)
Other cash paid relating to operating activities		<u>542.019</u>	<u>(1.137.813)</u>
Net cash from operating activities (1)		<u><u>19.534.282</u></u>	<u><u>19.552.102</u></u>
<u>INVESTING ACTIVITIES</u>			
Cash received relating to:			
Interests		994.030	34.932
Dividends and capital reductions of associates	15	296.350	-
Investment Property	16 and 26	<u>4.360.000</u>	<u>-</u>
		<u>5.650.380</u>	<u>34.932</u>
Cash paid relating to:			
Tangible fixed assets		(2.709.905)	(1.295.102)
Financial investments		(300.000)	-
Loans to group companies		<u>(45.801.615)</u>	<u>(26.092.714)</u>
	19	<u>(48.811.520)</u>	<u>(27.387.816)</u>
Net cash used in investing activities (2)		<u><u>(43.161.140)</u></u>	<u><u>(27.352.884)</u></u>
<u>FINANCING ACTIVITIES</u>			
Cash received relating to:			
Bank borrowings	22	<u>58.512.500</u>	<u>28.031.389</u>
		<u>58.512.500</u>	<u>28.031.389</u>
Cash paid relating to:			
Bank borrowings	22	(25.815.184)	(3.874.660)
Interests and similar costs		(4.551.081)	(1.721.470)
Dividends	21	<u>(11.331.548)</u>	<u>(8.684.178)</u>
		<u>(41.697.813)</u>	<u>(14.280.308)</u>
Net cash used in investing activities (3)		<u><u>16.814.687</u></u>	<u><u>13.751.081</u></u>
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		(6.812.171)	5.950.299
Captive fixed-term deposit	16 and 20	640.000	-
Cash and cash equivalents at the beginning of the year	20	7.113.658	1.163.359
Cash and cash equivalents at the end of the year	20	941.487	7.113.658

The accompanying notes form an integral part of the consolidated cash flow statement for the year ended 31 December 2019.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

(translation of financial statements originally issued in Portuguese (Note 33))

1. INTRODUCTION

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 2.17.

These financial statements were authorised for publication on 17 March 2020 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 appropriate to use the going concern assumption in the preparation of the financial statements (Note 31).

2.2 Adoption of new/revised IAS/IFRS

With the exception referred to in Note 3 and due to the adoption of IFRS 16, the impact of which is disclosed below, which, as a result of the adopted transitional provisions, did not lead to the restatement of the comparative financial statements, the accounting policies adopted in the year ended on 31 December 2019 are consistent with those followed in the preparation of Impresa's financial statements for the year ended on 31 December 2018 and referred to in the respective notes.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(translation of financial statements originally issued in Portuguese (Note 33))

During the year ended on 31 December 2019, 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 years started on or after	Brief description
IFRS 16 – Leases	1-Jan-19	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 – Leases. The standard defines a single accounting model for lease contracts giving rise to the recognition by the lessee of assets and liabilities for all the lease contracts, except for leases for a period less than 12 months or for leases of low value assets. The lessors shall continue to classify leases as operating or finance, with IFRS 16 not implying substantial changes for these entities in relation to that defined in IAS 17.
Amendment to IFRS 9: prepayment features with negative compensation	1-Jan-19	This amendment enables financial assets with contractual conditions that establish, in their early repayment, the payment of a considerable amount by the lender, to be measured at amortised cost or fair value through reserves (according to the business model), provided that: (i) on the date of the initial recognition of the asset, the fair value of the component of the early repayment is insignificant; and (ii) the possibility of negative compensation in the early repayment is the only reason for the asset in question not to be considered an instrument that only covers payment of principal and interest.
IFRIC 23 – Uncertainty over income tax treatment	1-Jan-19	This interpretation provides guidance on the determination of taxable profit, tax bases, tax losses carried forward, tax credits to be used and tax rates in scenarios of uncertainty over income tax treatment.
Annual improvements to the international reporting standards (2015-2017 cycle)	1-Jan-19	These improvements involve the clarification of some aspects related to: IFRS 3 – Business combinations: require remeasurement of previously held interests when an entity obtains control over a joint operation over which it previously had joint control; IFRS 11 – Joint ventures: clarifies that there should not be any remeasurement of previously held interests when an entity obtains joint control over a joint operation; IAS 12 – Income taxes: clarifies that all tax consequences of dividends should be recorded through profit or loss, regardless of how the taxes arise; IAS 23 – Borrowing costs: clarifies that the portion of the loan directly attributable to the acquisition/construction of an asset, in debt after the corresponding asset is ready for its intended use, is, for purposes of determination of the capitalisation rate, considered an integral part of the general loans of the entity.
Amendments to IAS 19: Plan amendment, curtailment or settlement	1-Jan-19	If a plan amendment, curtailment or settlement occurs, it is henceforth mandatory that the cost of the current service and net interest for the period after remeasurement should be determined using the assumptions for remeasurement. Furthermore, amendments were included to clarify the effect of a plan amendment, curtailment or settlement on the requirements related to the maximum limit of the asset.

The entry into force on 1 January 2019 of IFRS 16 had the following effects on the Company's financial statements on that date:

IFRS 16 – Leases

The Company chose the modified retrospective transition model of IFRS 16, established in the paragraphs of IFRS 16: C3(b), C7 and C8. Consequently, the Company used the practical option of not reassessing whether a contract is, or contains, a lease, having made an overall assessment of the new definition and assessed the entire set of contracts concluded by it or modified before 1 January 2019, and did not restate the comparative financial information, recording on the transition date the liability relative to the future lease payments, and a right-of-use asset of the same value.

The entry into force of IFRS 16 had the following effects on the Company's financial statements in the period ended on 31 December 2019:

Impacts of the new definition of lease

The change of the definition of lease essentially refers to the concept of control. IFRS 16 distinguishes lease services based on the existence or not of control in the use of an asset identifiable by the customer, in contrast to the focus on "risks and benefits" established in IAS 17. Control is considered to exist if the customer, cumulatively, has:

- The right to obtain substantially all the economic benefits of the use of a specific identified asset; and
- The right to direct the use of this specific asset.

The Company applied the definition of lease established in IFRS 16 and respective application guidelines to all lease contracts concluded by it, as lessor or lessee, on or after 1 January 2019. The assessment made by the Company of the application of IFRS 16 revealed that the new definition of lease established in IFRS 16 did not significantly change the range of contracts that comply with the definition of lease for the Company.

IFRS 16 changed the way that the Company records leases formerly classified as operating leases pursuant to IAS 17, which were not recorded in the statement of financial position, but disclosed in the respective notes attached thereof as commitments undertaken not included in that statement.

Operating leases

Pursuant to IAS 17, future liabilities related to operating leases were disclosed in the respective notes attached thereof as commitments undertaken not included in the statement of financial position. IFRS 16 changed the way that the Company recorded leases formerly classified as operating leases, henceforth recording the future liabilities and rights in the statement of financial position.

In the initial application of IFRS 16, the Company:

- ✓ recognised lease liabilities and right-of-use assets in the statement of financial position, measured at the present value of the future payments of each lease;
- ✓ recognised financial expenses on lease liabilities and depreciation of right-of-use assets in the income statement by nature;
- ✓ separated the amounts paid into principal and interest (presented as financing activities) in the cash flow statement.

For short-term leases (period of 12 months or less) and low value leases (as described in paragraphs B3-B8 of IFRS 16), the Company decided to recognise a lease expense on a straight-line basis as an operating expense, as permitted by IFRS 16.

As at 31 December 2018, the Company had undertaken non-cancellable lease commitments of approximately 1.655.000 euros and financial lease liabilities of the value of 5.542.613 euros.

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On 1 January 2019, following the transition model adopted by the Company and concerning contracts previously classified as operating leases, the Company recognised a right-of-use asset in the heading "Tangible fixed costs" of approximately 979.000 euros and a lease liability in the heading "Loans received" corresponding to the same value, relative to contracts previously classified as operating leases. Moreover, as at 31 December 2019, the Company recognised depreciation of use-of-right assets of approximately 961.812 euros and financial costs of approximately 225.000 euros.

It should also be noted that the Company maintains recorded under tangible fixed assets and loans received the rights-of-use and lease liabilities related to the contracts existing as at 31 December 2018 classified as finance leases (Note 22).

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 consolidated financial statements. 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.

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 years started on or after	Brief description
Amendments to references to the Conceptual Framework of the IFRS	1-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 Conceptual Framework revised in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidelines on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 – Definition of material	1-Jan-20	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 henceforth follows IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if its omission, distortion or concealment can reasonably be expected to influence the decisions of the primary users of the financial statements based on the financial statements.

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 2019. The Company believes that the adoption of the standards referred to above will not lead to significant changes in its financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
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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 years started on or after	Brief description
IFRS 17 – Insurance contracts	1-Jan-21	This standard establishes, for the insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaced IFRS 4 – Insurance contracts.
Amendment to IFRS 3 – Definition of a business	1-Jan-20	Corresponds to amendments to the definition of a business, aiming to clarify the identification of acquisition of a business or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business such as provision of products or services to customers. The changes include examples for identification of acquisition of a business.
Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the draft interest rate benchmark reform (known as “IBOR reform”), aimed at reducing the potential impact of benchmark interest rates in financial reporting, namely in hedge accounting.

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 2019. 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 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 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.

(translation of financial statements originally issued in Portuguese (Note 33))

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:

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

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. For investments recorded by 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 Company's 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

2.7.1 Applicable accounting policy starting on 1 January 2019

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 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 period 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 period, 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.

(translation of financial statements originally issued in Portuguese (Note 33))

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, in the proportion to which the expenses are related to it.

Right-of-use assets are depreciated over the lowest period between the lease period 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 consolidated 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 be 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 price regardless of each component and in the price regardless of the non-lease components.

2.7.2 Applicable accounting policy starting before 1 January 2019

Lease contracts are classified as: (i) finance leases when the terms of the lease substantially transfer all the risks and rewards of ownership; and (ii) operating leases when the lease does not substantially transfer all the risks and rewards of ownership.

Leases are classified as finance or operating leases based on the substance of the contracts rather than their form.

Tangible fixed assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded in accordance with the financial method. Pursuant to this method, the cost of the assets is recorded under tangible fixed assets, at the lowest value between the present value of future lease payments or their fair value at the date of the lease contract, by corresponding entry to liabilities. The assets are depreciated in accordance with their estimated useful lives, the lease instalments are recorded as a reduction of the liabilities (liability), and the interest and depreciation of the asset are recognised as costs in the statement of profit or loss and other comprehensive income for the period to which they refer.

Operating lease instalments are recognised as a cost in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease contract.

(translation of financial statements originally issued in Portuguese (Note 33))

2.8 Investment properties

Investment properties essentially consist of land held for leasing, capital appreciation or both, and not for use in the production of goods, provision of services or for administrative purposes.

Investment properties are initially recorded at acquisition cost plus transaction costs, with the Company having decided to keep their measurement at historical cost, minus any impairment losses.

Costs related to maintenance, repair, insurance and tax paid, as well as income earned by the investment properties are recognised in the consolidated statement of profit or loss and other comprehensive income for the period to which they refer.

2.9 Financial instruments

2.9.1 Customer debt and other receivables

Customer debt and other receivables are classified as current assets and 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 are estimated.

2.9.2 Other current assets

Other current assets are recognised at amortised cost and are presented minus 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.

(translation of financial statements originally issued in Portuguese (Note 33))

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 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

2.9.5 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 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 costs of the programme broadcasting rights are known or can be reasonably determined;
- The programme contents have been accepted in accordance with the contractually established conditions; and
- The programmes 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 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.

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 17) 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 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.

(translation of financial statements originally issued in Portuguese (Note 33))

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.

2.12 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 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 system.

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 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 allocated to a series of costs as 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.

(translation of financial statements originally issued in Portuguese (Note 33))

2.15 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 divestment of the asset in a transaction between independent and knowledgeable entities, minus the costs directly attributable to the divestment. 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.

2.16 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 minus the divestment costs.

2.17 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.

2.18 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.

2.19 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

With a view to harmonising the accounting policies followed by the Impresa Group, the Company changed the accounting policy on classification of the costs incurred associated to the in-house production of television programmes, which, up to 31 December 2018, had been recorded in the heading of external supplies and services, and after this date are recorded in the heading "Costs of programmes broadcast".

This change led to the restatement of the statement of profit or loss and other comprehensive income for the year ended on 31 December 2018 presented for comparative purposes. Specifically, this was accomplished through the reclassification of approximately 16.367.000 euros from the heading "External supplies and services" to "Costs of programmes broadcast", as follows:

	2018	Movement restatement	2018 (restated)
OPERATING REVENUE:			
Services rendered	141.955.387	-	141.955.387
Other operating income	1.272.192	-	1.272.192
Total operating income	143.227.579	-	143.227.579
OPERATING EXPENSES:			
Costs of broadcast programmes	(55.032.271)	(16.367.241)	(71.399.512)
External supplies and services	(42.859.700)	16.367.241	(26.492.459)
Staff costs	(25.888.882)	-	(25.888.882)
Amortisation and depreciation	(2.210.483)	-	(2.210.483)
Provisions	(95.883)	-	(95.883)
Other operating costs	(713.767)	-	(713.767)
Total operating costs	(126.800.986)	-	(126.800.986)
Operating results	16.426.593	-	16.426.593
NET FINANCIAL EXPENSES:			
Gains/(losses) in financial investments	451.979	-	451.979
Interest and other financial costs	(1.705.596)	-	(1.705.596)
Interest and financial income	665.157	-	665.157
	(588.460)	-	(588.460)
Profit before tax	15.838.133	-	15.838.133
Income tax for the year	(4.191.039)	-	(4.191.039)
Profit or loss for the year and other comprehensive income	11.647.094	-	11.647.094

Except due to the adoption of IFRS 16 (Note 2.2) and the change of accounting policy referred to above, during the year ended on 31 December 2019 there were no other changes of accounting policies relative to those used for the preparation and presentation of the financial statements for the year ended on 31 December 2018, nor were any material errors recognised in relation to previous periods.

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The most relevant accounting estimates reflected in the financial statements for the years ended on 31 December 2019 and 2018 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 accounts receivable;
- Commercial discounts granted to key customers.

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 2019 and 2018 were as follows:

	2019	2018
Services rendered:		
Advertising	105.743.980	97.448.776
Subscription to channels	34.308.874	36.857.597
Multimedia (a)	11.278.342	6.474.786
Others	778.318	1.174.228
	<u>152.109.514</u>	<u>141.955.387</u>

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

5. OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue for the years ended on 31 December 2019 and 2018 was as follows:

	2019	2018
Divestments	335.038	-
Supplementary income	200.684	193.036
Reversal of impairment losses (Note 23)	23.881	726.443
Subsidies	-	71.665
Other	511.688	281.048
	<u>1.071.291</u>	<u>1.272.192</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
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Other operating expenses for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Taxes	502.092	380.885
Impairment losses on receivables (Note 23)	501.800	268.050
Other operating costs	53.097	64.832
	<u>1.056.989</u>	<u>713.767</u>

6. COSTS OF PROGRAMMES BROADCAST

As at 31 December 2019 and 2018, the cost of programs broadcast was detailed as follows:

	2019	2018 (restated)
Generalist channel:		
Soaps	26.510.389	30.166.052
In-house production	18.245.970	16.367.241
Entertainment programmes	13.846.299	8.358.689
Films	3.192.135	4.222.331
Sports	1.533.333	2.534.386
Series	203.209	1.251.128
Other	618.446	1.387.931
Thematic channels (a)	6.667.288	7.111.754
	<u>70.817.070</u>	<u>71.399.512</u>

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

7. EXTERNAL SUPPLIES AND SERVICES

During the years ended on 31 December 2019 and 2018, this heading was detailed as follows:

	2019	2018 restated
Specialized works	4.870.965	2.993.063
Rents and leases	4.915.602	4.538.803
Communication	5.323.412	3.616.131
Prizes to be given	4.133.816	3.365.623
Fees	2.822.953	3.047.231
Subcontracts	2.159.441	2.497.324
Maintenance and repair	2.030.709	2.423.677
Advertising	1.116.167	973.019
Travel, External Missions, Entertaining	811.355	903.648
Other	1.917.101	2.133.940
	<u>30.101.521</u>	<u>26.492.459</u>

The variation observed in the headings "Prizes to be given" and "Communication", during the year ended on 31 December 2019 in relation to the same period of the previous year is essentially related to the increased expenses incurred with value added services related to competitions with telephone participation, derived from the increased revenue from these services.

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8. STAFF COSTS

Staff costs for the years ended on 31 December 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Salaries	19.970.624	19.464.393
Charges on remuneration	4.381.816	4.524.982
Indemnities	1.189.327	1.306.366
Insurance	282.362	270.847
Other personnel costs	105.716	322.294
	<u>25.929.845</u>	<u>25.888.882</u>

During the years ended on 31 December 2019 and 2018, the average number of employees working at the Company stood at 557 and 543 employees, respectively.

9. FINANCIAL RESULTS

The financial results for the years ended on 31 December 2019 and 2018 are detailed as follows:

	<u>2019</u>	<u>2018</u>
Gain and loss on associated companies (Note 15)	<u>704.864</u>	<u>451.979</u>
Interest and other financial costs:	<u>(3.552.901)</u>	<u>(1.705.596)</u>
<u>Other financial income:</u>		
Shareholder and companies of the Group (Note 29)	2.004.545	489.938
Interest (Note 29)	40.830	34.932
Other financial income	8.900	140.287
	<u>2.054.275</u>	<u>665.157</u>
Net financial expenses	<u>(793.762)</u>	<u>(588.460)</u>

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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 Company's tax returns for the years 2015 to 2018, 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 2019 and 2018.

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.

As at 31 December 2019 and 2018, the Group did not have tax losses carried forward.

As at 31 December 2019 and 2018, the current tax liabilities (Note 29) are detailed as follows:

	<u>2019</u>	<u>2018</u>
Current taxes generated under RETGS	5.156.765	4.374.128
Withholding income tax	<u>(101.277)</u>	<u>(117.401)</u>
	<u><u>5.055.488</u></u>	<u><u>4.256.727</u></u>

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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 2019 and 2018, was as follows:

31 December 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>

31 December 2018:

Temporary differences	Opening balance	Increase/ (decrease)	Closing balance
Impairment losses on receivable	199.271	-	199.271
Impairment losses on investments properties	405.206	-	405.206
Indemnities	-	160.084	160.084
Provisions for other risks and charges	383.259	57.135	440.394
	<u>987.736</u>	<u>217.219</u>	<u>1.204.955</u>

b) Reconciliation of the tax rate

	2019	2018
Pre-tax result	20.545.049	15.838.133
Nominal tax rate	22,5%	22,5%
	<u>4.622.636</u>	<u>3.563.580</u>
State Surcharge	757.748	617.193
	<u>5.380.384</u>	<u>4.180.773</u>
Permanent differences (i)	(98.897)	(125.930)
Adjustments to corporate income tax (ii)	111.652	102.066
(Excess) / insufficiency of corporate income tax estimate	(167.998)	34.130
Corporate income tax	<u>5.225.140</u>	<u>4.191.039</u>
Tax rate	<u>25%</u>	<u>26%</u>
Current tax	5.156.765	4.374.128
(Excess) / insufficiency estimate for prior period income tax	(167.998)	34.130
Deferred tax for the year	<u>236.373</u>	<u>(217.219)</u>
	<u>5.225.140</u>	<u>4.191.039</u>

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(i) As at 31 December 2019 and 2018, this value was detailed as follows:

	2019	2018
Effect of the application of the equity method	(704.864)	(451.979)
Reversal of provisions taxable	-	(218.631)
Other	265.316	110.920
	(439.548)	(559.690)
Tax rate	22,5%	22,5%
	(98.897)	(125.930)

(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 2019 and 2018, was based on the following information:

	2019	2018
<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)	15.319.909	11.647.094
Earnings for purposes of computing comprehensive earnings per share (comprehensive income for the year)	15.319.909	11.647.094
<u>Earnings per share:</u>		
Basic	2,5512	1,9396
Diluted	2,5512	1,9396
<u>Comprehensive income for the year per share:</u>		
Basic	2,5512	1,9396
Diluted	2,5512	1,9396

As at 31 December 2019 and 2018, there are no dilutive effects; therefore, the earnings per basic and diluted share are identical.

12. GOODWILL

During the years ended on 31 December 2019 and 2018 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 2019 and 2018, the Company used a specialised external company 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 the 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 unit, 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 Company'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 of 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 Iberian companies.

In the impairment tests made as at 31 December 2019, the main change in relation to past experience was due to the increased revenue from advertising on television as a result of the increased market share occurred in 2019;

During the years ended on 31 December 2019 and 2018, the Company assessed the recoverable value of the goodwill, not having identified impairment losses.

For 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, a discount rate of 7,5% (7,6% as at 31 December 2018) and a growth rate in perpetuity of 1% (2% in 2018).

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 2019, for the five-year period of the projections;
- Programming costs: it was estimated that the costs observed in 2019 should be maintained for 2020, increasing by 1,8% up to 2024.
- Automatic renewal of the television operating licenses at the end of their term, without additional costs;

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- 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 2019;
- 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 2019;
- 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 2019;
- 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 2019.

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.

13. INTANGIBLE ASSETS

During the years ended on 31 December 2019 and 2018, the movements occurred in the intangible assets and their accumulated amortisation and impairment losses were as follows:

	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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	31 December 2018		
	Software	Industrial property and other rights	Total
<u>Gross:</u>			
Balance at 31 December 2017	2.244.580	128.800	2.373.380
Purchases	-	-	-
Balance at 31 December 2018	<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 2017	2.099.491	115.584	2.215.075
Increases	115.251	1.910	117.161
Balance at 31 December 2018	<u>2.214.742</u>	<u>117.494</u>	<u>2.332.236</u>
Net balance at 31 December 2018	<u>29.838</u>	<u>11.306</u>	<u>41.144</u>

14. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2019 and 2018, the movements occurred in the tangible fixed assets and their accumulated depreciation and impairment losses were as follows:

	31 December 2019					
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Fixed assets in progress	Total
<u>Gross:</u>						
Balance at 31 December 2018:	474.532	74.047.854	22.221	16.621.920	8.182.696	99.349.223
Initial adoption IFRS16 (Note 2.2)	514.313	-	469.230	-	(4.290)	979.253
Acquisitions	359.392	2.363.320	214.613	596.341	-	3.533.665
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.

	31 December 2018					
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Fixed assets in progress	Total
<u>Gross:</u>						
Balance at 31 December 2017	474.532	73.825.186	22.221	16.587.469	82.790	90.992.198
Acquisitions	-	245.633	-	36.905	8.419.674	8.702.212
Sales and write-offs	-	(22.965)	-	(2.454)	(319.768)	(345.187)
Balance at 31 December 2018	<u>474.532</u>	<u>74.047.854</u>	<u>22.221</u>	<u>16.621.920</u>	<u>8.182.696</u>	<u>99.349.223</u>
<u>Accumulated depreciation and impairment losses</u>						
Balance at 31 December 2017	420.032	67.257.846	22.221	16.310.014	-	84.010.113
Increase	35.934	1.901.168	-	156.220	-	2.093.322
Decreases due to sales and write-offs	-	(8.232)	-	(2.454)	-	(10.686)
Balance at 31 December 2018	<u>455.966</u>	<u>69.150.782</u>	<u>22.221</u>	<u>16.463.780</u>	<u>-</u>	<u>86.092.749</u>
Net balance at 31 December 2018	<u>18.566</u>	<u>4.897.072</u>	<u>-</u>	<u>158.140</u>	<u>8.182.696</u>	<u>13.256.474</u>

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During the year ended on 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:

	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 (Note 2.2)	514.313	-	-	469.230	(4.290)	979.253
New contracts	359.392	5.959.417	1.219.261	215.333	(5.822.109)	1.931.294
Balance at 31 December 2019	<u>873.705</u>	<u>6.552.206</u>	<u>1.219.261</u>	<u>684.563</u>	<u>-</u>	<u>9.329.735</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>-</u>	<u>1.265.174</u>
Net balance at 31 December 2019	<u>783.133</u>	<u>5.793.495</u>	<u>1.018.205</u>	<u>469.727</u>	<u>-</u>	<u>10.594.910</u>

Furthermore, the following expenses were recognised in the year ended in 2019 relative to right-of-use assets:

	2019
Depreciation	961.812
Short term leases	595.613
Interest	224.697
	<u>1.782.122</u>

15. FINANCIAL INVESTMENTS

The changes in investments in the years ended on 31 December 2019 and 2018 were as follows:

	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 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.

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	31 December 2018		
	Investments in subsidiaries companies	Investments in other companies	Total
Balance at 31 December 2017	1.313.735	6.235	1.319.970
Application of the equity method (Note 9)	451.979	-	451.979
Balance at 31 December 2018	<u>1.765.714</u>	<u>6.235</u>	<u>1.771.949</u>

As at 31 December 2019 and 2018, the financial investments in subsidiaries are detailed as follows:

		31 December 2019					
Company	Head office	Effective participation	Total assets	Equity	Total revenue	Net result	Amount of participation
GMTS	Carnaxide	100%	4.368.389	2.174.228	7.666.804	704.864	<u>2.174.228</u>

		31 December 2018					
Company	Head office	Effective participation	Total assets	Equity	Total revenue	Net result	Amount of participation
GMTS	Carnaxide	100%	4.892.276	1.765.714	7.066.364	451.979	<u>1.765.714</u>

As at 31 December 2019 and 2018, the financial investments in other financial holdings is detailed as follows:

		Effective participation	2019	2018
Company	Head office		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>306.235</u>	<u>6.235</u>

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16. INVESTMENT PROPERTIES

During the year ended on 31 December 2019, through the signing of a promissory purchase and sale agreement and, subsequently, the purchase and sale deed, the Company reached an agreement with a third party for the divestment of the remaining parcel of the plot of land referred to as "Terreno FNAC". Following this agreement, the selling price was defined at 1.800.000 euros.

As at 31 December 2018 and 2019, the investment properties held by the Company are detailed as follows:

Investment properties	2019	2018
"Terreno FNAC" (a)	-	1.478.489

(a) As at 31 December 2018, the value was net of impairment losses of the value of 1.473.474 euros (Note 23).

During the year ended on 31 December 2018 there were no movements in the heading "Investment properties".

17. PROGRAMME BROADCASTING RIGHTS

As at 31 December 2019 and 2018, programme broadcasting rights are detailed as follows:

	31 December 2019		31 December 2018	
	Non-current	Current	Non-current	Current
<u>Broadcasting rights: Gross value:</u>				
Programme broadcasting rights	4.027.118	5.439.902	2.586.358	3.562.879
Advances on account of purchases	557.128	10.035.291	557.128	11.701.321
	<u>4.584.246</u>	<u>15.475.193</u>	<u>3.143.486</u>	<u>15.264.200</u>
<u>Impairments in realisation value (Note 23):</u>				
Accumulated impairments in realisation value	(557.128)	-	(557.128)	-
Net realisation value of the broadcasting rights	<u>4.027.118</u>	<u>15.475.193</u>	<u>2.586.358</u>	<u>15.264.200</u>

As at 31 December 2019 and 2018, 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 2019 and 2018, the Company had no inventories pledged to guarantee compliance with liabilities.

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18. CUSTOMERS AND ACCOUNTS RECEIVABLE

As at 31 December 2019 and 2018, this heading was detailed as follows:

	31 December 2019			31 December 2018		
	Gross	Accumulated impairment Losses (Note 23)	Net	Gross	Accumulated impairment Losses (Note 23)	Net
Customers	28.205.519	(5.538.375)	22.667.144	31.410.780	(6.168.126)	25.242.654
Invoices to be issued:						
Value added services	675.358	-	675.358	563.521	-	563.521
Television broadcasting rights of theme channels	114.870	-	114.870	566.978	-	566.978
Television broadcasting rights of generalist channels	70	-	70	167.370	-	167.370
Other amounts to be invoiced	155.471	-	155.471	6.002	-	6.002
	<u>29.151.288</u>	<u>(5.538.375)</u>	<u>23.612.913</u>	<u>32.714.651</u>	<u>(6.168.126)</u>	<u>26.546.525</u>

19. OTHER NON-CURRENT AND CURRENT ASSETS

As at 31 December 2019 and 2018, these headings were detailed as follows:

	2019	2018
<u>Other non-current assets:</u>		
Shareholders (Note 29) (a)	85.000.000	51.813.324
Premius, S.A.	906.250	906.250
Digital telebroadcasting services (b)	498.825	561.178
Fantasy Day - Unipessoal, Lda. e Lemon - Entretenimento, Lda. (e)	169.403	169.403
Terra do Nunca, SA	143.961	143.961
Isabel Monteiro (d)	-	192.868
	<u>86.718.439</u>	<u>53.786.984</u>
<u>Other current assets:</u>		
Shareholders (Note 29) (a)	13.666.284	-
Other debtors		
Deposit (f)	1.302.868	1.227.302
Advances to employees	227.610	126.209
Novimovest - Fundo de Investimento Imobiliário (c)	800.000	800.000
Others	587.194	185.044
Prepayments:		
Rent	-	100.401
Digital telebroadcasting services (b)	62.352	62.352
Others	429.292	878.725
	<u>17.075.600</u>	<u>3.380.033</u>
	<u>103.794.039</u>	<u>57.167.017</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 2019 and 31 December 2018, the amounts include 1.541.284 euros and 489.939 euros relative to interest receivable. As at 31 December 2018, the loans granted to Impresa were classified in the non-current assets, following an agreement between the parties.

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 2019 and 2018, the movement of loans granted to Impresa was as follows:

	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>
	1 January 2018	Payments	Collection	Interest (Note 9)	31 December 2018
Nominal Value	25.230.671	26.092.714	-	-	51.323.385
Interest	-	-	-	489.939	489.939
	<u>25.230.671</u>	<u>26.092.714</u>	<u>-</u>	<u>489.939</u>	<u>51.813.324</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 subsequently received (Note 32).
- (d) Value of the account receivable arising from the divestment in previous years of 90% of the capital of Dialectus – Traduções Técnicas, Legendagem e Locução, Lda. As at 31 December 2019, the value was derecognised following the insolvency of this entity.
- (e) Value of the account receivable arising from the divestment in previous years of the 100% stake in the capital of iPlay - Som e Imagem, Lda.
- (f) In 2019 and 2018, the values of 1.302.868 euros and 1.227.302 euros, respectively, refer to the net balance of a term deposit in dollars with the countervalue of 4.005.697 euros and 3.930.131 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 collateral to secure the liabilities arising from this funding agreement.

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20. CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, 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:

	2019	2018
Cash	29.585	33.523
Bank deposits	911.902	7.720.135
	<u>941.487</u>	<u>7.753.658</u>
Bank deposits captives	-	(640.000)
	<u>941.487</u>	<u>7.113.658</u>

As at 31 December 2018, the blocked bank deposits are related to the process of divestment of a parcel of the plot of land referred to as "Terreno FNAC" (Note 16 and Note 26), which was released in 2019 following the signing of the deed of sale of this real estate property.

21. EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS

As at 31 December 2019 and 2018, 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 2019 and 2018, the Company's shareholder structure was as follows:

Shareholder	Percentage
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 2019, the minimum amount of the legal reserve is constituted.

Appropriation of net income

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.

As deliberated in the General Meeting of Shareholders, held on 29 March 2018, the Company attributed and distributed the net income for the year ended on 31 December 2017 in the form of dividends to the shareholders, of the value of 8.684.178 euros, corresponding to the entirety of the net income for the year of 2017, with the remaining 97.071 euros having been transferred to retained earnings.

The Board of Directors proposes, in the management report, distributing dividends of 15.319.909 euros, with this proposal requiring approval at the General Meeting.

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22. LOANS

As at 31 December 2019 and 2018, the balance of bank debts was broken down as follows:

Lending entities	31 December 2019			31 December 2018		
	Book value		Nominal value	Book value		Nominal value
	Current	Non current		Current	Non current	
Banco Português de Investimento, S.A. (a)	-	16.727.801	17.000.000	2.115.495	10.577.474	12.750.000
Caixa Geral de Depósitos, S.A. (b)	2.100.000	-	2.100.000	5.000.000	-	5.000.000
Banco Português de Investimento, S.A. (c)	4.800.000	-	4.800.000	3.600.000	-	3.600.000
Banco Santander, S.A. (d)	1.800.000	-	1.800.000	2.350.000	-	2.350.000
Banco BIC, S.A. (e)	1.000.000	-	1.000.000	843.750	-	843.750
Montepio Geral (f)	-	-	-	4.615.315	-	4.666.667
Caixa Central de Crédito Agrícola Mútuo, C.R.L. (g)	-	-	-	75.000	-	75.000
Novo Banco, S.A. (h)	1.300.000	-	1.300.000	3.250.000	-	3.250.000
Novo Banco, S.A. (i)	-	-	-	3.000.000	-	3.000.000
Factorings (j)	2.008.032	1.372.192	3.380.224	7.983.325	5.823.748	13.820.972
Empréstimo obrigacionista (k)	-	49.500.912	51.000.000	-	-	-
Lease liabilities	2.098.127	4.802.104	6.900.231	1.399.867	4.142.746	5.542.613
	<u>15.106.159</u>	<u>72.403.009</u>	<u>89.280.455</u>	<u>34.232.752</u>	<u>20.543.968</u>	<u>54.899.002</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. As at 31 December 2019, the loan bears half-yearly interest at the six-month Euribor rate plus a spread of 3,5%, and is repayable in 16 successive half-yearly instalments with the first having fallen due on 30 June 2017. An increase of approximately 5.300.000 euros and a new payment plan were negotiated in 2019.

As a result of this loan, a blank promissory note was underwritten, with various covenants and restrictions having been undertaken essentially related to the acquisition and divestment of assets, as well as maintenance of part of the current shareholder structure of Impresa. 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) 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 2019, this loan bears interest at the six-month Euribor rate plus a spread of 2,75%.
- (c) 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 2019, this loan bears interest at the six-month Euribor rate plus a spread of 2,75%.
- (d) 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 2019, this loan bears interest at the six-month Euribor rate plus a spread of 2%.
- (e) 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 2019, this loan bears interest at the three-month Euribor rate plus a spread of 2,75%.

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- (f) Loan taken out by SIC, in August 2018, from Caixa Económica Montepio Geral, to be repaid in 56 monthly instalments up to August 2023. As at 31 December 2018, this loan bears monthly interest in arrears at the six-month Euribor rate plus a spread of 2,5%. In order to secure full compliance with this loan, SIC, underwrote a blank promissory note. As at 31 December 2019 the loan was fully paid-up.
- (g) Loan taken out by the Company in September 2015, from Caixa Central de Crédito Agrícola Mútuo C.R.L., to be repaid in eight half-yearly instalments up to 15 September 2019. As at 31 December 2019 the loan was fully paid-up.
- (h) This heading refers to a current account to support treasury subscribed on 29 November 2016, of the maximum value of 1.669.992 euros, which is automatically renewable for successive three-month periods. As at 31 December 2019, this loan bears interest at the three-month Euribor rate plus a spread of 2%.
- (i) As at 31 December 2018, this heading refers to a current account to support treasury, subscribed with Novo Banco, of the maximum value of 3.000.000 euros. As at 31 December 2018, this loan bears interest at the three-month Euribor rate plus a spread of 3%. As at 31 December 2019 the loan was fully paid-up.
- (j) The factoring refers to financing operations obtained by SIC 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 debenture 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 2019, this loan was listed for trading (Euronext), with its market value being 52.433.100 euros.

As at 31 December 2019 and 2018, the movement occurred in the balance of debts to credit institutions, separated by movements with associated cash flows and without cash flow, was as follows:

Lending entities	1 January 2019 Book value	Cash-flows		Movements without cash-flow		31 December 2019 Book value
				Finance	Effect of	
		Receivables	(Payments)	Leases	amortized cost	
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
	54.776.720	58.512.500	(25.815.184)	1.698.036	(1.662.904)	87.509.168

Lending entities	1 January 2018 Book value	Cash-flows		Movements without cash-flow		31 December 2018 Book value
				Finance	Effect of	
		Receivables	(Payments)	Leases	amortized cost	
Banco BPI, S.A.	14.808.464	-	(2.125.000)	-	9.505	12.692.969
Caixa Central de Crédito Agrícola Mútuo, C.R.L.	150.000	-	(75.000)	-	-	75.000
Montepio Geral	-	4.666.667	-	-	(51.352)	4.615.315
Factorings	-	13.820.972	-	-	(13.899)	13.807.073
Guaranteed current accounts	10.000.000	9.543.750	(1.500.000)	-	-	18.043.750
Finance leases	529.866	-	(174.660)	5.187.407	-	5.542.613
	25.488.330	28.031.389	(3.874.660)	5.187.407	(55.746)	54.776.720

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During the years ended on 31 December 2019 and 2018, the effective interest rate on each loan was as follows:

Company	Funding entities	2019	2018
SIC	Banco BPI, S.A.	3,66%	5,00%
SIC	Caixa Central de Crédito Agrícola		
	Mútuo, C.R.L.	-	2,60%
SIC	Montepio Geral	2,50%	2,50%
SIC	Novo Banco, S.A. (debenture loan)	5,65%	-
SIC	Factoring	1,95%	1,65%
Group	Pledged current accounts	2,50%	2,50%

As at 31 December 2019, the loans obtained have the following repayment plan (nominal value):

2020	13.008.032
2021	1.622.192
2022	51.500.000
2023	500.000
2024	500.000
2025	500.000
2026	4.000.000
2027	4.000.000
2028	4.000.000
2029	2.750.000
	<u>82.380.224</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 main equity stakes in the subsidiaries, 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" of the Impresa Group. 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 2019 and 2018, the Company had approved unused credit ceilings of approximately 4.519.000 euros and 2.987.000 euros, respectively.

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As at 31 December 2019, the lease liabilities have the following repayment plan:

2020	2.098.127
2021	2.004.150
2022	1.603.171
2023	929.563
2024	265.220
	<u>6.900.231</u>

23. IMPAIRMENT LOSSES, ONGOING LEGAL AND TAX PROCEEDINGS AND PROVISIONS**23.1 Impairment losses**

During the years ended on 31 December 2019 and 2018, the following movements occurred in the balances of the accumulated impairment loss headings:

31 December 2019:

	Impairment losses on investments properties (Note 16)	Impairment losses on receivables (Note 18)	Impairment losses on broadcasting rights and inventories (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	<u>-</u>	<u>5.538.375</u>	<u>557.128</u>

31 December 2018:

	Impairment losses on investments properties (Note 16)	Impairment losses on receivables (Note 18)	Impairment losses on broadcasting rights and inventories (Note 17)
Balances at 31 December 2017	1.473.474	6.626.519	557.128
Increases (Note 5)	-	268.050	-
Reversal/adjustment (Note 5)	-	(726.443)	-
Balances at 31 December 2018	<u>1.473.474</u>	<u>6.168.126</u>	<u>557.128</u>

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

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23.2 Provisions

As at 31 December 2019 and 2018, the provisions for risks and charges are detailed as follows:

Natureza	2019		2018	
	Amount claimed	Amount provided	Amount claimed	Amount provided
Dismissal/Labour	636.724	324.759	942.770	286.146
Abuse of freedom of the press	1.204.067	140.969	1.096.478	108.820
Publicity fines	1.404.202	140.420	629.567	85.967
Others	21.485.241	3.046.820	23.613.533	3.047.117
	<u>24.730.235</u>	<u>3.652.968</u>	<u>26.282.348</u>	<u>3.528.050</u>

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 2019, which correspond to the best estimate of the outflow of funds arising from these lawsuits on that date.

The movements in the provisions in the years ended on 31 December 2019 and 2018 were as follows:

	31 de dezembro de 2019			
	Opening balance	Increases	Usages	Closing balance
Lawsuits in progress	3.528.050	342.000	(217.082)	3.652.968
	<u>3.528.050</u>	<u>342.000</u>	<u>(217.082)</u>	<u>3.652.968</u>

	31 de dezembro de 2018				
	Opening balance	Increases	Usages	Reversals	Closing balance
Lawsuits in progress	3.437.463	246.305	(5.296)	(150.422)	3.528.050
	<u>3.437.463</u>	<u>246.305</u>	<u>(5.296)</u>	<u>(150.422)</u>	<u>3.528.050</u>

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Lawsuits in progress

As at 31 December 2019, 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 2019 standing at approximately 20.057.000 euros.

The determination of this value was substantiated by a study made 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. Thus, a value payable substantially lower than that requested by GDA was determined, with the consolidated financial statements as at 31 December 2019 presenting 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.

24. SUPPLIERS AND ACCOUNTS PAYABLE

As at 31 December 2019 and 2018, this heading was detailed as follows:

	2019	2018
<u>Non-current:</u>		
Suppliers of fixed assets	1.423.989	1.577.987
<u>Current:</u>		
Trade payables, current account	17.917.161	26.627.468
Program suppliers, current account	1.850.449	2.522.108
Suppliers of fixed assets, current account	798.268	734.470
	<u>20.565.878</u>	<u>29.884.046</u>
	<u>21.989.867</u>	<u>31.462.033</u>

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

(translation of financial statements originally issued in Portuguese (Note 33))

25. OTHER CURRENT LIABILITIES

As at 31 December 2019 and 2018, the heading "Other current liabilities" was detailed as follows:

	2019	2018
<u>Other current liabilities:</u>		
Advances from clients	25.759	22.799
Other creditors:		
Suppliers' credits guaranteed by third parties	5.602.747	1.987.732
Loan provided by lidl (Note 16 and 26)	-	640.000
Consultants and advisers	210.229	253.542
Others	319.520	74.682
	<u>6.132.496</u>	<u>2.955.956</u>
Accrued costs:		
Commercial agreements	11.449.492	9.807.606
Personnel vacation and vacation subsidy	3.303.059	3.611.402
Accrued interest	1.134.884	-
Cost of program production	1.252.867	1.953.471
Indemnities	552.755	592.187
Authors' rights	150.000	500.000
Personnel commission payable	499.700	-
Commercial fee	470.729	367.032
Other accrued costs	1.931.335	1.772.565
	<u>20.744.821</u>	<u>18.604.263</u>
Deferred income:		
Pre-billing	1.431.039	2.057.977
Other deferred income	618.399	193.221
	<u>2.049.438</u>	<u>2.251.198</u>
State and other public entities:		
Value Added Tax	3.740.030	2.387.870
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1.472.699	1.307.173
Social security contributions	904.006	883.926
Personal income tax - withholdings at source	954.678	883.163
Stamp tax	289.354	124.834
	<u>7.360.767</u>	<u>5.586.966</u>
	<u><u>36.313.281</u></u>	<u><u>29.421.182</u></u>

(translation of financial statements originally issued in Portuguese (Note 33))

26. NON-CURRENT ASSETS HELD FOR SALE

The variation occurred during the year ended on 31 December 2019 in relation to 31 December 2018 is related to the sale of a parcel of the plot of land referred to as "Terreno FNAC", for the value of 3.200.000 euros, of which 640.000 euros had already been received in previous periods as down payment and were blocked up to the signing of the deed (Note 25). Moreover, as mentioned in Note 16, the Company also sold the remaining parcel of the plot of land referred to as "Terreno FNAC" for the value of 1.800.000 euros, the value of which is classified in the cash flow statement as revenue from the divestment of investment properties.

27. CONTINGENT LIABILITIES AND GUARANTEES PROVIDEDGuarantees provided and other commitments

As at 31 December 2019 and 2018, the Company had requested the issuance of the following bank guarantees in favour of third parties:

	2019	2018
Union des Associations Européennes de Football	2.622.000	4.370.000
ERC	1.995.192	1.995.192
Secretaria Geral do Ministério da Administração Interna ("SGMAI")	1.126.281	1.158.532
Câmara Municipal de Oeiras	35.745	35.745
Tribunal de Oeiras	4.000	4.000
Santander Novimovest	-	1.320.600
Lidl	-	640.000
	<u>5.783.218</u>	<u>9.524.069</u>

The guarantee provided to UEFA is to secure good compliance with the "UEFA Europa 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.

The guarantees provided to Santander Novimovest are to cover obligations arising from the lease contract with this entity, related to the SIC head office building, in particular the payment of the rent, the contract of which ended in June 2019, after the transfer of the studios to Edifício Impresa.

The guarantee provided to Lidl refers to compliance with contractual obligations defined at the time of the signing of the promissory purchase and sale agreement for sale of one of the parcels of "Terreno Fnac" (Note 16 and 26).

Operating lease contracts

The operating lease contracts in force as at 31 December 2018 do not have contingent lease payments. The payments under the operating lease contracts fall due as follows:

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Operating leases

	2018
within one year	886.189
from one to five years	707.833
more than five years	61.226
	<u>1.655.248</u>

During the year ended on 31 December 2018, the Company recognised operating lease expenses of the value of approximately 890.000 euros.

28. COMMITMENTS UNDERTAKEN

28.1 Commitments to acquire programmes

As at 31 December 2019 and 2018, the Company had contracts or agreements concluded with third parties for the purchase of rights to broadcast films, series and other programmes of 22.493.885 euros and 20.505.266 euros, respectively, not included in the statement of financial position, according to the valuation criteria used, as follows:

Nature	31 December 2019				31 December 2018			
	Year the titles are available				Year the titles are available			
	2020	2021	2022 and following years	Total	2019	2020	2021 and following years	Total
Entertainment	6.919.871	2.100.000	-	9.019.871	4.854.199	3.636.590	2.108.250	10.599.039
Films	424.968	25.000	-	449.968	464.288	-	-	464.288
Format	29.990	-	-	29.990	27.430	-	-	27.430
Soap-operas	9.807.436	-	-	9.807.436	4.585.342	-	-	4.585.342
Children	438.904	11.838	-	450.742	341.255	10.369	99.811	451.435
Documentaries	292.094	365.000	-	657.094	157.891	-	-	157.891
60 Series	307.639	-	-	307.639	670.451	-	56.151	726.602
Mini séries	160.447	-	-	160.447	-	-	-	-
Sport	1.543.333	-	-	1.543.333	1.930.161	1.533.333	-	3.463.494
Events	67.365	-	-	67.365	24.500	-	5.245	29.745
	<u>19.992.048</u>	<u>2.501.838</u>	<u>-</u>	<u>22.493.885</u>	<u>13.055.517</u>	<u>5.180.292</u>	<u>2.269.457</u>	<u>20.505.266</u>

Nature	31 December 2019				31 December 2018			
	Limit year for broadcasting the titles				Limit year for broadcasting the titles			
	2020	2021	2022 and following years	Total	2019	2020	2021 and following years	Total
Entertainment	4.646.796	3.627.988	745.088	9.019.871	3.724.137	4.024.940	2.849.962	10.599.039
Films	3.400	303.010	143.558	449.968	-	-	464.288	464.288
Format	-	3.210	26.780	29.990	-	-	27.430	27.430
Soap-operas	43.258	2.184.178	7.580.000	9.807.436	66.887	53.454	4.465.000	4.585.342
Children	-	350.943	99.798	450.742	34.854	202.572	214.009	451.435
Documentaries	245.317	378.887	32.890	657.094	54.921	102.970	-	157.891
60 Series	833	209.201	97.605	307.639	-	199.263	527.339	726.602
Mini séries	-	4.447	156.000	160.447	-	-	-	-
Sport	10.000	1.533.333	-	1.543.333	396.827	1.533.333	1.533.333	3.463.494
Events	27.865	-	39.500	67.365	-	-	29.745	29.745
	<u>4.977.469</u>	<u>8.595.197</u>	<u>8.921.220</u>	<u>22.493.885</u>	<u>4.277.627</u>	<u>6.116.533</u>	<u>10.111.107</u>	<u>20.505.266</u>

As at 31 December 2019 and 2018, the commitments for acquisition of programmes include 7.580.000 euros and 4.465.000 euros, respectively, concerning contents to be acquired from related parties (SP Televisão).

28.2. Commitments for the acquisition of tangible fixed assets

As at 31 December 2019 and 2018, the commitments undertaken to acquire tangible fixed assets amounted to approximately 439.000 euros and 3.057.000 euros, respectively.

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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.

During the year ended on 31 December 2019, the Company adopted a new internal regulation for the definition of related parties, in view of the Company's governance structure and the decision-making process, which henceforth considers "key management personnel" to be the Board of Directors of the Impresa Group and Joint Executive Committee, as the main decisions related to its activity are taken by these bodies.

As at 31 December 2019 and 2018, the balances and transactions with related parties are as follows:

31 December 2019:

	Transactions					Financial income (Note 9)
	External services	acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue	
Shareholders:						
GMTS	5.545.725	-	-	22.465	-	-
Impresa Publishing, S.A.	31.474	-	-	48.615	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	-	-	4.093	-	-
Impresa SGPS, S.A.	-	-	-	-	-	2.004.545
Others:						
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>75.173</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)	Other current assets	Payables	RETGS (Note 10) Borrowings
Shareholders:						
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	-
Others:						
Grupo BPI	681.800	-	-	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)	-	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>1.302.868</u>	<u>10.835.598</u>	<u>5.055.488</u>
						<u>24.502.829</u>

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31 December 2018:

	Transactions					Financial income (Note 9)
	External services	acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue	
Shareholders:						
GMTS	5.037.157	-	-	-	8.045	-
Impresa Publishing, S.A.	31.469	-	-	22.162	48.703	-
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	-	-	-	41.273	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	3.763.536	-	-	-	-	-
Impresa SGPS, S.A.	-	-	-	-	-	489.938
Others:						
Compta - Equipamentos e serviços de Informática, S.A.	445	-	-	-	-	-
Lusa - Agência de Notícias de Portugal, S.A.	281.305	-	-	-	-	-
Grupo BPI (a)	-	-	931.929	-	-	34.932
Morais Leitão, Galvão Teles, Soares da Silva & Associados	9.912	-	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	24.460.277	-	50.250	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	23.451	-	-	-	-	-
	<u>9.147.274</u>	<u>24.460.277</u>	<u>931.929</u>	<u>72.412</u>	<u>98.020</u>	<u>524.870</u>

	Balances					
	Demand deposits	Receivables	Shareholders (Note 19)	Other current assets	Payables	RETGS (Note 10) Borrowings
Shareholders:						
GMTS	-	9.505	-	-	3.955.667	-
Impresa SGPS, S.A. (a)	-	82.964	51.813.324	-	-	4.374.128
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	4.230	-	-	-	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	-	60	-	-	486.377	-
Impresa Publishing, S.A.	-	1.144.761	-	-	-	-
Others:						
Grupo BPI	993.582	-	-	1.227.302	-	16.350.000
Lusa - Agência de Notícias de Portugal, S.A.	-	-	-	-	103.818	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	-	-	1.887	-
Grupo Madre (SP - Televisão, Lda.) (b)	-	31.058	-	-	7.208.374	-
Vasp Premium - Entrega personalizada de publicações, Lda.	-	-	-	-	7.369	-
	<u>993.582</u>	<u>1.272.578</u>	<u>51.813.324</u>	<u>1.227.302</u>	<u>11.763.492</u>	<u>16.350.000</u>

(a) The balance related to shareholders for the years ended on 31 December 2019 and 31 December 2018 include 1.541.284 euros and 489.939 euros of interest receivable.

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

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.

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30. RATES USED TO CONVERT FOREIGN CURRENCY BALANCES

As at 31 December 2019 and 2018, the following exchange rates were used to convert assets and liabilities expressed in foreign currency into euros:

	2019	2018
American dollar (USD)	1.1234	1.145
Swiss franc (CHF)	1.0854	1.1269
Pound sterling (GBP)	0.8508	0.8945
Australian dollar (AUD)	1.5995	1.7056
Canadian dollar (CAD)	1.4598	1.5605
Brazilian real (BRL)	4.5157	4.444

31. 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 2019 and 2018, the financial instruments were as follows:

	2019	2018
<u>Financial assets:</u>		
Receivables	125.196.870	80.698.404
Cash and equivalents (Note 20)	941.487	7.113.658
Assets classified as held for sale	-	3.200.000
	<u>126.138.357</u>	<u>91.012.062</u>
<u>Financial liabilities:</u>		
Borrowings	87.509.169	54.776.720
Payables	56.227.951	57.992.017
Current tax liabilities	5.055.488	4.256.727
	<u>148.792.607</u>	<u>117.025.464</u>

As at 31 December 2019 and 2018, except for the debenture 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 2019 and 2018, 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 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 debenture loan, which is fixed rate, the loans that have been taken out are exposed to changes in market interest rates (Note 22).

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If market interest rates in the years ended on 31 December 2019 and 2018 were 0,5% higher or lower, the net income for these years would have decreased or increased by approximately 355.715 euros and 200.663 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 2019 and 2018, 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 2019 and 2018, that was converted into a USD term deposit which, as at 31 December 2019 and 2018, amounted to 4.005.697 euros and 3.930.131 euros, respectively (Note 19).

During the years ended on 31 December 2019 and 2018, the Company did not contract any forward exchange rates.

The foreign currency balances payable, expressed in euros at the exchange rate of 31 December 2019 and 2018 are as follows:

	2019	2018
US Dollar (USD)	1.213.121	3.445.925
Swiss Franc (CHF)	39.880	21.670
Pound Sterling (GBP)	7.345	7.549
Australian Dollar (AUD)	4.320	4.320
Canadian Dollar (CAD)	422	422
	<u>1.265.088</u>	<u>3.479.886</u>

As at 31 December 2019 and 2018, the Company has accounts receivable in USD of the value of 2.617.330 dollars and 1.843.039 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.

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.

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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 2019 and 2018, 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	2019	2018
Up to 90 days	3.680.126	7.112.230
From 90 to 180 days	724.938	3.700.229
More than 180 days	680.228	6.485.901
	<u>5.085.292</u>	<u>17.298.360</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 2019 and 2018, the amount of cash and credit ceilings approved and unused amounted to approximately 5.569.991 euros and 11.380.708 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 Company's current financial liabilities. As at 31 December 2019 and 2018, the financial liabilities fall due as follows:

	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>

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	2018				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing	32.832.885	7.948.748	2.125.000	6.327.474	49.234.107
Lease liabilities	1.399.867	1.388.314	1.328.473	1.425.959	5.542.613
Suppliers' credits					
guaranteed by third parties	1.987.732	-	-	-	1.987.732
	<u>36.220.484</u>	<u>9.337.062</u>	<u>3.453.473</u>	<u>7.753.433</u>	<u>56.764.452</u>
Not remunerated:					
Trade payables	26.627.468	-	-	-	26.627.468
Program suppliers	2.522.108				2.522.108
Suppliers of fixed assets	734.470	449.953	449.953	678.081	2.312.457
Other current liabilities	28.798.979	-	-	-	28.798.979
	<u>58.683.025</u>	<u>449.953</u>	<u>449.953</u>	<u>678.081</u>	<u>60.261.012</u>
	<u>94.903.509</u>	<u>9.787.015</u>	<u>3.903.426</u>	<u>8.431.514</u>	<u>117.025.464</u>

32. SUBSEQUENT EVENTS

In March 2020, the Group completed the procedures with Oeiras Municipal Council for the updating of the license to use the Carnaxide studios. Due to the updating of this license, Novimovest paid-up the value of 770.000 euros for the divestment of the Carnaxide Building by SIC in 2004 (Note 19).

Up to the date of approval of the financial statements by the Board of Directors, the Company had not experienced any relevant impacts on its activity arising from the outbreak of the Covid-19 virus, which has progressively spread on a worldwide scale, including in Portugal. The Company is conducting a survey of the potential impacts of the Covid-19 virus on its activity and the consequent definition of a response plan, and is in the process of implementing a contingency plan to ensure the regular functioning of its operations, in particular the continuity of the broadcasts of the different television channels operated by the Company. However, in view of the uncertainty that this situation involves, it is not possible at this moment in time to foresee the financial consequences that may be faced by the Company.

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 IMPRESA Group shall continue to 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 ACCOUNTANTTHE BOARD OF DIRECTORS

STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt 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 2019 (showing a total of Euros 182,659,987 and equity of Euros 28,139,215, including a net profit of Euros 15,319,909), 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 2019 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.

Emphasis

As described in Note 32, the Impresa Group, in which the Entity is included, has been following the outbreak of the Covid-19 virus that has been spreading worldwide and implementing a contingency plan to ensure the regular functioning of its operations. However, given the uncertainty surrounding this situation, the future impacts that this outbreak may have on the Impresa Group, and consequently on the Entity, are equally uncertain.

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 2.13 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, of the respective audiences, and from the conditions agreed with the customers. As mentioned in note 2.13 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 allocated 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"> - 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; - 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; - 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; - 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; - Conciliation of the invoicing system with the accounting records; - 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; - 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; - Confirmation of balances and liabilities as at 31 December 2019 with maior customers.

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 corporate governance report, 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 bear 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 financial statements, and the verifications established in numbers 4 and 5 of article 451 of the Commercial Companies Code.

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 ("Código das Sociedades Comerciais"), it is our opinion that the 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 non-financial information provided for in article 66-B of the Commercial Companies Code

In compliance with article 66-B, number 8, of the Commercial Companies Code, we disclose that the Entity prepared a separate report from the management report that includes non-financial information, as provided for in article 66-B of the Commercial Companies Code, which was published together with the management report.

On the information regarding corporate governance

Pursuant to article 451.º, number 4, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), 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 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 April 16th, 2014, in addition to the key audit matters 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 since 2019, resulting from the appointment at the General Shareholders' Meeting held on 31 May 2019 for the term that ends in this same financial year.
- 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 17 March 2020.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Entity in conducting the audit.

Lisbon, 19 March 2020

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



Consolidated Accounts

Annual Report 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Amounts stated in Euros)

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

ASSETS	Notes	31 December 2019	31 December 2018
NON-CURRENT ASSETS:			
Goodwill	13	17.324.797	17.324.797
Intangible assets	14	11.756	41.144
Tangible fixed assets	15	14.888.532	14.399.802
Investments	16	306.235	6.235
Investment properties	17	-	1.478.489
Program broadcasting rights	18	4.027.118	2.586.358
Other non-current assets	20	86.718.439	53.786.984
Deferred tax assets	11	968.582	1.204.955
Total non-current assets		124.245.459	90.828.764
CURRENT ASSETS:			
Program broadcasting rights	18	15.475.193	15.264.200
Trade and other receivables	19	24.088.040	26.843.486
Other current assets	20	17.123.611	3.547.120
Cash and cash equivalents	21	1.126.784	7.842.229
Total current assets		57.813.628	53.497.035
Non-current assets classified as held for sale	27	-	3.200.000
TOTAL ASSETS		182.059.087	147.525.799
EQUITY AND LIABILITIES			
EQUITY:			
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	(159.921)
Consolidated net profit for the year		15.319.909	11.647.094
TOTAL EQUITY		28.139.215	24.150.854
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank borrowings	23	72.426.047	20.543.968
Provisions	24	3.683.569	3.589.251
Trade and other payables	25	1.423.989	1.577.987
Total non-current liabilities		77.533.605	25.711.206
CURRENT LIABILITIES:			
Bank borrowings	23	15.625.693	35.632.752
Trade and other payables	25	18.535.082	27.253.664
Current tax liabilities	11	5.271.754	4.424.165
Other current liabilities	26	36.953.738	30.353.158
Total current liabilities		76.386.267	97.663.739
TOTAL LIABILITIES		153.919.872	123.374.945
TOTAL EQUITY AND LIABILITIES		182.059.087	147.525.799

The accompanying notes form an integral part of on the consolidated statement of financial position as of 31 December 2019.

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 2019 AND 2018

(Amounts stated in Euros)

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

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<u>OPERATING REVENUE</u>			
Services rendered	5	154.114.014	143.935.575
Other operating revenue	6	1.135.390	1.524.789
Total operating revenue		<u>155.249.404</u>	<u>145.460.364</u>
<u>OPERATING EXPENSES</u>			
Cost of programs broadcast and goods sold	7	(70.817.070)	(71.434.308)
Supplies and services	8	(29.547.975)	(26.270.817)
Personnel costs	9	(26.815.859)	(26.875.147)
Amortization and depreciation	14 and 15	(4.381.275)	(2.760.878)
Provisions and impairment losses	24	(311.400)	(96.305)
Other operating expenses	6	(1.066.253)	(878.138)
Total operating expenses		<u>(132.939.832)</u>	<u>(128.315.593)</u>
Operating profit		<u>22.309.572</u>	<u>17.144.771</u>
<u>NET FINANCIAL EXPENSES</u>			
Interest and other financial costs	10	(3.605.241)	(1.778.653)
Other financial income	10	2.054.272	665.157
Net financial expenses		<u>(1.550.969)</u>	<u>(1.113.496)</u>
Profit before taxes		20.758.603	16.031.275
Income tax expense	11	(5.438.694)	(4.384.181)
Consolidated net profit for the year		<u>15.319.909</u>	<u>11.647.094</u>
Earnings per share:			
Basic	12	2,5512	1,9396
Diluted	12	2,5512	1,9396
Comprehensive income per share:			
Basic	12	2,5512	1,9396
Diluted	12	2,5512	1,9396

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 2019.

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 2019 AND 2018

(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 / (loss) for the year	Total
Balance at 1 January 2018	10.328.600	2.065.720	269.361	(256.992)	8.781.249	21.187.938
Appropriation of consolidated net profit for the year ended 31 December 2017	-	-	-	97.071	(8.781.249)	(8.684.178)
Consolidated net profit for the year ended 31 December 2018	-	-	-	-	11.647.094	11.647.094
Balance at 31 December 2018	<u>10.328.600</u>	<u>2.065.720</u>	<u>269.361</u>	<u>(159.921)</u>	<u>11.647.094</u>	<u>24.150.854</u>
Appropriation of consolidated net profit for the year 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>

The accompanying notes for an integral part of the consolidated statement of changes in equity
for the year ended 31 December 2019.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2019 AND 2018

(Amounts stated in Euros)

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

	Notes	2019	2018
<u>OPERATING ACTIVITIES</u>			
Cash receipts from customers		159.061.780	146.436.650
Cash paid to suppliers		(107.620.672)	(94.417.911)
Cash paid to employees		(26.263.041)	(26.897.630)
Cash generated from operations		25.178.067	25.121.109
Payments relating to income taxes		(4.354.733)	(3.812.832)
Other cash paid relating to operating activities		736.590	(1.138.576)
Net cash from operating activities (1)		<u>21.559.924</u>	<u>20.169.700</u>
<u>INVESTING ACTIVITIES</u>			
Cash received relating to:			
Interests		994.030	34.932
Investment Property	17 and 27	4.360.000	-
		<u>5.354.030</u>	<u>34.932</u>
Cash paid relating to:			
Tangible fixed assets		(3.238.351)	(1.657.117)
Financial investments		(300.000)	-
Loans to group companies	20	(45.801.615)	(26.092.714)
		<u>(49.339.966)</u>	<u>(27.749.831)</u>
Net cash used in investing activities (2)		<u>(43.985.936)</u>	<u>(27.714.899)</u>
<u>FINANCING ACTIVITIES</u>			
Cash received relating to:			
Bank borrowings	23	58.962.500	28.931.389
		<u>58.962.500</u>	<u>28.931.389</u>
Cash paid relating to:			
Bank borrowings	23	(27.315.184)	(5.024.660)
Interests and similar costs		(4.605.201)	(1.793.651)
Dividends	22	(11.331.548)	(8.684.178)
		<u>(43.251.933)</u>	<u>(15.502.489)</u>
Net cash from financing activities (3)		<u>15.710.567</u>	<u>13.428.900</u>
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		(6.715.445)	5.883.702
Captive fixed-term deposit	17 and 21	640.000	-
Cash and cash equivalents at the beginning of the year	21	7.202.229	1.318.527
Cash and cash equivalents at the end of the year	21	1.126.784	7.202.229

The accompanying notes form an integral part of the consolidated cash flow statement for the year ended 31 December 2019.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

1. INTRODUCTION

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.

The TV Segment (“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”).

SIC did not prepare any consolidated financial statements for the year ended on 31 December 2018 because it was exempt from doing so, and produced the consolidated financial statements relative to that year for comparative purposes.

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 2.17.

These consolidated financial statements were authorised for publication on 17 March 2020 by the Board of Directors of Impresa.

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 consolidated 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 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 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 appropriate to use the going concern assumption in the preparation of the consolidated financial statements (Note 32).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

2.2 Adoption of new/revised IAS/IFRS

Except for the adoption of IFRS 16, the impact of which is disclosed below, the accounting policies used in the year ended on 31 December 2019 are consistent with those used for the preparation of the consolidated financial statements of SIC for the year ended on 31 December 2018 and referred to in the respective notes.

During the year ended on 31 December 2019, 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 years started on or after	Brief description
IFRS 16 – Leases	1-Jan-19	This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 – Leases. The standard defines a single accounting model for lease contracts giving rise to the recognition by the lessee of assets and liabilities for all the lease contracts, except for leases for a period less than 12 months or for leases of low value assets. The lessors shall continue to classify leases as operating or finance, with IFRS 16 not implying substantial changes for these entities in relation to that defined in IAS 17.
Amendment to IFRS 9: prepayment features with negative compensation	1-Jan-19	This amendment enables financial assets with contractual conditions that establish, in their early repayment, the payment of a considerable amount by the lender, to be measured at amortised cost or fair value through reserves (according to the business model), provided that: (i) on the date of the initial recognition of the asset, the fair value of the component of the early repayment is insignificant; and (ii) the possibility of negative compensation in the early repayment is the only reason for the asset in question not to be considered an instrument that only covers payment of principal and interest.
IFRIC 23 – Uncertainty over income tax treatments	1-Jan-19	This interpretation provides guidance on the determination of taxable profit, tax bases, tax losses carried forward, tax credits to be used and tax rates in scenarios of uncertainty over income tax treatment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

Standard / Interpretation	Applicable in the European Union in years started on or after	Brief description
Improvements to the international financial reporting standards (2015-2017 cycle)	1-Jan-19	These improvements involve the clarification of some aspects related to: IFRS 3 – Business combinations: requires remeasurement of previously held interests when an entity obtains control over an equity stake over which it previously had joint control; IFRS 11 – Joint ventures: clarifies that there should be remeasurement of previously held interests when an entity obtains joint control over a joint operation; IAS 12 – Income taxes: clarifies that all tax consequences of dividends should be recorded through profit or loss, irrespective of how the taxes arise; IAS 23 – Borrowing costs: clarifies that the portion of the loan directly related to the acquisition/ construction of an asset, in debt after the corresponding asset is ready for its intended use, is, for purposes of determination of the capitalisation rate, considered an integral part of the general loans of the entity.
Amendments to IAS 19: Plan amendment, curtailment or settlement	1-Jan-19	If a plan amendment, curtailment or settlement occurs, it is henceforth mandatory that the cost of the current service and net interest for the period after remeasurement should be determined using the assumptions for remeasurement. Furthermore, amendments were included to clarify the effect of a plan amendment, curtailment or settlement on the requirements related to the maximum limit of the asset.

The entry into force on 1 January 2019 of IFRS 16 had the following effects on the Group's financial statements on that date:

IFRS 16 – Leases

The Group chose the modified retrospective transition model of IFRS 16, established in the paragraphs of IFRS 16: C3(b), C7 and C8. Consequently, the Group used the practical expedient of not reassessing whether a contract is, or contains, a lease, having made an overall assessment of the new definition and assessed the entire set of contracts concluded by it or modified before 1 January 2019, and did not restate the comparative financial information, recording on the transition date the liability relative to the future lease payments, and a right-of-use asset of the same value.

The entry into force on 1 January 2019 of IFRS 16 had the following effects on the Group's consolidated financial statements on that date:

Impacts of the new definition of lease

The change of the definition of lease essentially refers to the concept of control. IFRS 16 distinguishes lease services based on the existence or not of control in the use of an asset identifiable by the customer, in contrast to the focus on "risks and benefits" established in IAS 17. Control is considered to exist if the customer, cumulatively, has:

- The right to obtain substantially all the economic benefits of the use of a specific identified asset; and
- The right to direct the use of this specific asset.

The Group applied the definition of lease established in IFRS 16 and respective application guidelines to all lease contracts concluded by it, as lessor or lessee, on or after 1 January 2019. The assessment made by the Group of the application of IFRS 16 revealed that the new definition of lease established in IFRS 16 did not significantly change the range of contracts that comply with the definition of lease for the Group.

IFRS 16 changed the way that the Group records leases formerly classified as operating leases pursuant to IAS 17, which were not recorded in the consolidated statement of financial position, but disclosed in the respective notes attached thereof as commitments undertaken not included in that statement.

Operating leases

Pursuant to IAS 17, future liabilities related to operating leases were disclosed in the respective notes attached thereof as commitments undertaken not included in the consolidated statement of financial position. IFRS 16 changed the way that the Group recorded leases formerly classified as operating leases, henceforth recording the future liabilities and rights in the consolidated statement of financial position.

In the initial application of IFRS 16, the Group:

- ✓ recognised lease liabilities and right-of-use assets in the consolidated statement of financial position, measured at the present value of the future payments of each lease;
- ✓ recognised financial expenses on lease liabilities and depreciation of right-of-use assets in the consolidated income statement by nature;
- ✓ separated the amounts paid into principal and interest (presented as financing activities) in the consolidated cash flow statement.

For short-term leases (period of 12 months or less) and low value leases (as described in paragraphs B3-B8 of IFRS 16), the Group decided to recognise a lease expense on a straight-line basis as an operating expense, as permitted by IFRS 16.

As at 31 December 2018, the Group had undertaken non-cancellable lease commitments of approximately 1.678.000 euros and financial lease liabilities of the value of 5.542.613 euros.

On 1 January 2019, following the transition model adopted by the Group and concerning contracts previously classified as operating leases, the Group recognised a right-of-use asset in the heading "Tangible fixed costs" of approximately 1.446.000 euros and a lease liability in the heading "Loans received" corresponding to the same value, relative to contracts previously classified as operating leases. Furthermore, in the year ended on 31 December 2019, the Group recognised depreciation of use-of-right assets of approximately 1.235.986 euros and financial costs of approximately 236.000 euros.

It should also be noted that the Group maintains recorded under tangible fixed assets and loans received the rights-of-use and lease liabilities related to the contracts existing as at 31 December 2018 classified as finance leases (Note 23).

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

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 years started on or after	Brief description
Amendments to references to the Conceptual Framework of the IFRS	1-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 Conceptual Framework revised in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidelines on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 – Definition of material	1-Jan-20	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 henceforth follows IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if its omission, distortion or concealment can reasonably be expected to influence the decisions of the primary users of the financial statements based on the financial statements.

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 2019. The Group believes that the adoption of the standards referred to above will not lead to significant changes in its consolidated financial statements.

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 years started on or after	Brief description
IFRS 17 – Insurance contracts	1-Jan-21	This standard establishes, for the insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaced IFRS 4 – Insurance contracts.
Amendment to IFRS 3 – Definition of a business	1-Jan-20	Corresponds to amendments to the definition of a business, aiming to clarify the identification of acquisition of a business or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business such as provision of products or services to customers. The changes include examples for identification of acquisition of a business.
Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the draft interest rate benchmark reform (known as "IBOR reform"), aimed at reducing the potential impact of benchmark interest rates in financial reporting, namely in hedge accounting.

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 2019. The Group believes that the adoption of the standards referred to above will not lead to significant changes in its consolidated financial statements.

(Translation of Notes originally in Portuguese – Note 34)

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.

(Translation of Notes originally in Portuguese – Note 34)

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 recognised as income in the consolidated statement of profit or loss and other comprehensive income for the year of the acquisition.

Following the exception foreseen 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.

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
Other tangible fixed assets	4-8

2.7 Leases

2.7.1 *Applicable accounting policy starting on 1 January 2019*

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 period 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 period, 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, Group is recognised and measured pursuant to IAS 37. These expenses are included in the related right-of-use asset, in the proportion to which the expenses are related to it.

Right-of-use assets are depreciated over the lowest period between the lease period and useful 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 established in the same contract and, alternatively, consider them as a single component of the contract. The Group uses this practical option 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 price regardless of each component and in the price regardless of the non-lease components.

2.7.2 Applicable accounting policy starting before 1 January 2019

Lease contracts are classified as: (i) finance leases when the terms of the lease substantially transfer all the risks and rewards of ownership; and (ii) operating leases when the lease does not substantially transfer all the risks and rewards of ownership.

Leases are classified as finance or operating leases based on the substance of the contracts rather than their form.

Tangible fixed assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded in accordance with the financial method. Pursuant to this method, the cost of the assets is recorded under tangible fixed assets, at the lowest value between the present value of future lease payments or their fair value at the date of the lease contract, by corresponding entry to liabilities. The assets are depreciated in accordance with their estimated useful lives, the lease instalments are recorded as a reduction of the liabilities (liability), and the interest and depreciation of the asset are recognised as costs in the consolidated statement of profit or loss and other comprehensive income for the period to which they refer.

Operating lease instalments are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease contract.

2.8 Investment properties

Investment properties essentially consist of land held for leasing, capital appreciation or both, and not for use in the production of goods, provision of services or for administrative purposes.

Investment properties are initially recorded at acquisition cost plus transaction costs, with the Group having decided to record them at historical cost, minus any impairment losses.

Maintenance, repair, insurance and tax costs, as well as any income earned on investment properties are recognised in the consolidated statement of profit or loss and other comprehensive income for the period to which they refer.

2.9 Financial instruments

2.9.1 Customer debt and other receivables

Trade and other receivables classified as current assets are recorded at their nominal value which is understood 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 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 are estimated.

2.9.2 Other current assets

Other current assets are recognised at amortised cost and are presented minus 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 costs of the programme broadcasting rights are known or can be reasonably determined;
- The programme contents have been accepted in accordance with the contractually established conditions; and
- The programmes 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 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.

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 consolidated 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 29.

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 28), unless a future outflow of funds 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 system.

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 a series of costs as belonging to the same performance obligation.

2.14 Accruals basis

Costs and income are recorded in the period to which they refer, independently 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 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 amount 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 divestment of the asset in a transaction between independent and knowledgeable entities, minus the costs directly attributable to the divestment. 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 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 minus the divestment costs.

2.17 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 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.

2.18 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.

2.19 Subsequent events

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

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

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3. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Except for the adoption of IFRS 16 (Note 2.2) referred to above, there were no accounting changes during the year ended on 31 December 2019.

The most relevant accounting estimates reflected in the consolidated financial statements for the years ended on 31 December 2019 and 2018 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 accounts receivable;
- Commercial discounts granted to key customers.

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 2019 and 2018 are as follows:

Corporate name	Head office	Core business	Effective percentage in	
			2019	2018
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	Services rendered	100,00%	100,00%

5. SERVICES RENDERED BY ACTIVITY

The services rendered for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Services rendered:		
Advertising	105.743.980	97.448.776
Subscription to channels	34.308.874	36.857.597
Multimedia (a)	11.278.342	6.474.786
Technical services	1.489.448	1.936.918
Secondary services	456.477	-
Hire and rental charges	24.325	43.048
Others	812.568	1.174.450
	<u>154.114.014</u>	<u>143.935.575</u>

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

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6. OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue for the years ended on 31 December 2019 and 2018 was as follows:

	2019	2018
Divestments	335.038	-
Supplimentary income	200.684	193.036
Reversal of impairment losses (Note 24)	54.481	880.158
Subsidies	-	71.665
Other	545.187	379.930
	<u>1.135.390</u>	<u>1.524.789</u>

Other operating expenses for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Taxes	511.015	394.444
Impairment losses on receivables (Note 24)	501.800	418.075
Other operating costs	53.438	65.619
	<u>1.066.253</u>	<u>878.138</u>

7. COSTS OF PROGRAMMES BROADCAST

As at 31 December 2019 and 2018, the cost of programs broadcast was detailed as follows:

	2019	2018
Generalist channel:		
Soaps	26.510.389	30.166.052
In-house production	18.245.970	16.402.037
Entertainment programmes	13.846.299	8.358.689
Films	3.192.135	4.222.331
Sports	1.533.333	2.534.386
Series	203.209	1.251.128
Other	618.446	1.387.931
Thematic channels (a)	6.667.288	7.111.754
	<u>70.817.070</u>	<u>71.434.308</u>

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

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8. EXTERNAL SUPPLIES AND SERVICES

During the years ended on 31 December 2019 and 2018, this heading was broken down as follows:

	2019	2018
Specialized works	4.369.005	2.312.556
Rents and leases	2.528.029	2.782.155
Communication	5.314.966	3.616.131
Prizes to be given	4.133.816	3.365.623
Fees	4.235.735	4.433.689
Subcontracts	2.159.441	2.497.324
Maintenance and repair	2.328.945	2.636.828
Advertising	1.116.167	973.019
Travel, External Missions, Entertaining	811.355	903.648
Other	2.550.517	2.749.844
	<u>29.547.975</u>	<u>26.270.817</u>

The variation observed in the headings “Prizes to be given” and “Communication”, during the year ended on 31 December 2019 in relation to the same period of the previous year is essentially related to the increased expenses incurred with value added services related to competitions with telephone participation, derived from the increased revenue from these services.

9. STAFF COSTS

Personnel costs for the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Salaries	20.692.157	20.178.489
Charges on remuneration	4.529.756	4.710.130
Indemnities	1.189.327	1.306.366
Insurance	296.864	283.421
Other personnel costs	107.755	396.741
	<u>26.815.859</u>	<u>26.875.147</u>

During the years ended on 31 December 2019 and 2018, the average number of employees working at the Group stood at 576 and 565 employees, respectively.

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10. FINANCIAL RESULTS

The financial results for the years ended on 31 December 2019 and 2018 are detailed as follows:

	2019	2018
Interest and other financial costs:	<u>(3.605.241)</u>	<u>(1.778.653)</u>
<u>Other financial income:</u>		
Shareholder and companies of the Group (Note 29)	2.004.545	489.938
Interest (Note 29)	40.830	34.932
Other financial income	<u>8.897</u>	<u>140.287</u>
	<u>2.054.272</u>	<u>665.157</u>
Net financial expenses	<u><u>(1.550.969)</u></u>	<u><u>(1.113.496)</u></u>

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 consolidated 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 2015 to 2019, 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 consolidated financial statements as at 31 December 2019 and 2018.

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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.

As at 31 December 2019 and 2018, the Group did not have tax losses carried forward.

As at 31 December 2019 and 2018, the current tax liabilities (Note 30) are detailed as follows:

	2019	2018
Current taxes generated under RETGS	5.373.030	4.541.566
Withholding income tax	(101.276)	(117.401)
	<u>5.271.754</u>	<u>4.424.165</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 2019 and 2018, was as follows:

31 December 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>

31 December 2018:

Temporary differences	Opening balance	Increase/ (decrease)	Closing balance
Impairment losses on receivable	199.271	-	199.271
Impairment losses on investments properties	405.206	-	405.206
Indemnities	-	160.084	160.084
Provisions for other risks and charges	383.259	57.135	440.394
	<u>987.736</u>	<u>217.219</u>	<u>1.204.955</u>

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b) Reconciliation of the tax rate

	2019	2018
Pre-tax result	20.758.603	16.031.275
Nominal tax rate	22,5%	22,5%
	4.670.686	3.607.037
State Surcharge	757.748	617.193
	5.428.434	4.224.230
Permanent differences (i)	53.481	(21.132)
Adjustments to corporate income tax (ii)	127.488	121.249
(Excess) / insufficiency of corporate income tax estimate	(170.709)	59.834
Corporate income tax	5.438.694	4.384.181
Tax rate	26%	27%
Current tax	5.373.030	4.541.566
(Excess) / insufficiency estimate for prior period income tax	(170.709)	59.834
Deferred tax for the year	236.373	(217.219)
	5.438.694	4.384.181

(i) As at 31 December 2019 and 2018, this value was detailed as follows:

	2019	2018
Reversal of provisions taxable	-	(218.631)
Other	237.695	124.711
	237.695	(93.919)
Tax rate	22,5%	22,5%
	53.481	(21.132)

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

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12. EARNINGS PER SHARE

The calculation of the earnings per basic and diluted share, as at 31 December 2019 and 2018, was based on the following information:

	2019	2018
<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)	15.319.909	11.647.094
Earnings for purposes of computing comprehensive earnings per share (comprehensive income for the year)	15.319.909	11.647.094
<u>Earnings per share:</u>		
Basic	2,5512	1,9396
Diluted	2,5512	1,9396
<u>Comprehensive income for the year per share:</u>		
Basic	2,5512	1,9396
Diluted	2,5512	1,9396

T 31 December 2019 and 2018, there are no diluting effects, so, the basic and diluted earnings per share are the same.

13. GOODWILL

During the years ended on 31 December 2019 and 2018 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 2019 and 2018, the Group used a specialised external company 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 the 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 unit, 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 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 Iberian companies.

In the impairment tests made as at 31 December 2019, the main change in relation to past experience was due to the increased revenue from advertising on television as a result of the increased market share occurred in 2019;

During the years ended on 31 December 2019 and 2018, 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 7,5 % (7,6% as at 31 December 2018) and a perpetuity growth rate of 0,5% (0,5% in 2018).

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 2019, for the five-year period of the projections;
- Programming costs: it was estimated that the costs observed in 2019 should be maintained for 2020, increasing by 1,8% up to 2024.
- 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.

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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 2019;
- 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 2019;
- 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 2019;
- 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 2019.

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.

14. INTANGIBLE ASSETS

During the years ended on 31 December 2019 and 2018, the movements occurred in the intangible assets and their accumulated amortisation and impairment losses were as follows:

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
31 December 2018			
	Software	Industrial property and other rights	Total
<u>Gross:</u>			
Balance at 31 December 2017	2.244.580	128.800	2.373.380
Purchases	-	-	-
Balance at 31 December 2018	2.244.580	128.800	2.373.380
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2017	2.099.491	115.584	2.215.075
Increases	115.251	1.910	117.161
Balance at 31 December 2018	2.214.742	117.494	2.332.236
Net balance at 31 December 2018	29.838	11.306	41.144

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15. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2019 and 2018, the movements occurred in the tangible fixed assets and their accumulated depreciation and impairment losses were as follows:

	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 (Note 2.2)	981.058	-	469.230	-	(4.290)	1.445.998
Acquisitions	359.392	2.404.286	214.613	596.341	-	3.574.631
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	<u>4.597.645</u>	<u>102.216.028</u>	<u>787.658</u>	<u>16.028.900</u>	<u>-</u>	<u>123.630.231</u>
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	<u>3.625.690</u>	<u>90.016.576</u>	<u>318.651</u>	<u>14.780.782</u>	<u>-</u>	<u>108.741.699</u>
Net balance at 31 December 2019	<u>971.955</u>	<u>12.199.452</u>	<u>469.007</u>	<u>1.248.118</u>	<u>-</u>	<u>14.888.532</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.

	31 December 2018					
	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Fixed assets in progress	Total
Gross:						
Balance at 31 December 2017	3.729.350	92.737.540	103.815	16.760.255	82.790	113.413.750
Acquisitions	-	536.722	-	38.639	8.419.674	8.995.035
Sales and write-offs	-	(22.965)	-	(2.454)	(319.768)	(345.187)
Balance at 31 December 2018	<u>3.729.350</u>	<u>93.251.297</u>	<u>103.815</u>	<u>16.796.440</u>	<u>8.182.696</u>	<u>122.063.598</u>
Accumulated depreciation and impairment losses						
Balance at 31 December 2017	3.665.766	84.814.383	100.279	16.450.337	-	105.030.765
Increase	45.017	2.425.856	3.536	169.308	-	2.643.717
Decreases due to sales and write-offs	-	(8.232)	-	(2.454)	-	(10.686)
Balance at 31 December 2018	<u>3.710.783</u>	<u>87.232.007</u>	<u>103.815</u>	<u>16.617.191</u>	<u>-</u>	<u>107.663.796</u>
Net balance at 31 December 2018	<u>18.567</u>	<u>6.019.290</u>	<u>-</u>	<u>179.249</u>	<u>8.182.696</u>	<u>14.399.802</u>

During the year ended on 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:

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	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 (Note 2.2)	981.059	-	-	469.230	(4.290)	1.445.999
New contracts	-	5.959.417	1.219.261	215.333	(5.822.109)	1.571.902
Balance at 31 December 2019	<u>981.059</u>	<u>6.552.206</u>	<u>1.219.261</u>	<u>684.563</u>	<u>-</u>	<u>9.437.090</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>616.313</u>	<u>5.793.495</u>	<u>1.018.205</u>	<u>469.727</u>	<u>-</u>	<u>10.976.438</u>

Furthermore, the following expenses were recognised in the year ended in 2019 relative to right-of-use assets:

	2019
Depreciation	1.235.986
Short term leases	690.252
Interest	236.239
	<u>2.162.477</u>

16. FINANCIAL INVESTMENTS

The changes in investments in the years ended on 31 December 2019 and 2018 were as follows:

	2019	2018
Balance at 31 December 2018	6.235	6.235
acquisition financial participation	300.000	-
Balance at 31 December 2019	<u>306.235</u>	<u>6.235</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.

As at 31 December 2019 and 2018, the financial investments are detailed as follows:

Company	Head office	Effective participation	2019 Amount of the participation	2018 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>306.235</u>	<u>6.235</u>

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17. INVESTMENT PROPERTIES

During the year ended on 31 December 2019, through the signing of a promissory purchase and sale agreement and, subsequently, the purchase and sale deed, the Group reached an agreement with a third party for the divestment of the remaining parcel of the plot of land referred to as “Terreno FNAC”. Following this agreement, the selling price was defined at 1.800.000 euros.

As at 31 December 2018 and 2019, the investment properties held by the Group are detailed as follows:

Investment properties	2019	2018
“Terreno FNAC” (a)	-	1.478.489

(a) As at 31 December 2018, the value was net of impairment losses of the value of 1.473.474 euros (Note 24).

During the year ended on 31 December 2018 there were no movements in the heading “Investment properties”.

18. PROGRAMME BROADCASTING RIGHTS

Program broadcasting rights as at 31 December 2019 and 2018 are detailed as follows:

	31 December 2019		31 December 2018	
	Non-current	Current	Non-current	Current
<u>Broadcasting rights</u>				
<u>Gross:</u>				
Program broadcasting rights	4.027.118	5.439.902	2.586.358	3.562.879
Advances on account of purchases	557.128	10.035.291	557.128	11.701.321
	<u>4.584.246</u>	<u>15.475.193</u>	<u>3.143.486</u>	<u>15.264.200</u>
<u>Impairment of realizable value:</u>				
Accumulated impairment of the realizable value (Note 24)	(557.128)	-	(557.128)	-
Net realizable value of the broadcasting rights	<u>4.027.118</u>	<u>15.475.193</u>	<u>2.586.358</u>	<u>15.264.200</u>

As at 31 December 2019 and 2018, 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 soaps and sports rights.

As at 31 December 2019 and 2018, 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 2019 and 2018, this heading was detailed as follows:

	31 December 2019			31 December 2018		
	Gross	Accumulated impairment Losses (Note 24)	Net	Gross	Accumulated impairment Losses (Note 24)	Net
Customers	28.836.090	(5.693.819)	23.142.271	31.868.750	(6.329.135)	25.539.615
Invoices to be issued:						
Value added services	675.358	-	675.358	563.521	-	563.521
Television broadcasting rights of theme channels	114.870	-	114.870	566.978	-	566.978
Television broadcasting rights of generalist channels	70	-	70	167.370	-	167.370
Other amounts to be invoiced	155.471	-	155.471	6.002	-	6.002
	<u>29.781.859</u>	<u>(5.693.819)</u>	<u>24.088.040</u>	<u>33.172.621</u>	<u>(6.329.135)</u>	<u>26.843.486</u>

20. OTHER NON-CURRENT AND CURRENT ASSETS

As at 31 December 2019 and 2018, these headings were detailed as follows:

	2019	2018
<u>Other non-current assets:</u>		
Shareholders (Note 30) (a)	85.000.000	51.813.324
Premius, S.A.	906.250	906.250
Digital telebroadcasting services (b)	498.825	561.178
Fantasy Day - Unipessoal, Lda. e Lemon - Entretenimento, Lda. (e)	169.403	169.403
Terra do Nunca, SA	143.961	143.961
Isabel Monteiro (d)	-	192.868
	<u>86.718.439</u>	<u>53.786.984</u>
<u>Other current assets:</u>		
Shareholders (Note 30) (a)	13.666.284	-
Other debtors		
Deposit (f)	1.302.868	1.227.302
Advances to employees	237.161	137.650
Novimovest - Fundo de Investimento Imobiliário (c)	800.000	800.000
Others	587.194	302.442
Prepayments:		
Rent	28.150	128.317
Digital telebroadcasting services (b)	62.352	62.352
Others	439.602	889.057
	<u>17.123.611</u>	<u>3.547.120</u>
	<u>103.842.050</u>	<u>57.334.104</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 2019 and 31 December 2018, the amounts include 1.541.284 euros and 489.939 euros relative to interest receivable. As at 31 December 2018, the loans granted to Impresa were classified in the non-current assets, following an agreement between the parties.

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 2019 and 2018, the movement of loans granted to Impresa was as follows:

	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>
	1 January 2018	Payments	Collection	Interest (Note 10)	31 December 2018
Nominal Value	25.230.671	26.092.714	-	-	51.323.385
Interest	-	-	-	489.939	489.939
	<u>25.230.671</u>	<u>26.092.714</u>	<u>-</u>	<u>489.939</u>	<u>51.813.324</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 subsequently received (Note 33).
- (d) Value of the account receivable arising from the divestment in previous years of 90% of the capital of Dialectus – Traduções Técnicas, Legendagem e Locução, Lda. As at 31 December 2019, the value was derecognised following the insolvency of this entity.
- (e) Value of the account receivable arising from the divestment in previous years of the 100% stake in the capital of iPlay - Som e Imagem, Lda.
- (f) In 2019 and 2018, the values of 1.302.868 euros and 1.227.302 euros, respectively, refer to the net balance of a term deposit in dollars with the countervalue of 4.005.697 euros and 3.930.131 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 collateral to secure the liabilities arising from this funding agreement.

21. CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, 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:

	2019	2018
Cash	63.954	45.070
Bank deposits	1.062.830	7.797.159
	<u>1.126.784</u>	<u>7.842.229</u>
Bank deposits captives	-	(640.000)
	<u>1.126.784</u>	<u>7.202.229</u>

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As at 31 December 2018, the blocked bank deposits are related to the process of divestment of a parcel of the plot of land referred to as “Terreno FNAC” (Note 17 and 27), which was released in 2019 following the signing of the deed of sale of this real estate property.

22. EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS

As at 31 December 2019 and 2018, 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 2019 and 2018, the Group's shareholder structure was as follows:

Shareholder	Percentage
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 Group, 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 2019, the minimum amount of the legal reserve is constituted.

Appropriation of net income

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.

As deliberated in the General Meeting of Shareholders, held on 29 March 2018, the Group attributed and distributed the net income for the year ended on 31 December 2017 in the form of dividends to the shareholders, of the value of 8.684.178 euros, corresponding to the entirety of the net income for the year of 2017, with the remaining 97.071 euros having been transferred to retained earnings.

The Board of Directors proposes, in the management report, distributing dividends of 15.319.909 euros, with this proposal requiring approval at the General Meeting.

23. LOANS

As at 31 December 2019 and 2018, the balance of bank debts was broken down as follows:

Lending entities	31 December 2019			31 December 2018		
	Book value		Nominal value	Book value		Nominal value
	Current	Non current		Current	Non current	
Banco Português de Investimento, S.A. (a)	-	16.727.801	17.000.000	2.115.495	10.577.474	12.750.000
Caixa Geral de Depósitos, S.A. (b)	2.100.000	-	2.100.000	5.000.000	-	5.000.000
Banco Português de Investimento, S.A. (c)	4.800.000	-	4.800.000	3.600.000	-	3.600.000
Banco Santander, S.A. (d)	1.800.000	-	1.800.000	2.350.000	-	2.350.000
Banco BIC, S.A. (e)	1.000.000	-	1.000.000	843.750	-	843.750
Montepio Geral (f)	-	-	-	4.615.315	-	4.666.667
Caixa Central de Crédito Agrícola Mútuo, C.R.L. (g)	-	-	-	75.000	-	75.000
Novo Banco, S.A. (h)	1.650.000	-	1.650.000	4.650.000	-	4.650.000
Novo Banco, S.A. (i)	-	-	-	3.000.000	-	3.000.000
Factorings (j)	2.008.032	1.372.192	3.380.224	7.983.325	5.823.748	13.820.972
Bond loan (k)	-	49.500.912	51.000.000	-	-	-
Lease liabilities	2.267.661	4.825.142	7.092.803	1.399.867	4.142.746	5.542.613
	<u>15.625.693</u>	<u>72.426.047</u>	<u>89.823.027</u>	<u>35.632.752</u>	<u>20.543.968</u>	<u>56.299.002</u>

(a) Bank loan taken out by the Group from Banco BPI, S.A. on 26 June 2013 of the maximum value of 17.000.000 euros, which was entirely used in 2014. As at 31 December 2019, the loan bears half-yearly interest at the six-month Euribor rate plus a spread of 3,5%, and is repayable in 16 successive half-yearly instalments with the first having fallen due on 30 June 2017. An increase of approximately 5.300.000 euros and a new payment plan were negotiated in 2019.

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As a result of this loan, a blank promissory note was underwritten, with various covenants and restrictions having been undertaken essentially related to the acquisition and divestment of assets, as well as maintenance of part of the current shareholder structure of Impresa. 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) 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 2019, this loan bears interest at the six-month Euribor rate plus a spread of 2,75%.
- (c) 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 2019, this loan bears interest at the six-month Euribor rate plus a spread of 2,75%.
- (d) 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 2019, this loan bears interest at the six-month Euribor rate plus a spread of 2%.
- (e) 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 2019, this loan bears interest at the three-month Euribor rate plus a spread of 2,75%.
- (f) Loan taken out by SIC, in August 2018, from Caixa Económica Montepio Geral, to be repaid in 56 monthly instalments up to August 2023. As at 31 December 2018, this loan bears monthly interest in arrears at the six-month Euribor rate plus a spread of 2,5%. In order to secure full compliance with this loan, SIC, underwrote a blank promissory note. As at 31 December 2019 the loan was fully paid-up.
- (g) Loan taken out by the Group in September 2015, from Caixa Central de Crédito Agrícola Mútuo C.R.L., to be repaid in eight half-yearly instalments up to 15 September 2019. As at 31 December 2019 the loan was fully paid-up.
- (h) This heading refers to a current account to support treasury subscribed on 29 November 2016, of the maximum value of 1.669.992 euros, which is automatically renewable for successive three-month periods. As at 31 December 2019, this loan bears interest at the three-month Euribor rate plus a spread of 2%.
- (i) As at 31 December 2018, this heading refers to a current account to support treasury, subscribed with Novo Banco, of the maximum value of 3.000.000 euros. As at 31 December 2018, this loan bears interest at the three-month Euribor rate plus a spread of 3%. As at 31 December 2019 the loan was fully paid-up.
- (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) Debenture loan of 1.700.000 bonds with the unit value of 30 euros and an overall value of 51.000.000 euros. The debenture 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.

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As at 31 December 2019, this loan was listed for trading (Euronext), with its market value being 52.433.100 euros.

As at 31 December 2019 and 2018, the movement occurred in the balance of debts to credit institutions, 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
	2019			Finance	Effect of	2019
	Book value	Receipits	(Payments)	Leases	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>

Lending entities	1 January	Cash-flows		Movements without cash-flow		31 December
	2018			Finance	Effect of	2018
	Book value	Receipits	(Payments)	Leases	amortized cost	Book value
Banco BPI, S.A.	14.808.464	-	(2.125.000)	-	9.505	12.692.969
Caixa Central de Crédito Agrícola Mútuo, C.R.L.	150.000	-	(75.000)	-	-	75.000
Montepio Geral	-	4.666.667	-	-	(51.352)	4.615.315
Factorings	-	13.820.972	-	-	(13.899)	13.807.073
Guaranteed current accounts	11.650.000	10.443.750	(2.650.000)	-	-	19.443.750
Finance leases	529.866	-	(174.660)	5.187.407	-	5.542.613
	<u>27.138.330</u>	<u>28.931.389</u>	<u>(5.024.660)</u>	<u>5.187.407</u>	<u>(55.746)</u>	<u>56.176.720</u>

During the years ended on 31 December 2019 and 2018, the effective interest rate on each loan was as follows:

Company	Lending entities	2019	2018
SIC	Banco BPI, S.A.	3,66%	5,00%
SIC	Caixa Central de Crédito Agrícola Mútuo, C.R.L.	-	2,60%
SIC	Montepio Geral	2,50%	2,50%
SIC	Novo Banco, S.A. (bond loan)	5,65%	-
SIC	Factorings	1,95%	1,65%
Grupo	Guaranteed current accounts	2,50%	2,50%

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As at 31 December 2019, the loans obtained have the following repayment plan (nominal value):

2020	13.358.032
2021	1.622.192
2022	51.500.000
2023	500.000
2024	500.000
2025	500.000
2026	4.000.000
2027	4.000.000
2028	4.000.000
2029	2.750.000
	<u>82.730.224</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 main equity stakes in the subsidiaries, 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" of the Impresa Group. 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 2019 and 2018 the Group had approved unused credit limits of approximately 4.519.000 an 2.987.000 Euros, respectively.

As at 31 December 2019, the lease liabilities have the following repayment plan:

2020	2.267.661
2021	2.027.186
2022	1.603.171
2023	929.563
2024	265.222
	<u>7.092.803</u>

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

During the years ended on 31 December 2019 and 2018, the following movements occurred in the balances of the accumulated impairment loss headings:

31 December 2019:

	Impairment losses on investments properties (Note 17)	Impairment losses on receivables (Note 19)	Impairment losses on broadcasting rights and inventories (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>

31 December 2018:

	Impairment losses on investments properties (Note 17)	Impairment losses on receivables (Note 19)	Impairment losses on broadcasting rights and inventories (Note 18)
Balances at 31 December 2017	1.473.474	6.791.218	557.128
Increases (Note 6)		418.075	-
Reversal/adjustment (Note 6)	-	(880.158)	-
Balances at 31 December 2018	<u>1.473.474</u>	<u>6.329.135</u>	<u>557.128</u>

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

24.2 Provisions

As at 31 December 2019 and 2018, the provisions for risks and charges are detailed as follows:

Natureza	2019		2018	
	Amount claimed	Amount provided	Amount claimed	Amount provided
Dismissal/Labour	697.924	355.360	1.065.170	347.346
Abuse of freedom of the press	1.204.067	140.969	1.096.478	108.820
Publicity fines	1.404.202	140.420	629.567	85.967
Others	21.485.241	3.046.820	23.613.533	3.047.118
	<u>24.791.435</u>	<u>3.683.569</u>	<u>26.404.748</u>	<u>3.589.251</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 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 2019, which correspond to the best estimate of the outflow of funds arising from these lawsuits on that date.

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The movements in the provisions in the years ended on 31 December 2019 and 2018 were as follows:

31 de dezembro de 2019				
	Opening balance	Increases	Usages	Closing balance
Lawsuits in progress	3.589.251	342.000	(217.082)	3.683.569
	<u>3.589.251</u>	<u>342.000</u>	<u>(217.082)</u>	<u>3.683.569</u>
31 de dezembro de 2018				
	Opening balance	Increases	Usages	Closing balance
Lawsuits in progress	3.559.864	246.305	(66.918)	3.589.251
	<u>3.559.864</u>	<u>246.305</u>	<u>(66.918)</u>	<u>3.589.251</u>

Lawsuits in progress

As at 31 December 2019, 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 2019 standing at approximately 20.057.000 euros.

The determination of this value was substantiated by a study made a third party, with one of its assumptions being the approximation of television activity to an activity of any company and its production. The Group 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 the Group to the Portuguese Authors Society, but of a lower value pursuant to the law and practice. Thus, a value payable substantially lower than that requested by GDA was determined, with the consolidated financial statements as at 31 December 2019 presenting 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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25. SUPPLIERS AND ACCOUNTS PAYABLE

As at 31 December 2019 and 2018, this heading was detailed as follows:

	2019	2018
<u>Non-current:</u>		
Suppliers of fixed assets	1.423.989	1.577.987
<u>Current:</u>		
Trade payables, current account	15.886.365	23.976.360
Program suppliers, current account	1.850.449	2.522.108
Suppliers of fixed assets, current account	798.268	755.196
	<u>18.535.082</u>	<u>27.253.664</u>
	<u>19.959.071</u>	<u>28.831.651</u>

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

26. OTHER CURRENT LIABILITIES

As at 31 December 2019 and 2018, the heading “Other current liabilities” was detailed as follows:

	2019	2018
<u>Other current liabilities:</u>		
Advances from clients	25.759	22.799
Other creditors:		
Suppliers' credits guaranteed by third parties	5.602.747	1.987.732
Loan provided by IIDL (Note 17)	-	640.000
Consultants and advisers	320.119	365.644
Others	321.797	76.954
	<u>6.244.663</u>	<u>3.070.331</u>
Accrued costs:		
Commercial agreements	11.449.492	9.807.606
Personnel vacation and vacation subsidy	3.416.295	3.724.281
Accrued interest	1.137.357	5.200
Cost of program production	1.252.867	1.953.471
Indemnities	552.755	592.187
Technical services	195.768	378.766
Authors' rights	150.000	500.000
Personnel commission payable	507.550	-
Commercial fee	470.729	367.032
Other accrued costs	1.990.754	1.956.006
	<u>21.123.567</u>	<u>19.284.548</u>
Deferred income:		
Pre-billing	1.431.039	2.057.977
Other deferred income	618.399	193.221
	<u>2.049.438</u>	<u>2.251.198</u>
State and other public entities:		
Value Added Tax	3.819.548	2.453.802
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1.472.699	1.307.173
Social security contributions	934.075	914.086
Personal income tax - withholdings at source	994.623	924.375
Stamp tax	289.354	124.834
Work compensation fund	12	12
	<u>7.510.311</u>	<u>5.724.282</u>
	<u>36.953.738</u>	<u>30.353.158</u>

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27. NON-CURRENT ASSETS HELD FOR SALE

The variation occurred during the year ended on 31 December 2019 in relation to 31 December 2018 is related to the sale of a parcel of the plot of land referred to as “Terreno FNAC”, for the value of 3.200.000 euros, of which 640.000 euros had already been received in previous periods as down payment and were blocked up to the signing of the deed (Note 26). Moreover, as mentioned in Note 16, the Group also sold the remaining parcel of the plot of land referred to as “Terreno FNAC” for the value of 1.800.000 euros, the value of which is classified in the cash flow statement as revenue from the divestment of investment properties.

28. CONTINGENT LIABILITIES AND GUARANTEES PROVIDEDGuarantees provided and other commitments

As at 31 December 2019 and 2018, the Group had requested the issuance of the following bank guarantees in favour of third parties:

	2019	2018
Union des Associations Européennes de Football	2.622.000	4.370.000
ERC	1.995.192	1.995.192
Secretaria Geral do Ministério da Administração Interna ("SGMAI")	1.126.281	1.158.532
Imopólis	44.701	44.701
Câmara Municipal de Oeiras	35.745	35.745
Tribunal de Oeiras	4.000	4.000
Santander Novimovest	-	1.320.600
Lidl	-	640.000
	<u>5.827.919</u>	<u>9.568.770</u>

The guarantee provided to UEFA is to secure good compliance with the “UEFA Europa League 2018-2021” contract.

The guarantees given to the ERC arise from the requirements of current legislation 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 studios of GMTS.

The guarantee given to the Municipal Council of Oeiras are to guarantee 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 offices.

The guarantees provided to Santander Novimovest are to cover obligations arising from the lease contract with this entity, related to the SIC head office building, in particular the payment of the rent, the contract of which ended in June 2019, after the transfer of the studios to Edifício Impresa.

The guarantee provided to Lidl refers to compliance with contractual obligations defined at the time of the signing of the promissory purchase and sale agreement for sale of one of the parcels of “Terreno Fnac” (Note 17 and 27).

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Operating lease contracts

The operating lease contracts in force as at 31 December 2018 do not have contingent lease payments. The payments under the operating lease contracts fall due as follows:

	2018
within one year	909.227
from one to five years	877.367
more than five years	61.226
	<u>1.847.820</u>

29. COMMITMENTS UNDERTAKEN

29.1 Commitments to acquire programmes

As at 31 December 2019 and 2018, the Group had contracts or agreements concluded with third parties for the purchase of rights to broadcast films, series and other programmes of 22.493.885 euros and 20.505.266 euros, respectively, not included in the statement of financial position, according to the valuation criteria used, as follows:

Nature	31 December 2019				31 December 2018			
	Year the titles are available				Year the titles are available			
	2020	2021	2022 and following years	Total	2019	2020	2021 and following years	Total
Entertainment	6.919.871	2.100.000	-	9.019.871	4.854.199	3.636.590	2.108.250	10.599.039
Films	424.968	25.000	-	449.968	464.288	-	-	464.288
Format	29.990	-	-	29.990	27.430	-	-	27.430
Soap-operas	9.807.436	-	-	9.807.436	4.585.342	-	-	4.585.342
Children	438.904	11.838	-	450.742	341.255	10.369	99.811	451.435
Documentaries	292.094	365.000	-	657.094	157.891	-	-	157.891
60 Series	307.639	-	-	307.639	670.451	-	56.151	726.602
Mini séries	160.447	-	-	160.447	-	-	-	-
Sport	1.543.333	-	-	1.543.333	1.930.161	1.533.333	-	3.463.494
Events	67.365	-	-	67.365	24.500	-	5.245	29.745
	<u>19.992.048</u>	<u>2.501.838</u>	<u>-</u>	<u>22.493.885</u>	<u>13.055.517</u>	<u>5.180.292</u>	<u>2.269.457</u>	<u>20.505.266</u>

Nature	31 December 2019				31 December 2018			
	Limit year for broadcasting the titles				Limit year for broadcasting the titles			
	2020	2021	2022 and following years	Total	2019	2020	2021 and following years	Total
Entertainment	4.646.796	3.627.988	745.088	9.019.871	3.724.137	4.024.940	2.849.962	10.599.039
Films	3.400	303.010	143.558	449.968	-	-	464.288	464.288
Format	-	3.210	26.780	29.990	-	-	27.430	27.430
Soap-operas	43.258	2.184.178	7.580.000	9.807.436	66.887	53.454	4.465.000	4.585.342
Children	-	350.943	99.798	450.742	34.854	202.572	214.009	451.435
Documentaries	245.317	378.887	32.890	657.094	54.921	102.970	-	157.891
60 Series	833	209.201	97.605	307.639	-	199.263	527.339	726.602
Mini séries	-	4.447	156.000	160.447	-	-	-	-
Sport	10.000	1.533.333	-	1.543.333	396.827	1.533.333	1.533.333	3.463.494
Events	27.865	-	39.500	67.365	-	-	29.745	29.745
	<u>4.977.469</u>	<u>8.595.197</u>	<u>8.921.220</u>	<u>22.493.885</u>	<u>4.277.627</u>	<u>6.116.533</u>	<u>10.111.107</u>	<u>20.505.266</u>

As at 31 December 2019 and 2018, the commitments for acquisition of programmes include 7.580.000 euros and 4.465.000 euros, respectively, concerning contents to be acquired from related parties (SP Televisão).

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29.2. Commitments for the acquisition of tangible fixed assets

As at 31 December 2019 and 2018, the commitments undertaken to acquire tangible fixed assets amounted to approximately 476.000 euros and 3.369.000 euros, respectively.

30. 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.

During the year ended on 31 December 2019, the Group adopted a new internal regulation for the definition of related parties, in view of the Group's governance structure and the decision-making process, which henceforth 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 2019 and 2018, the balances and transactions with related parties are as follows:

31 December 2019:

	Transactions					Financial income (Note 10)
	External services	acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue	
<u>Shareholders:</u>						
Impresa Publishing, S.A.	31.474	-	-	66.236	31.045	-
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	-	-	-	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	-	-	-	-	-
	<u>7.238.877</u>	<u>16.943.274</u>	<u>646.638</u>	<u>655.438</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 20)	Other current assets	Payables	RETGS (Note 11) Borrowings
<u>Shareholders:</u>						
Impresa SGPS, S.A.	-	-	98.666.284	-	-	5.271.754
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	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	-
	<u>822.329</u>	<u>730.076</u>	<u>98.666.284</u>	<u>1.302.868</u>	<u>8.025.566</u>	<u>24.502.829</u>

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31 December 2018:

	Transactions					Financial income (Note 10)
	External services	acquisition of soap operas rights	Financial costs	Sales and services rendered	Other operating revenue	
<u>Shareholders:</u>						
Impresa Publishing, S.A.	31.469	-	-	33.276	48.703	-
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	-	-	-	41.273	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	3.920.256	-	-	-	-	-
Impresa SGPS, S.A.	-	-	-	-	-	489.938
<u>Others:</u>						
Compta - Equipamentos e serviços de Informática, S.A.	445	-	-	-	-	-
Lusa - Agência de Notícias de Portugal, S.A.	281.305	-	-	-	-	-
Grupo BPI (a)	-	-	931.929	-	-	34.932
Morais Leitão, Galvão Teles, Soares da Silva & Associados	9.912	-	-	-	-	-
Grupo Madre (SP - Televisão, Lda.) (a)	-	24.460.277	-	740.300	-	-
Vasp Premium - Entrega personalizada de publicações, Lda.	23.451	-	-	-	-	-
	<u>4.266.837</u>	<u>24.460.277</u>	<u>931.929</u>	<u>773.576</u>	<u>89.975</u>	<u>524.870</u>

	Balances					
	Demand deposits	Receivables	Shareholders (Note 20)	Other current assets	Payables	RETGS (Note 11)
<u>Shareholders:</u>						
Impresa SGPS, S.A. (a)	-	88.459	51.813.324	-	-	4.424.165
Infoportugal - Sistemas de Informação e Conteúdos, S.A.	-	4.230	-	-	-	-
Impresa Office & Service Share - Gestão de Imóveis e Serviços, S.A.	-	60	-	-	518.505	-
Impresa Publishing, S.A.	-	1.144.761	-	-	-	-
<u>Others:</u>						
Grupo BPI	1.029.306	-	-	1.227.302	-	16.350.000
Lusa - Agência de Notícias de Portugal, S.A.	-	-	-	-	103.818	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	-	-	1.887	-
Grupo Madre (SP - Televisão, Lda.) (b)	-	74.415	-	-	7.208.374	-
Vasp Premium - Entrega personalizada de publicações, Lda.	-	-	-	-	14.738	-
	<u>1.029.306</u>	<u>1.311.925</u>	<u>51.813.324</u>	<u>1.227.302</u>	<u>7.847.322</u>	<u>16.350.000</u>

(a) The balance related to shareholders for the years ended on 31 December 2019 and 31 December 2018 include 1.541.284 euros and 489.939 euros of interest receivable.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

31. RATES USED TO CONVERT FOREIGN CURRENCY BALANCES

As at 31 December 2019 and 2018, the following exchange rates were used to convert assets and liabilities expressed in foreign currency into euros:

	2019	2018
US Dollar (USD)	1,1234	1,14
Swiss Franc (CHF)	1,0854	1,1269
Pound Sterling (GBP)	0,8508	0,8945
Australian Dollar (AUD)	1,5995	1,7056
Canadian Dollar (CAD)	1,4598	1,5605
Real do Brasil (BRL)	4,5157	4,444

32. 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 2019 and 2018, the financial instruments were as follows:

	2019	2018
<u>Financial assets:</u>		
Receivables	125.681.548	87.453.339
Cash and equivalents (Note 21)	1.126.784	7.202.229
Assets classified as held for sale	-	3.200.000
	<u>126.808.332</u>	<u>97.855.568</u>
<u>Financial liabilities:</u>		
Borrowings	88.051.741	56.176.721
Payables	54.863.371	56.293.611
Current tax liabilities	5.271.754	4.424.165
	<u>148.186.865</u>	<u>116.894.497</u>

As at 31 December 2019 and 2018, except for the debenture 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 2019 and 2018, if it were to take out loans with maturity periods and values similar to those which it has on that date.

The Group 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 debenture loan, which has a fixed rate, the loans that have been taken out are exposed to changes in market interest rates (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
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If market interest rates in the years ended on 31 December 2019 and 2018 were 0,5% higher or lower, the net income for these years would have decreased or increased by approximately 357.071 euros and 200.663 euros, respectively, without considering the tax effect.

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 2019 and 2018, 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 2019 and 2018, that was converted Group USD term deposit which, as at 31 December 2019 and 2018, amounted to 4.005.697 euros and 3.930.131 euros, respectively (Note 20).

During the year ended on 31 December 2019 and 2018, the Group did not contract any forward exchange rates.

The foreign currency balances payable, expressed in euros at the exchange rate of 31 December 2019 and 2018 are as follows:

	2019	2018
US Dollar (USD)	1.213.121	3.445.925
Swiss Franc (CHF)	39.880	21.670
Pound Sterling (GBP)	7.345	7.549
Australian Dollar (AUD)	4.320	4.320
Canadian Dollar (CAD)	422	422
	<u>1.265.088</u>	<u>3.479.886</u>

As at 31 December 2019 and 2018, the Group has accounts receivable in USD of the value of 2.617.330 dollars and 1.843.039 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

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 2019 and 2018, 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:

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.

Overdue balances	2019	2018
Up to 90 days	3.999.763	8.094.034
From 90 to 180 days	782.637	5.005.281
More than 180 days	686.193	7.145.772
	<u>5.468.594</u>	<u>20.245.087</u>

d) Liquidity risk

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 2019 and 2018, the amount of cash and credit ceilings approved and unused amounted to approximately 4.423.614 euros and 11.380.708 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 2019 and 2018, the financial liabilities fall due as follows:

	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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019
(Amounts stated in euros)

(Translation of Notes originally in Portuguese – Note 34)

	2018				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing	34.232.885	7.948.748	2.125.000	6.327.474	50.634.107
Lease liabilities	1.399.867	1.388.314	1.328.473	1.425.959	5.542.613
Suppliers' credits guaranteed by third parties	1.987.732	-	-	-	1.987.732
	<u>36.220.484</u>	<u>9.337.062</u>	<u>3.453.473</u>	<u>7.753.433</u>	<u>58.164.452</u>
Not remunerated:					
Trade payables	23.976.360	-	-	-	23.976.360
Program suppliers	2.522.108				2.522.108
Suppliers of fixed assets	755.196	449.953	449.953	678.081	2.333.183
Other current liabilities	29.898.394	-	-	-	29.898.394
	<u>58.683.025</u>	<u>449.953</u>	<u>449.953</u>	<u>678.081</u>	<u>58.730.045</u>
	<u>94.903.509</u>	<u>9.787.015</u>	<u>3.903.426</u>	<u>8.431.514</u>	<u>116.894.497</u>

33. SUBSEQUENT EVENTS

In March 2020, the Group completed the procedures with Oeiras Municipal Council for the updating of the license to use the Carnaxide studios. Due to the updating of this license, Novimovest paid-up the value of 770.000 euros for the divestment of the Carnaxide Building by the Group in 2004 (Note 20).

Up to the date of approval of the financial statements by the Board of Directors, the Group had not experienced any relevant impacts on its activity arising from the outbreak of the COVID-19 virus, which has progressively propagated on a worldwide scale, including in Portugal. The Group is conducting a survey of the potential impacts of the COVID-19 virus on its activity and the consequent definition of a response plan, and is in the process of implementing a contingency plan to ensure the regular functioning of its operations, in particular the continuity of the broadcasts of the different television channels operated by the Group. However, in view of the uncertainty that this situation involves, it is not possible at this moment in time to foresee the financial consequences that may be faced by the Group.

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 IMPRESA Group shall continue to 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 ACCOUNTANTTHE BOARD OF DIRECTORS

STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt 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 2019 (showing a total of Euros 182,059,087 and equity of Euros 28,139,215, including a consolidated net profit of Euros 15,319,909), the consolidated statement of profit and loss and other comprehensive income, the 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, the consolidated financial position of SIC– Sociedade Independente de Comunicação, S.A. as of 31 December 2019 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.

Emphasis

As described in Note 32, the Impresa Group, in which the Entity and its subsidiary are included, has been following the outbreak of the Covid-19 virus that has been spreading worldwide and implementing a contingency plan to ensure the regular functioning of its operations. However, given the uncertainty surrounding this situation, the future impacts that this outbreak may have on the Impresa Group, and consequently on the Entity and its subsidiary, are equally uncertain.

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 2.14 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, of the respective audiences, and from the conditions agreed with the customers. As mentioned in note 2.14 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 allocated 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"> - 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; - 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; - 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; - 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; - Conciliation of the invoicing system with the accounting records; - 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; - 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; - Confirmation of balances and liabilities as of 31 December 2019 with major customers.

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 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 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 bear 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, as well as verification that non-financial information 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 ("Código das Sociedades Comerciais"), it is our opinion that the 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 non-financial information provided for in article 508-G of the Commercial Companies Code

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

On the information regarding corporate governance

Pursuant to article 451.º, number 4, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), 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, except as to the following.

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 April 16th, 2014, in addition to the key audit matters 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 since 2019, resulting from the appointment at the General Shareholders' Meeting held on 31 May 2019 for the term that ends in this same financial year.
- 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 17 March 2020.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Group in conducting the audit.

Lisbon, 19 March 2020

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

CERTIFICATE OF COMPLIANCE OF THE FINANCIAL RATIO AS OF DECEMBER 31, 2019
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 2019	Limit Clause 6.9.3
Net financial debt ratio / Recurring Consolidated EBITDA = [(a)-(b)] / [(c)+...+(j)]	3,1	<4,75
(a) Bank borrowings	88.051.740	
(b) Cash and cash equivalents	1.126.784	
(c) Operating profit	22.309.572	
(d) Amortization and depreciation	4.381.275	
(e) Provisions and impairment losses	311.400	
(f) Disposal and write-off of non-current assets	(335.038)	
(g) Disposal of financial holdings	-	
(h) Termination benefits to employees	1.189.327	
(i) Outcome of legal and tax proceedings	-	
(j) Increases and reversals of customer impairment losses	447.319	

These amounts were obtained from the consolidated financial statements of SIC - Sociedade Independente de Comunicação, SA on December 31, 2019. 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, 8 April 2020

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.
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 2019 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 2019 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 2019.

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 end, our work included the following procedures:

- Verification of its arithmetic correction;
- 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 2019;

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.

Opinion

In our opinion, the information contained in the financial ratio compliance certificate as of 31 December 2019 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, 8 April 2020



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

(with reference to 31/12/2019)

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) 2.426% held by Santander Asset Management, S.A. (through the Fundo Santander Acções Portugal and the Fundo Santander PPA), and (v) 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.



**INFORMATION REFERRED TO IN ARTICLES 447 of the CSC
AND 14 OF CMVM REGULATION NUMBER 5/2008**

(Shares and bonds held by members of the management and supervisory bodies of the company with reference to 31/12/2019)

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

Members of the Management Body of SIC in the period from 31/12/2018 to 31/12/2019	Shares			
	Held on 31/12/2018	Acquired	Transferred	Held on 31/12/2019
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

Francisco Pedro Presas Pinto de Balsemão (Chairman of the Boards of Directors of Impresa and SIC) – Held 2,520,000 IMPRESA shares as at 31/12/2018, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019. 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 31/12/2018, a position which remained unchanged as at 31/12/2019, since there was no acquisition/divestment of shares in 2019. 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 Pedro Presas Pinto de Balsemão, held 868 IMPRESA shares as at 31/12/2018, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

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 31/12/2018, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

Francisco Maria Supico Pinto Balsemão (Deputy Chairman of the Boards of Directors of IMPRESA and SIC) – Held 8,246 IMPRESA shares as at 31/12/2018, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019. IMPREGER – Sociedade Gestora de Participações Sociais, S.A., of which he is a Director, held 84,514,588 shares as at 31/12/2018, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

Rogério Paulo de Saldanha Pereira Vieira (Member of the Board of Directors of SIC) – Held 1,000 IMPRESA shares as at 31/12/2018, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

Members of the Management Body of SIC who ceased their duties on 28/02/2019	Shares			
	Held on 31/12/2018	Acquired	Transferred	Held on 28/02/2019
Rogério Paulo Monteiro Canhoto	0	0	0	0
José Manuel Vieira Afonso Freire	1,000	0	0	1,000

Rogério Paulo Monteiro Canhoto (Member of the Board of Directors of SIC) - Made no acquisition/divestment of shares between 31/12/2018 and the date of termination of duties.

José Manuel Vieira Afonso Freire (Member of the Board of Directors of SIC) - Held 1,000 IMPRESA shares as at 31/12/2018, a position which remained the same as at 28/02/2019, since there was no acquisition/divestment of shares until the date of termination of duties.



Members of the Management Body of SIC who took up their duties on 28/02/2019	Shares			
	Held on 28/02/2019	Acquired	Transferred	Held on 31/12/2019
Paulo Miguel Gaspar dos Reis	0	50	0	50
Nuno Miguel Pantoja Nazaret Almeida Conde	0	0	0	0
Cristina Alexandra Rodrigues da Cruz Vaz Tomé	0	0	0	0

Paulo Miguel Gaspar dos Reis (Member of the Board of Directors of SIC) - Acquired 50 shares on 21/03/2019, a position which remained the same as at 31/12/2019.

Nuno Miguel Pantoja Nazaret Almeida Conde (Member of the Board of Directors of SIC) - Made no acquisition/divestment of shares between the start of duties and 31/12/2019.

Cristina Alexandra Rodrigues da Cruz Vaz Tomé (Member of the Board of Directors of SIC) - Made no acquisition/divestment of shares between the start of duties and 31/12/2019.

Sole Supervisor of SIC (termination of duties on 31/05/2019)	Shares			
	Held on 31/12/2018	Acquired	Transferred	Held on 31/05/2019
Deloitte & Associados, SROC, S.A.	0	0	0	0
António José Araújo de Beja Neves (ROC) - (Alternate)	0	0	0	0

Members of the Supervisory Board of SIC (start of duties on 31/05/2019)	Shares			
	Held on 31/05/2019	Acquired	Transferred	Held on 31/12/2019
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 between the start of duties and 31/12/2019.

José Manuel Ventura Gonçalves Pereira (Member of the Supervisory Board of SIC) - Made no acquisition/divestment of shares between the start of duties and 31/12/2019.

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 31/12/2019, since there was no acquisition/divestment of shares in 2019.

António Marques Dias (Alternate of the Supervisory Board of SIC) - Made no acquisition/divestment of shares between the start of duties and 31/12/2019.



Statutory Auditor of SIC (start of duties on 31/05/2019)	Shares			
	Held on 31/05/2019	Acquired	Transferred	Held on 31/12/2019
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 10/07/2019**	Acquired	Transferred	Held on 31/12/2019
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

**Date of admission to trading of the SIC 2019-2022 Bonds on the regulated Euronext Lisbon market

Francisco José Pereira Pinto de Balsemão (Chairman of the Boards of Directors of IMPRESA and SIC) – Held 100 SIC 2019-2022 Bonds as at 10/07/2019, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

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 2019.

Francisco Maria Supico Pinto Balsemão (Deputy Chairman of the Boards of Directors of IMPRESA and SIC) – Made no acquisition/divestment of shares in 2019.

Rogério Paulo de Saldanha Pereira Vieira (Member of the Board of Directors of SIC) – Held 100 SIC 2019-2022 Bonds as at 10/07/2019, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

Paulo Miguel Gaspar dos Reis (Member of the Board of Directors of SIC) – Held 100 SIC 2019-2022 Bonds as at 10/07/2019, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

Nuno Miguel Pantoja Nazaret Almeida Conde (Member of the Board of Directors of SIC) – Held 100 SIC 2019-2022 Bonds as at 10/07/2019, a position which remained the same as at 31/12/2019, since there was no acquisition/divestment of shares in 2019.

Cristina Alexandra Rodrigues da Cruz Vaz Tomé (Member of the Board of Directors of SIC) – Made no acquisition/divestment of shares in 2019.



Members of the Supervisory Board of SIC	SIC 2019-2022 Bonds			
	Held on 10/07/2019**	Acquired	Transferred	Held on 31/12/2019
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 (Alternate)	0	0	0	0

*Nominal unit value of € 30

**Date of admission to trading of the SIC 2019-2022 Bonds on the regulated Euronext Lisbon market.

Joaquim Pereira da Silva Camilo (Chairman of the Supervisory Board of SIC) - Make no acquisition/divestment of shares in 2019.

José Manuel Ventura Gonçalves Pereira (Member of the Supervisory Board of SIC) – Made no acquisition/divestment of shares in 2019.

Alexandre de Azeredo Vaz Pinto (Member of the Supervisory Board of SIC) – Made no acquisition/divestment of shares in 2019.

António Marques Dias (Alternate of the Supervisory Board of SIC) - Made no acquisition/divestment of shares in 2019.

Statutory Auditor of SIC	SIC 2019-2022 Bonds			
	Held on 10/07/2019**	Acquired	Transferred	Held on 31/12/2019
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

**Date of admission to trading of the SIC 2019-2022 Bonds on the regulated Euronext Lisbon market



Report and Opinion of the Supervisory Board

Annual Report 2019



SIC – Sociedade Independente de Comunicação, S.A.

Report and Opinion of the Supervisory Board For the Financial Year of 2019

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 in 2019 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 2019.

2 – During its term of office, the Supervisory Board monitored the evolution and activity of SIC, through meetings and contacts with the Board of Directors and with 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., 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 that 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 risk management and internal control systems, having appraised the planning and the findings of the external auditor's work, assessed the process of preparation of the individual and consolidated accounts, and followed with particular attention the accounting treatment of 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, the Supervisory Board highlights the positive evolution of the business, 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. and of the company included 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 of the company included in the consolidation perimeter, 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 Services of the Company, as well as the conclusions presented in the Legal Certification of Accounts and Audit Report and in the Additional Report of the Supervisory Body, 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 2019.



c) The proposed appropriation of net income submitted by the Board of Directors.

8 – On a final note, the members of the Supervisory Board express their acknowledgement and gratitude for the collaboration provided, to the Board of Directors, to the key senior staff and to all the other employees of SIC, and likewise, to the Audit Firm, Deloitte & Associados, SROC S.A.

Paço de Arcos, 19 March 2020

The Supervisory Board

Joaquim Pereira da Silva Camilo
(Chairman)

Alexandre de Azeredo Vaz Pinto
(Member)

José Manuel Ventura Gonçalves Pereira
(Member)



Corporate Governance

Annual Report 2019



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 2019:

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) 2.426% held by Santander Asset Management, S.A. (through the Fundo Santander Acções Portugal and the Fundo Santander PPA), and (v) 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, 17 March 2020

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



**STATEMENT ON THE REMUNERATION POLICY
OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF
SIC – SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A.
GENERAL MEETING OF 22 JUNE 2020**

For the purposes of compliance with Law 28/2009, of 19 June, the Board of Directors of **SIC - SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO, S.A. ("Company")** presents the remuneration policy applicable to the Company's Board of Directors and Supervisory Board:

Whereas:

- A.** The legal regime of Law 28/2009 of 19 June determines that the Board of Directors must submit, annually, for approval by the General Meeting, a statement on the remuneration policy to be applied to the various governing bodies;
- B.** The company is held in its entirety by IMPRESA - Sociedade Gestora de Participações Sociais, S.A. ("**Impresa**");
- C.** Three of the members of the Company's Board of Directors are also members of the management body of Impresa, receiving fixed and variable remuneration, when applicable, due to the performance those duties (as referred to in the Impresa annual report for 2019);
- D.** The remaining four members of the Company's Board of Directors have employment contracts with Impresa, receiving fixed and variable remuneration, when applicable, for performing their respective duties in Impresa, and thus do not receive remuneration from the Company;
- E.** In accordance with the resolution made at the last election of the governing bodies for the 2019-2022 four-year period, the members of the Company's Supervisory Board are not remunerated for the performance of their duties,

Unless otherwise resolved by the General Meeting, the Company's Board of Directors **acknowledges**, for the 2020-2023 term of office, that:

- 1.** The members of the Company's Board of Directors shall not be directly remunerated for the performance of their duties in the Company, but shall be remunerated through Impresa, the Company's sole shareholder;
- 2.** The members of the Company's Supervisory Board shall not be remunerated for the performance of their duties;
- 3.** Impresa has a compensation strategy for the executive and non-executive members of its Board of Directors, whose key objectives are to (i) signal recognition of merit (meritocracy), (ii) determine the attribution of variable remuneration in accordance with criteria that are easy to understand (simplification), and (iii) ensure balance between the interests of the company and those of the shareholders (reasonableness).



4. This strategy involves the adoption of a fixed remuneration model, as well as a multiannual variable remuneration model, with deferred payment for 3 years, which considers 6 bonus levels, corresponding to 1 to 6 times the respective monthly gross remuneration, based on the following cumulative criteria, defined annually: (i) positive performance evaluation", (ii) attainment of consolidated Net Remunerated Debt" and (iii) attainment of consolidated EBITDA;
5. The four members of the Company's Board of Directors, referred to in Recital D, who have employment contracts with Impresa, earn, in addition to their fixed remuneration, an annual variable remuneration, corresponding to 3 times their respective gross monthly remuneration, in accordance with the performance management model for Impresa Group employees, which is based on the following cumulative criteria, defined annually: (i) positive performance evaluation", (ii) attainment of consolidated Net Remunerated Debt" and (iii) attainment of consolidated EBITDA;
6. Since the criteria consider the consolidated behaviour of the Impresa Group, there is an incentive to align the interests of the members of the Company's Board of Directors with those of the Company;
7. There are no share allocation and/or stock option systems in the Company.

Paço de Arcos, 17 March 2020

The Board of Directors



Consolidated Report On Non-Financial Information

Annual Report 2019



CONSOLIDATED REPORT ON NON-FINANCIAL INFORMATION - 2019

(SOCIAL, ENVIRONMENTAL AND GOVERNMENTAL DIMENSION)



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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-television¹ signals transmission activity.

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.

In this context, throughout 2019, several actions were developed, which are discussed on the following pages.

¹ With a view to harmonising reading, SIC and its wholly-owned participated company GMTS shall hereinafter be jointly referred to only as 'SIC'.



1. COMMITMENT AND SOCIAL RESPONSIBILITY DIMENSION

1.1. EXTERNAL LEVEL

1.1.1 SIC ESPERANÇA

SIC Esperança is a Private Institution of Social Solidarity (IPSS), of public utility, of which SIC is an associate, 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 2019, SIC Esperança counted once again on the SIC Group for the dissemination of several social solidarity actions. Throughout the year, the SIC, SIC Notícias and SIC Mulher channels provided about 25 hours free of charge in the public service slot. Fifty-two campaigns of Private Social Solidarity Institutions were announced, namely: Aldeias SOS [Villages SOS] Liga Portuguesa Contra o Cancro [Portuguese League Against Cancer], Associação de Mulheres Contra a Violência [Association of Women Against Violence], Associação para a Promoção da Segurança Infantil [Association for the Promotion of Children's Safety], Make a Wish, and APAV, among others.

Projects

- In January 2019, SIC Esperança once again teamed up with Google.org and Ayuda en Acción for the implementation of the 2nd Edition of the project GEN10S Portugal. This edition's objectives were much more ambitious, setting a target of 6,000 students who will benefit from these training actions, whose mission is to promote equal opportunities in the digital area and reduce socio-economic and gender barriers.
- SIC Esperança established a partnership with the Associação Terra Amarela [Yellow Earth Association] which enabled the award of 13 Criação Artística [Artistic Creation] grants, of a total value of 3,000 euros, to artists with disabilities. The Criação Artística Grants were awarded on 7 February, at the Iberian Theater in Lisbon, after the premier of the play



"Romeo Loves Juliet", interpreted by the actors of the Crinabel Theatre Group, recipients of the grants. The cheque was delivered by the actor Albano Jerónimo.

- The project "Eu Quero Ser" [I Want to Be], from APPT21 was concluded. The support of SIC Esperança, in partnership with Porto Editora, enabled the award of 21 internship grants to young people with mild disorders of intellectual development.
- In March 2019, the central region of Mozambique was hit by cyclone IDAI which ravaged the country. Faced with this catastrophe, SIC and Expresso joined SIC Esperança for the launch of the Support Mozambique campaign, which was born from the initiative of the Luso-Mozambican artist from the band Quinta do Bill, Carlos Moisés, who mobilised a group of musicians to create an anthem of support to Mozambique, entitled "Terra Mãe Que Fala" [Earth Mother that Speaks] and challenged SIC Esperança to develop the fundraising project. To this end, a campaign with a value-added telephone line was created, and SIC Esperança's bank account was also provided to receive donations from anonymous people. Approximately 240,000 euros were raised, which have permitted the construction of about 60 homes in the region of Dondo.
- With regard to support for the devastated areas in Mozambique, SIC Esperança also partnered with Compal and APOIAR - Portuguese Association of Assistance to Africa in launching the initiative "Help Us Support Mozambique", which aimed to rebuild two schools in the province of Beira, which were destroyed as a result of cyclone IDAI. The campaign consisted of the sale of "Compal da Terra", with the total sales value having been donated to SIC Esperança. The construction of two schools will benefit 1,541 children from Dondo. The project also provides daily meals and school supplies to the basic education students of these schools for one school year.
- In partnership with the consultancy AKA, "Faz Parte" [Is Part Of] was designed, an awareness raising project that aims to create a movement capable of mobilizing Portuguese society around themes that seek a better and more sustainable world, not only in the present but that will last for future generations, based on the UN's Sustainable Development Goals (SDGs). This movement is intended to continue until 2030, the date set by the UN for the pursuit and conclusion of the objectives set. As part of this project, a computer database was developed which contains several potential partner companies, and therefore several



meetings were held to present the project. An APP was also developed to support the project.

- An informal partnership was established with the Associação Terra Amarela, with a view to creating the first inclusive arts centre in Portugal, where young people with physical and/or intellectual disabilities, or other young people from low-income social groups, can graduate in theatre, dance and music. In this sense, the Association mentioned above presented the budget and a model for this inclusive academy. SIC Esperança established a partnership with Capital do Natal, responsible for a Christmas theme park, which opened its doors for the first time in Oeiras between November 2019 and January 2020, and for each ticket sold, 1 euro went towards building this centre.
- The project "É um Restaurante" [It's a Restaurant] was inaugurated, one of the winners of the 15 Years SIC Esperança Special Prize - Delta. This is a restaurant, located in the centre of Lisbon, where people who were homeless work.
- As a social partner of the 2019 edition of the Expresso/BPI Golf Cup, SIC Esperança allocated the amount raised to the project "Ésmúsica Rabo Peixe", developed by the Ésmúsica Rabo Peixe Musical Association, on the Island of São Miguel. This project aims to promote the social inclusion of about 80 children and young people through the teaching of different musical instruments such as piano, bass, flute and guitar.
- For the 7th consecutive year, a Christmas project was launched by SIC Esperança and Porto Editora (in partnership), in which, for each children's book sold with the Alfa & SIC Esperança Christmas Campaign sticker, 1 euro reverted to develop the Movement S, which aims to mobilise children, parents and professors for the adoption of a healthy life style. The presenter Andreia Rodrigues was the public figure of this campaign.
- SIC Esperança joined Girl Move and provided a two-day internship for two participants in this project. One intern was at SIC Esperança and another was at Expresso.
- The 8th edition of the SIC Esperança Award – Rock in Rio Solar School was launched. One hundred and seventy-six applications were received. However, for the first time, the selection board decided not to award the prize, as it concluded that there were no projects that met all the requested criteria or had the desired quality.



- SIC Esperança became a partner of Giving Tuesday Portugal, for its innovative character and impact on society. Giving Tuesday is a movement that emerged in 2012 in the United States of America, focused on a small community where the population was encouraged to donate to institutions in this area. Over the years, it has become a great worldwide solidarity movement, and today it is a community of millions of people who are fighting together for a more generous and inclusive world. This event is always celebrated on the first Tuesday after Black Friday and in 2019 it was celebrated for the first time in Portugal on 3 December.

Internal Actions

- Following the support provided to Mozambique, SIC Esperança launched the Mochila Esperança (Hope Backpack), challenging workers of the IMPRESA Group to donate basic necessities (such as pots, pasta, rice, clothes or canned goods), later organized in backpacks, to vulnerable families affected by cyclone IDAI. EDP, Águas de Portugal and Lusíadas Saúde joined this campaign and developed internal initiatives. In total, it was possible to deliver 5,000 Hope Bags to Mozambique, of which 500 resulted from the participation of IMPRESA's workers. In July, the Chairperson and Executive Director of SIC Esperança went to the Beira region to attend the backpack delivery event.
- With the aim of promoting social contact in the buildings of the IMPRESA Group, SIC Esperança launched the project SIC Esperança 2019 Participatory Budget, through which it encouraged the workers of the Group to present proposals for the creation of new spaces or the development of initiatives, within IMPRESA buildings (Paço de Arcos and Matosinhos), which aim to promote greater interaction among all. Twenty-five proposals were received and, after the workers' vote, the following won:
 - **Leisure area:** Transformation of a previously reserved outdoor space into a leisure area, providing it with equipment for that purpose.
 - **After Works:** On the last Friday of each month of the summer period, a meeting between the workers of the Group is held, between 18h00 and 19h00, with the purpose of increasing social interaction.
- The 3rd edition of the IMPRESA Holiday Camp was held between 8 and 13 July 2019. The organisation was led by 2 coordinators and 9 monitors and, for this edition, SIC Esperança brought a new dynamic to the team of monitors, inviting the older children of IMPRESA's



employees to be part of this group, with 3 monitors with this profile. In this edition of the IMPRESA Holiday Camp, a total of 73 enrolments were registered and 64 participants were confirmed.

- At the beginning of the year, SIC Esperança launched the IMPRESA 2019 Voluntary Action initiative, in which the Group's workers were challenged to suggest Social Solidarity Institutions where volunteering activities could be carried out throughout the year. Twenty-seven proposals were received. Two of the proposed initiatives have been implemented:
 - **Refood:** On 17 October, on International Day for the Eradication of Poverty, the workers of the IMPRESA Group participated in a voluntary action organised by SIC Esperança, in partnership with Refood. The volunteers were in several groups of this association, in Lisbon and Porto, contributing with two hours of work.
 - **Campo de Ourique Volunteer Firefighters:** During the 22, 23 and 24 November 2019, the rundown fire station was refurbished with the help of the Group's workers. The dormitories, the women's bathroom, the living room and the kitchen were transformed, thus contributing to improve the working conditions of the volunteer firemen who work there, in what was the first corporation in the country to integrate women in its forces.

Other initiatives

- With the support of the IMPRESA Group, SIC Esperança, as a Private Institution of Social Solidarity, promoted a campaign to donate to this entity the assignment of 0.5% of personal income tax. The presenter Andreia Rodrigues was the public figure of this campaign.
- As a social partner of Capital do Natal, SIC Esperança awarded 2,000 tickets to beneficiaries of 74 Social Solidarity Institutions in the country, who were thus able to visit the thematic space on 2 and 3 December 2019, and also on 10 January 2020, in an initiative to contribute to access to culture for all.
- In partnership with SIC Notícia's Volante programme, SIC Esperança identified two social solidarity institutions, the Help Association and the Champs Academy, which were part of a solidarity programme at Christmas. About 60 children received a visit from the presenters



of the programme, Pedro Amante and Rui Pedro Reis, as well as José Figueiras and João Pedro Pais, who were responsible for distributing gifts.

- As part of the communication actions of the soap opera "Nazaré", and considering that one of the main storylines is linked to solidarity and surf, the production of the soap opera planned a surf lesson in solidarity with some actors. SIC Esperança was challenged to select a group of beneficiaries of an IPSS to participate in this activity. Thus, 14 young people, between the ages of 8 and 12, supported by the Santa Casa da Misericórdia of Almada, enjoyed this experience.
- During 2019, SIC Esperança organised, with the support of SIC and NOS, the donation of computers and monitors to 5 schools, identified by employees of the IMPRESA Group, with computer needs. SIC and NOS provided 50 monitors and NOS 86 computers, which allowed improved access to technology for students from the 5 schools involved.
- SIC Esperança joined the Oeiras Collaboration Week, providing a visit to the premises of the IMPRESA Group to a group of 25 pre-school children and 2 teachers from the Sagrada Família Centre.

1.1.2. CULTURE

SIC continued to support cultural events in 2019, through the dissemination of content and other actions:

Support to performing arts and other cultural initiatives

In the area of musical and cultural performances, the SIC Group supported a total of 77 events related to music, the performing arts or culture. The SIC brand was present in most of the event venues to foster proximity, namely the Rock in Rio, Super Bock Super Rock, Sumol Summer Fest, Meo Sudoeste and EDP Vilar de Mouros music festivals, as well as Rui Massena's classical music concert and the musicals Phantom of the Opera and Amar Amália [Love Amália].



Special conditions for advertising

Cultural initiatives and other events of an institutional nature benefited from discounts on advertising prices for SIC and the other IMPRESA Group brands.

Programa Cartaz

The "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.

The "Programa Cartaz" is dedicated to national and international culture. From theatre to cinema, from music to plastic arts, from dance to literature, all areas are represented in the "Cartaz" programme where what one can see is anticipated and what one has not yet seen is shown. In and out of the country, there is a world to discover. And the protagonists are all included in "Cartaz".

Original é a Cultura

"Original é a Cultura" [Culture is Original] is a SIC programme aired from September to November 2019 and produced in partnership with the Portuguese Society of Authors, broadcast in the early hours of Saturday on SIC and rebroadcast on SIC Notícias on Sunday nights.

In an informal environment, the aim is to understand the culture of the different perspectives of the participants: Carlos Fiolhais, physicist and university professor, Dulce Maria Cardoso, writer, Ruy Vieira Nery, musicologist and university professor, with mediation by Cristina Ovídio.

1.1.3. INSTITUTIONAL INITIATIVES

During 2019, the SIC Group sought to promote and distinguish people and institutions, and use its resources to draw attention to major current affairs.

I have cancer. And then?

In 2018, IMPRESA launched the project "I have cancer. And then?", 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.

ESSILOR Car of the Year | Crystal Wheel Trophy 2019/2020

The 37th edition of the Essilor Car of the Year/Crystal Wheel Trophy was launched in June 2019, with the aim of 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, Family, Executive, Sport (includes convertibles), Compact SUV (includes Crossovers), Large SUV, Electric and Hybrid.

The 37th Edition includes cars which were sold between 1 January 2019 and 31 December 2019.

It is also important to mention, in place of the Ecological Award of the Year, which no longer exists, the fact that the Organising Committee of the Car of the Year created new categories dedicated exclusively to electric and hybrid cars, with the aim of underlining the importance of electrification in the automotive sector and reflecting the commitment and investment that manufacturers are making in the sector.

The selection board of the 37th edition is composed of 19 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 board.

- **Technology and Innovation Award**

In the 37th edition of the CAR OF THE YEAR Trophy, the organisation will 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 board members simultaneously with the final vote.



1.1.4.RELATIONS WITH STAKEHOLDERS

The presence of the IMPRESA Group, also representing all its participated companies, in the various regulatory and self-regulatory associative bodies ensures participation in debates and proposals for amendments to draft laws, directives, regulations or standards that the government or the European Union submits for public consultation or to the entities where we are represented.

This was the case in 2019, in relation to issues of great importance, such as, among others:

- The defence of Publishers' Copyright and Related Rights in the digital single market;
- The fight against unbridled piracy has increasingly sophisticated means;
- The conclusion of the framework laws of the General Data Protection Regulation (RGPD);
- The misinformation propagated by social networks and false media;
- The unacceptable usurpation of content and the consequent diversion of advertising by large aggregators (Google, Facebook and others), without Europe succeeding in putting an end to these abuses, despite the efforts of some countries, a situation that causes enormous loss of revenue and endangers the survival of free information media.

During the year, the IMPRESA Group maintained and/or reinforced its presence in the corporate bodies of the following associations, as well as with Regulatory 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)
- ANACOM - Autoridade Nacional de Comunicações [National Communications Authority] (Advisory Board)
- 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)
- GEDIP – Associação para a Gestão Coletiva de Direitos de Autor e de Produtores Cinematográficos e Audiovisuais [Association for the Collective Management of Copyrights and Cinematographic 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 each of these bodies, as well as before the Government, Parliament and the European Commission, the different interventions advocated the defence of freedom of information and the independence and sustainability of media companies.



1.1.4.1. Before the Government, Parliamentary Groups and other Entities

1. General Regulation of Data Protection

Although the Regulation was implemented on 25 May 2017, discussion of the draft law ensuring implementation of the Regulation in the national legal system and complementary framework laws continued until July 2019. Of all of them, the most difficult to reach consensus was the Draft Law 120/XIII, especially due to the sensitive nature of article 24 on freedom of expression, information and the press, including the processing of data for journalistic purposes.

This cause was won and sources of information were protected as well.

2. New Directive on Copyright in the digital single market and Related Rights of Publishers

The discussion and voting process leading to the approval of the Directive, published in the Official Journal of the European Union on 17 April 2019, was followed. The first institutional contacts were developed with a view to transposing the Directive into national law, and this should take place by 7 June 2021.

3. AVMS Directive

It was approved in the European Union on 28 November 2018 and has to be transposed by the Portuguese State by 19 September 2020. Such transposition requires amendments to the Television and Audiovisual Services on Demand Act.

The Government inaugurated on 26 October 2019 announced that it was preparing a public consultation to be held in 2020.

4. Advertising Code

The discussion and implementation of Law 30/2019, which introduces restrictions on the advertising of foodstuffs and beverages containing high energy value, salt content, sugar, saturated fatty acids and processed fatty acids to persons under 16 years of age, was extended throughout the year.

This law, which constitutes the 14th amendment to the Advertising Code, implies not only restrictions to the content of advertising, but also to its placement on radio, television and outdoor advertising locations.



5. Process of Selling Media Capital

The process of selling Media Capital to Cofina was followed with due care, and the Regulatory Authorities involved in the process were opposed.

6. Fake News

They were a topical issue with the approaching legislative elections and the spectre of the possible influence on the results, as in the case of the Presidential elections in the USA and Brazil.

In this regard, the ERC produced and presented to the President of the Parliament a study on "Disinformation - European and National Context" which consists of a reflection on the dimension and problem of the proliferation of false news and narratives online and beyond, having proposed measures to combat their dissemination.

1.1.4.2. In the different bodies:

AMD – ASSOCIAÇÃO DE MARKETING DIRETO [DIRECT MARKETING ASSOCIATION]

Preamble

Although the General Data Protection Regulation has been in force since 2016 and effective as of 2018, its applicability lacked proper legislation in the national legal system, which only occurred about 16 months later, with the publication of Law 58/2019 of 8 August.

During this long period, the Management of AMD followed the process step by step, not only with the CNPD, but also in Parliament.

- **Data Protection**

Also in this area, the assistance and support to Members was more intense, given the doubts and fears due to the amount of the fines, which could be applied, as well as in the monitoring of the retraction in business, namely in the assignment of registrations, conquest and maintenance of subscribers in JPP, printing and distribution of mailings and telemarketing actions.

The cooperation scheme with the CNPD was maintained, which requested the submission of a proposal for the disclosure of FAQs concerning marketing actions.



- **Contacts with the Government**

The reappointment of the Secretary of State for Consumer Protection has made possible the continuity of institutional collaboration and allowed meetings whenever the Management requested them.

- **Threats to Advertising and Commercial Communication**

The entire legislative process that resulted in Law 30/2019 was followed with special attention and commitment, which introduced restrictions on the advertising of foods and beverages containing high levels of salt, sugar and saturated fatty acids to minors under 16 years of age.

- **Directorate General for the Consumer**

Regular contacts were maintained, having participated in all actions developed by the DGC.

- **Bank of Portugal**

AMD, represented by its Chairman, remained a Permanent Member of the Payment Systems Forum of Bank of Portugal. Two of the claims, relating to direct debits affecting a large number of Members, were resolved satisfactorily.

At the same time, meetings were held with the Members of the SEPA Group.

- **CTT – Correios de Portugal**

It was possible to re-establish the AMD-CTT Monitoring Committee

- **DG for Economic Activities**

At the suggestion of the Director General, and after a joint meeting, a regime of continuous cooperation was agreed between the two entities.

- **Cooperation with Partners**

Institutional and cooperation relations with APAN were continued.

ANACOM - Autoridade Nacional de Comunicações [National Communications Authority]

- As part of the 30th anniversary celebrations, it promoted a Conference on the challenges of Digital Society where the associated risks and opportunities were reflected upon, as well as the challenges faced by all.



- It prepared the migration process of the DTT network from the 700 MHz range to the implementation of 5G. The first experiment, near the end of the year, took place successfully in Odivelas.
- It launched a public consultation on the provision of the universal service of CTT, which was giving rise to repeated complaints after privatisation.
- It harmonised various pricings and intervened in the marketing of combined Internet, television and telephone packages by distributors.
- It gave its opinion on the Cofina/Media Capital merger process, having concluded that it 'does not raise relevant competitive issues'.

ARP – Auto Regulação Publicitária [Advertising Self-Regulation]

1. The 2019 Activity Plan was based on two Pillars:

Elections for the Governing Bodies (2019-2021 three-year period) were held and SIC continued to chair the Board of the General Meeting.

2. Actions taken:

1. With the entry into force of Law 30/2019 (law on food and beverage marketing directed at children), several meetings were held with the government, warning of the consequences that could arise for advertising and media.
2. The 3 I'S - Good Practices on Marketing Influence Guide was prepared.
3. Protocols were signed with Banco Santander Consumer and Caixa Bank Consumer (Pre-Clearance Financial Sector) for the provision of services, and around 205 pieces were analysed.
4. Established institutional relationship with the Portuguese Dental Association, given the compliance of the advertising of the sector's agents.
5. Disclosure and presence of Tailor-Made Training Actions with P&G.
6. Closer relationship with EASA, ICAS and Autocontrol, as well as participation in international meetings.



7. Member movements: 7 new members entered and 2 left. Whenever a new member joins, the reasons for joining ARP are highlighted in Flash.

CAEM – Comissão de Análise e Estudos de Meios [Media Analysis and Research Committee]

1. There have been changes in the composition of the governing bodies (biennium 2019-2020), with SIC representing the Media Section as a member of the Board. The Chair is held by APAN and the third element, representing the Agencies Section, has been nominated by Iniciative, as a member.
2. In order to prepare the tender for the selection of the audience measurement service provider, several meetings of the Management and also the Technical Advisory Committee on Television were held, in which the following topics were discussed:
 - Preparation of technical specifications for international consultation of the TAM 2021-2025 system.
 - Discussion and validation of the technical evaluation protocol for international consultation of the TAM 2021-2025 system.
 - Evaluation of the technical proposals received within the context of the international consultation of the TAM 2021-2025 system.
3. An international tender was opened for the selection of the television audience mediation service provider.

Three entities submitted offers: Cantar, Marktest and GFK (current service provider).

Alongside all this, CAEM maintained the performance of the other functions assigned to it:

- Continuous monitoring of the live and deferred TELEVISION audience measurement system;
- Monitoring of BAREME RÁDIO;
- Monitoring of BAREME IMPRENSA;
- Monitoring of NETSCOPE and NETPANEL of Marktest;
- Monitoring of the Multimedia study of Media Monitor on Internet Advertising Investments.



MAPINET – Movimento Cívico Anti Pirataria na Internet [Internet Anti-Piracy Civic Movement]

Removal Requests

- The year 2019 maintained the trend of previous years regarding requests for removal of links, reaching a total of 976,976,687, distributed by Movies, Series, Streaming, Software, Books, Magazines, Newspapers, Playstation (1.2,3), Wii, Nintendo, PC, XBox, Music, among others.

In addition, 303,115,881 links distributed among the categories identified above were re-blocked.

The means available to piracy, as is known, are powerful and agile. On the contrary, tougher punitive measures and more effective means to combat piracy are still lacking, in spite of the strong monitoring of our activity by IGAC and the swiftness with which it validates interventions in good time.

The extension of the Memorandum of Understanding is the best example of this, allowing for the temporary blocking of live sports events. This year, 14,556 websites were blocked that were broadcasting 175 events, many of them live.

- In 2019, 653 websites were targeted by Mapinet, and in the press area, five websites were blocked and two re-blocked. We also found that three websites, out of the five blocked, disappeared permanently, leading to the removal of hundreds of links from complete magazines and newspapers or articles.
- With regard to websites which broadcast television content, 383 were blocked, a significant increase sustained by the extension to the Memorandum of Understanding, and 13 were re-blocked, with 170 of those that were intervened during the year having disappeared.
- The issue of re-blocking, which is obligatory at the end of a year of blocking, means that, on average, about 40% of blocked websites disappeared or changed their name in 2019. 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.
- Regarding the blocking of videos in YOUTUBE, about 2,139 reference files were uploaded, which permitted the blocking of 8,299 contents uploaded by users without the rights to do so.



OBERCOM – Observatório da Comunicação [Communication Observatory]

1. Actions

The actions developed during 2019 were structured according to the following dimensions:

- Development of the production of analyses on business models and monetization logic applicable to national media companies.
- Research and production of prospective analyses and support for the definition of strategies and public policies in the field of media, information society and culture.
- Research and production of analyses on new trends in journalism and journalistic entrepreneurship.
- Strategic approach to the new challenges of the media ecosystem, namely trust in news, governance, privacy, new business models and advertising and the role of algorithms and the fiscal relocation of large social networking platforms and consequent impact on the Portuguese media structure.

Bearing in mind the proposed objectives and the relationship with its members and media and media entities, OberCom management has developed a diverse set of activities which are presented below:

2. Research Activities and Collection of Statistical Information

OberCom Project - National Statistics Collection in the Communication Sector

Regarding the Annual Media and Communication Report, it was intended that in 2019 this publication would present statistical information on the different sectors analysed by OberCom. This report is published online on the OberCom website in PDF files available for download, by sector, and updated throughout the year wherever possible.

OberCom Project- Digital News Report

Reuters Digital News Report 2019 (ReutersDNR 2019) is the eighth annual report of the Reuters Institute for the Study of Journalism (RISJ) and the fifth report with information on Portugal.

The present work offers a more in-depth analysis based on data from Portugal.



OberCom Project - European Journalism Observatory

In 2019, the statistical elements underpinning the publication of the Yearbook were also a contribution by OberCom to its partnership with the CIES-IUL research centre in support of the Weekly News Barometer published in the EJO and the production of the Portuguese version of the European Journalism Observatory.

Obercom Project - Network of Portuguese Research Centres

Since 2018 the research centres, namely of the Universidade de Aveiro, Escola Superior de Comunicação Social of the Instituto Politécnico de Lisboa, Lusófona Universidade and Universidade Católica Portuguesa have formalised the association as honorary members of OberCom, joining ISCTE-IUL, Universidade do Minho and Universidade da Beira Interior.

3. Public disclosure reports

Twenty research reports were published, 11 of which were made public and 9 of which were produced as a document exclusively for members, in particular the following:

- **What should journalists know? Practices and training in Portugal**
- **The Advertising Market in Portugal - General Prospects and Future Scenarios - Detailed Analysis of the Press Sector**
- **Media - Portuguese market, trends and models**
- **Fake News in an election year**
- **Impact of branding and sponsored content in journalism**

4. Observatory (OBS*) Magazine

It is an interdisciplinary magazine, open to contributions from the many subjects related to communication studies, publishing articles that address different theoretical and methodological paths, from academia to the business world.

In 2019, it maintained the course of its activity ensuring the regular and timely publication of its 4 annual volumes, having registered edition no. 57 in December 2019.



The magazine is currently indexed in several worldwide databases, such as Scopus Elsevier, ERIH-PLUS and SciELO.

PMP (Private Media Platform)

During 2019, 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;
- Carrying out, in partnership with Obercom, an in-depth study on the State of the Media in Portugal;
- Preparation of an Action Book for the Media, a key component for the claims positioning of the 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 Nónio Project has seen new developments, approaching the barrier of 1.5 million registered users on 31 December. In the last quarter, further steps were taken towards the establishment of an autonomous platform for the marketing of the advertising inventories of the consortium members, namely the adoption of a common adserver and the creation of a Nónio Marketplace, which should become operational in the first quarter of 2020.

The PMP followed the preparatory work on the transposition of the new Directives on Copyright and Audiovisual Services, for which public consultations will take place in 2020.

The Action Book for the Media was disclosed and presented to the main political groupings and regulatory entities. At the same time, contacts have been initiated at national and Community level to define the *modus operandi* appropriate to the wish of publishers to see mechanisms for transparency and fairness in the digital advertising sector.

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.

1.1.4.3. Postgraduate Course in Multi-Platform Journalism

The VIII Course (2018-2019) was concluded in June with good results, but with a relatively smaller number of students than in previous years.

Following an assessment of the need for a refreshment of the programme and academic staff, and given the fact that enrolments for the IX Course (2019-2020) are unlikely to fully meet expectations, it was decided, by agreement with the Faculty of Social and Human Sciences, to suspend the Course for one year, resuming the next one in 2020-2021.

An assessment of this partnership with the Faculty of Social and Human Sciences of Universidade Nova de Lisboa and Rádio Renascença shows that over these eight years, 147 students, 98 of whom are working in various media, have successfully completed the course.

It is also noted that the quality of the Course - theoretical part taught by journalists of recognized competence and practical part (professional internship) in subsequent shifts in Press, Radio and Television Editorial Offices - has made access to the profession easier.

This initiative is thus a success, which urges us to continue.

1.1.5. INVESTOR RELATIONS

SIC has a Market Liaison Officer (who is also a Member of the Board of Directors of SIC and CFO of the IMPRESA Group) and an Investor Relations Officer, providing assistance to investors, 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 Market Liaison Officer 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.

1.1.6. ATTENDANCE OF VIEWERS

In 2019, 45,965 contacts were received, an increase of 39% over the previous year. Of these contacts, 74% were made via email and were requests for information (63%), suggestions for topics for reporting (27%), criticism (1%), and praise (1%). In 92% of cases, the topic was the generalist channel SIC. All subjects received their due attention, because in addition to being useful, they allow SIC to improve its relationship with viewers.

1.1.7. STUDY VISITS

In 2019, from March onwards, following the move of SIC to Paço de Arcos, 48 visits were organised (more than double the 22 received in the previous year), with a total of 1,387 visitors (average of 29 people per visit).

Schools of various education levels, including vocational education, study and/or leisure centres, as well as IPSS, are the most frequent and regular visitors. Occasionally, there were visits from Universities or companies. Requests were mostly made from the districts of Lisbon and Setúbal. In the North, there were mainly visits to the Matosinhos facilities.

1.2. INTERNAL LEVEL

1.2.1. SOCIAL AND EMPLOYMENT ISSUES

Since Human Capital is the most important source of competitive advantage of IMPRESA Group companies, its optimisation in terms of competences, knowledge, skills and individual experiences is imperative. The IMPRESA Group believes that the enhancement of Human Capital boosted, to a great extent, the success of the implementation of the Group's Strategic Plan for the 2017-2019 triennium.



Training

Training in the Group's companies represents a management practice par excellence. Its premise is the enhancement of Human Capital and the attainment of competitive advantages within the market environment.

In 2019, the IMPRESA Group continued to ensure the compatibility of its strategic objectives with the expectations and individual development of its assets.

To this end, the IMPRESA Group sought to enable its employees to develop their skills, not only through the possibility of attending external training courses, but also through the sharing of knowledge and experiences.

The following table presents the most relevant data on SIC for 2019, in comparison with 2018.

Table: Training 2018-2019

Area	Number of actions			Employees covered			Number of training hours		
	2018	2019	Variation	2018	2019	Variation	2018	2019	Variation
Television (SIC)	46	51	5.00%	313	286	-27.00%	3365	4279	91.45%

Source: IMPRESA

The following actions should be highlighted:

- Training in the digital area, in the commercial and marketing aspects, namely through Digital Marketing actions, Professional Management of Facebook Pages and Applied Digital Transformation;
- E-learning training in several areas;
- Training in Law and Journalism;
- Internal training on Elvis, ENPS, Invenio, LinkedIn and the SIC television archive;
- Academic training: 17Th Executive MBA, Post-Graduation in Applied Digital Marketing and Post-Graduation in Storytelling.

Performance Management

During 2019, the IMPRESA Group initiated the development of a new Integrated Human Resources Management Model, applied to all its subsidiaries:



- 1) New Performance Management model - during 2019, work was undertaken on the development of a simple, unique and agile performance management process, which promotes continuous monitoring among stakeholders and serves as a tool for the various human resources management policies, namely development and recognition.
- 2) Functional Descriptions - the mapping of all Group functions as well as their description has been started. The objective was to ensure descriptions that reflect the present/future challenges of each of the functions, and as a whole, contribute to the achievement of IMPRESA's ambition and Strategic Plan.

Initiatives

In 2019, 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 with the offer of invitations to shows (theatre, concerts, conferences, football games, etc.);
- Provision of exclusive parking spaces for pregnant employees;
- Assignment of flexible working hours to employees with family responsibilities;
- Distribution of Christmas presents to all the workers and their children aged up to 12 years old;
- Vaccination campaign against influenza;
- Provision of medical services to Group employees at the Paço de Arcos and Matosinhos facilities, as well as home medical assistance to employees and their families;
- Regular organisation of sampling initiatives: distribution, at Paço de Arcos and Matosinhos facilities, of products or sale at advantageous conditions;
- Providing workers and, as of the current year, their direct relatives, 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.

The IMPRESA Group believes that the adoption of policies that promote a greater reconciliation between work and family life is one of the key elements to provide employees with a better



quality of life and, consequently, greater motivation, commitment and productivity. In this sense, the following are examples:

- IMPRESA Workshops, Commemoration of the 10th anniversary of SIC K, IMPRESA Holiday Camp, Christmas Gifts, Day Care Cheque, Birthday gift and a Benefit Policy (partnerships with other entities and established protocols that can provide advantageous conditions not only to employees but also to direct family members);
- Annual Meeting of the Board of Directors in order to promote internal networking and align the Group's culture and values;
- 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 Group's 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;
- Enhancement of initiatives that promote greater interaction among workers and foster the feeling of belonging, through the creation of moments of conviviality and sharing, such as Magusto IMPRESA and birthday celebrations of the various IMPRESA Group brands;
- In the multigenerational management and integration of millennials it was considered important to provide conviviality between all the millennials and the Chief Executive Officer of IMPRESA. The objective of the initiative was to discuss topics related to the business and listen to different opinions on proposals for improvements and new business lines and models;
- It focuses 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 must not be confused with Style Guides or mere orthographic norms; it is the result of in-depth discussions and is an extension of the main ethical, deontological and legal norms applied to the exercise of the profession.

1.2.2. EQUALITY BETWEEN WOMEN AND MEN

IMPRESA Group companies, aware of the fact that equality between women and men is a central theme of corporate social responsibility, adopt measures and actions that ensure conditions for professional integration and equal career development for men and women:

In 2019, 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 a clear explanation, in the IMPRESA Group Norms and Procedures Manual, of the concepts of gender equality and non-discrimination between women and men;
- Define criteria and procedures for internal recruitment, external recruitment or outsourcing, which should be based on the principle of meritocracy as well as the principle of gender equality and non-discrimination;
- Ensure equal opportunities for all employees in the attendance of training actions;
- Create procedures and tools that facilitate the formal presentation of a complaint in the event of sexual and/or moral harassment;
- 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.

Distribution by gender of SIC employees	
Number of female employees	258
Number of male employees	324

Despite the average monthly salary difference between men and women 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, based on objective criteria such as seniority and professional experience, merit, productivity and academic qualifications.

Remuneration level by gender of SIC employees	
Average monthly salary of female employees	€ 2,111.23
Average monthly salary of male employees	€2,504.51

The IMPRESA Group and SIC promote reconciliation between three spheres (personal, family and professional) and argue that women and men, when they decide to become parents, should do so in a shared, responsible and balanced way.

Maternity and parental leave of SIC employees	
Maternity leave	11
Parental leave	13

1.2.3. 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.

1.2.4. RESPECT FOR HUMAN RIGHTS

Respect for human and workers' rights is a *sine qua non* prerequisite of the IMPRESA Group and SIC, being the guiding principle in all its relations with its employees, investors, partners, suppliers, customers and consumers.

1.2.5. COMBATING CORRUPTION AND ATTEMPTED BRIBERY

The IMPRESA Group and SIC do not tolerate any corrupt practices and attempted bribery. Transparency, cooperation and respect are basic principles of the Group and its subsidiaries.

2. ENVIRONMENTAL DIMENSION

2.1. ENVIRONMENTAL POLICY

During 2019, also within the scope of the change of facilities from SIC to Paço de Arcos, the implementation of consumable reduction policies was continued, namely paper, energy and water, waste recovery and treatment. The official declarations for the Integrated Environmental Licensing System (SILiAmb) and for the Waste Monitoring Guidelines (WMS) were adapted to the new situation involving a change in facilities.

Measures have been taken to protect the environment, thanks to the development of computerisation and the adoption of more ecological practices:

- Significant reduction in energy consumption (>20%) as a result of new investments in equipment, with control and system integration solutions, and in electrical infrastructure;



- Continuation of the digitisation of business information both on IMPRESA's Intranet and on other computer media;
- Decrease in the number of cassettes used in the production and television archive and use of internally recycled cassettes;
- Operation to reduce the number of printers, as a consequence of the change of facilities of SIC. All printers were equipped with scanning systems;
- Control of the use of fluorinated gases;
- Reduction in the use of plastic containers and selective collection of plastic in own containers, with the survey of plastic waste carried out by the Oeiras Municipal Council.

2.2. CONTROL AND IMPLEMENTATION

Control of drinking water consumption

- Placement of regulators or automatic taps in bathrooms;
- Regular verification, included in the maintenance plan, of water leaks in all existing flushing systems;
- In the Paço de Arcos facilities, exclusive use of water from the borehole for irrigation, washing or works.

Control of electricity consumption

- Detailed monthly examination of electricity consumption and immediate decisions to reduce consumption;
- The following actions were continued:
 - Control of the number of lamps lit in public areas and open spaces;
 - Continuation of installation of lighting switches in meeting rooms and offices;
 - Management of automatic lighting hours;
 - Control of the minimum and maximum temperatures in air conditioning systems;
 - Reduction of the number of hours of air conditioning;
 - Replacement of incandescent lamps by low consumption lighting;
 - Awareness-raising amongst programme producers and lighting staff on the need to cut lighting consumption.



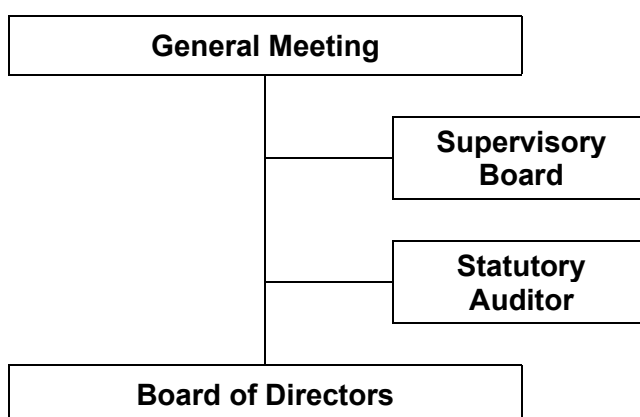
Waste

- Maintaining and encouraging the policy of separation and recycling of waste, with selective collection containers (paper/carton, plastic and glass);
- Waste such as batteries, cassettes, bulbs and others, are sent to entities certified for their treatment;
- Recovery of plastic packaging waste through Ponto Verde;
- Reduction in the number of plastic packages;
- Waste generated at the IMPRESA Group's facilities is annually registered in the Integrated System of Registration of the Portuguese Environment Agency (SIRAPA), of restricted access to organisations that have environmental responsibilities committed by law.

3. STRUCTURAL AND GOVERNMENT DIMENSION

3.1. 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) Delegation of specific duties and powers to any director, with the scope established in the respective deliberation;
- g) Establishing the objectives and management policies of the company;
- h) Preparing the annual activity and financial plans;
- i) Establishing the technical and administrative organisation of the company and the internal operating standards concerning the staff and their remuneration;
- j) Establishing proxy-holders or attorneys-in-fact with such powers as it may deem fit, including those of appointing substitutes;
- k) 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
- l) Performing all other duties assigned by law, by the Articles of Association or by the General Meeting.

The Board of Directors shall meet 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 3 members and a maximum of 11 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 current term of office of the Board of Directors corresponds to the 2016-2019 four-year period. The General Meeting shall appoint, from among the elected directors, the Chairman and the Deputy Chairman.

Currently, SIC has a Board of Directors composed of 7 members: 1 Chairman, 1 Deputy Chairman and 5 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.

3.2. ACTIVITY INDICATORS

3.2.1. QUALITATIVE CRITERIA

The Performance Management Model applied to the employees of IMPRESA Group companies establishes the following criteria for performance evaluation, applicable according to the different functional levels: Communication; Improvement and Innovation; Responsibility; Collaboration and Teamwork; Planning and Organisation; Adaptability; Quality Orientation; Decision Making; Leadership; and Orientation for the future.

3.2.2. QUANTITATIVE CRITERIA

The Performance Management Model applied to the employees of IMPRESA Group companies establishes the application of an annual variable remuneration model, which is based on the cumulative criteria of achievement, defined annually: "Positive Performance Evaluation"; "Attainment of Consolidated Net Remunerated Debt" and "Attainment of Consolidated EBITDA".



3.3. RISK

3.3.1. RISK CONTROL AND MANAGEMENT

The Group has the following bodies with responsibility for monitoring and implementing the internal control and risk management of IMPRESA and its subsidiaries:

- Risk Management Committee, which is responsible for identifying the risks and events that might generate risks inherent to the activities developed by the different Group companies, as well as analysing the impact, following-up and monitoring the identified risks.
- Asset, Risk and Sustainability Division, which oversees insurance contracts at the Group level, in order to achieve the most appropriate solutions to cover insurable risks.
- The General Financial Department develops the following aspects of risk control:
 - Negotiation, contracting and management of bank financing, in order to meet the financial needs of the Group;
 - Negotiation and contracting of appropriate financial instruments, aimed at reducing exposure to interest and exchange rate risks.
 - Definition of credit granting policies, with credit ceilings per customer and collection deadlines.
- Legal Affairs Department and Institutional Relations Department, which monitor the relationship with the regulators (ERC, CMVM, AdC, ANACOM) on matters with an impact on the activity developed by the IMPRESA Group and, at the level of the operating subsidiaries, follow the application of the legislation in force, applicable to the media sector, in order to minimise the risks associated to any non-compliance.

These bodies assess:

- Economic risks (activity and facilities): Risks primarily related to situations which affect the current operation of companies, namely fire, loss of production of newspapers and magazines, broadcasting cuts in television activity, and failure of computer systems.
- Financial risks (credit, liquidity, exchange rate and interest rate risk):
 - Credit risk is essentially related to the accounts receivable arising from advertising sales. In order to reduce credit risk, IMPRESA has defined credit granting policies, with credit



limits per customer and collection deadlines, and financial discount policies for early repayment or cash payment.

- Liquidity risk can occur if the financing sources, such as cash flow from operating activities, divestment, credit lines and financing activities, do not meet the financing needs, such as cash outflow for operating and financing activities, investments, shareholder remuneration and repayment of debt.
 - Exchange rate risk is essentially related to the acquisition of television programmes.
 - Interest rate risk is essentially related to interest paid in relation to the contracting of financing 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.

The Management of the IMPRESA Group, as well as the Management of SIC, take particular care to adopt a risk management policy aimed at minimising any consequences on the business, people or assets of the Group, arising from any intentional or unintentional threats.

Also at the level of the operational subsidiary SIC, plans for exogenous situations that affect the current operation of the company, such as fires, broadcasting cuts, computer systems failures, etc., are being considered 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.

3.3.2. SELF PROTECTION MEASURES AND RISK FACTORS

In 2019 the safety plans and self-protection measures were revised according to the annual planning. The self-protection measures of the Paço de Arcos building are under revision.

The "Internal Security Plans" continued to be developed, in accordance with ANPC recommendations for the facilities of Parque Holanda, in Carnaxide, and of Matosinhos.

The new Safety Delegates were appointed and trained, in articulation with the Department of Human Resources, for the premises of Paço de Arcos, Parque Holanda and Matosinhos, and given their respective identifying material and procedural manual.



- The "low risk" level was maintained at the Paço de Arcos and Matosinhos facilities and a "medium risk" situation was maintained at the Parque Holanda facilities.

Risks related to facilities and infrastructures

The risk factors were monitored and controlled as part of the process of transforming the Paço de Arcos building for operation in 24/7: the alarm system was reviewed and is fully operational, and as regards the technical infrastructure, after successive tests and simulations on the new equipment, new contingency plans are being drawn up.

The risks relating to the Matosinhos and Parque Holanda facilities have been checked as required and revised according to needs.

Internal air quality checks were carried out on a regular basis in all facilities, as well as testing for active legionella.

- "Low risk" level in all facilities.

Risk of interruption in communications

- Outdoor access:
 - Secure fibre connections;
 - Missing: box for second communication connection to the outside to allow second access way in second ditch;
 - "Medium risk" level.
- Inter-building communication:
 - Secure fibre connections;
 - Missing: box for second communication connection to the outside to allow second access way in second ditch;
 - "Medium risk" level.
- Distribution of television signals:
 - Secure dual fibre paths (coding redundancy ensured by client operators/distributors);
 - Missing: box for second communication connection to the outside to allow second access way in second ditch;
 - "Medium risk" level.



- Mail system:
 - Security system through Microsoft's 360-service;
 - "Low risk" level.

Risk of interruption of broadcasting of SIC television channels

- Several emergency alternatives are foreseen for the broadcasting of the SIC channels that guarantee their continuity, in case of interruption caused by the failure of several systems. 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.
 - "Medium risk" level.

Misuse of sensitive customer data

- The policy of responsibility of the IMPRESA Group was maintained to respect the legal obligations, in accordance with the General Regulation on Data Protection - RGPD).
- Systematic control that the policies of use, cookies and guarantees of confidentiality are explicitly and properly transmitted to customers.
 - "Low risk" level was maintained.

Asset conservation - paper and digital content

- The policy of responsibility of the IMPRESA Group was maintained, which is to conserve the contents produced for the editions in paper, TV and digital support.
- Digitisation plans, content indexing and conservation were fulfilled.
 - The level of "low risk" was maintained for the loss of content produced by IMPRESA.

Insurance

- The policies that provide IMPRESA with financial means to deal with emergency situations arising from disasters or dramatic events beyond its control are maintained.
 - The "low risk" level for existing coverages was maintained.



Paço de Arcos, 17 March 2020

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