COFINA
SGPS, S.A.

ANNUAL REPORT

31 December 2020

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MANAGEMENT REPORT

31 December 2020

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To the Shareholders

The Board of Directors of Cofina, SGPS, S.A., in accordance with the legal and statutory requirements, hereby submits the Annual Report 2020. In accordance with Article 508(6)(C) of the Portuguese Companies Act, the Board of Directors decided to submit a single Management Report, in compliance with all the legal requirements that will enable a complete, practical and integrated analysis of the information made available therein.

INTRODUCTION

According to INE data, the Portuguese economy will have contracted 7.6% in 2020, as a result of the serious pandemic crisis that had repercussions on a social, economic and financial level. In the media area, especially in the press segment, we continue to see declines in product sales and advertising investment.

Cofina started the year 2020 exceptionally well, both in the press segment and in the television segment.

With the beginning of the lockdown started in mid-March, Cofina saw its results seriously threatened, especially in the press segment, both in the sale of circulation and alternative marketing products, as well as in advertising revenues. In the second half, it was possible to rebalance the results, with the press segment recording an EBITDA at the level of the one obtained in the second half of 2019.

According to data provided by the Portuguese Association for Circulation and Print Control (APCT) for 2020, “Correio da Manhã” continues to be the best-selling daily newspaper in Portugal, with an average daily paid circulation of around 58 thousand copies. In the newsmagazines, the magazine "Sábado" managed to be the magazine with the most circulation on paper throughout the year. According to the data provided by this certifying entity, “Sábado” was able to stop the erosion registered in the paid printed circulation, being the market leader, with 31 thousand copies sold per edition. Despite the widespread breakdowns in the paid circulation of its segment, “Correio da Manhã” has been maintaining its leadership year after year and “Sábado” magazine has been able to confirm its market share and remain extremely competitive.

In the television segment, CMTV consolidated and increased its leadership in cable television. CMTV's total revenues amounted to approximately 8.5 million Euro, which corresponds to an increase of 11.3%. EBITDA of the TV segment was around 3 million Euro, corresponding to a 25.8% increase when compared to the same period of the previous year. In 2020, CMTV recorded an average daily share of 4.22%, being the fourth most watched channel in Portugal.

MACROECONOMIC FRAMEWORK

The year 2020 was atypical, where a serious pandemic crisis had repercussions on a social, economic and financial level. Behaviors and attitudes that were not part of our daily life, such as "social distance", "lockdown" or "restrictive measures", became the new normal. This new reality had a strong impact on business evolution and profitability, which led to levels of global recession not seen since World War II. Estimates of the annual change in GDP at constant prices (in%) of the world economy put forward by the main world entities are around -4%. European Community and World Bank: -4.3%; OECD: -4.2%; International Monetary Fund: -3.5%.

For 2021, the vaccination process is essential to resume pre-pandemic economic levels. The vaccine appears to strongly support the GDP growth estimates (at constant prices) of the world economy. The OECD advances with projections of 4.25% for 2021 and 3.75% in 2022. The World Bank points to an annual GDP change at constant prices of 4%, while the IMF goes further, with a forecast around 5.5%.

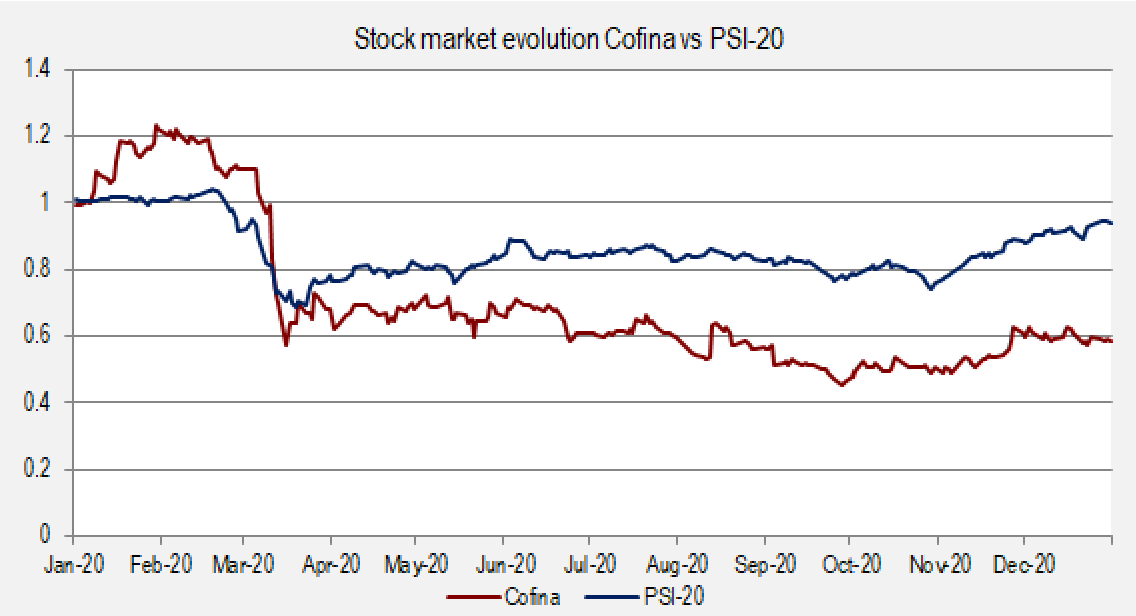
After seven consecutive years of growth, the European economy dropedl in 2020. After a second quarter strongly affected by lockdown, the third quarter increased more than expected, reaching levels of 12.6% q/q compared to a forecast of 6.4% q/q in September (Eurostat). As a whole, the European economy in 2020 will have fallen by 6.8%. For the next two years, a moderate recovery of GDP is expected in the order of 4.7% in 2021 and 4.4% in 2022. Regarding inflation in the Euro Zone, it ended 2020 at 0.3%. For 2021 and 2022, Fitch Ratings advances with estimates in the order of 0.8% and 1.3%. European Commission forecasts estimate that the unemployment rate in the Eurozone will rise from 7.5% in 2019 to 8.3% in 2020 and 9.4% in 2021, before dropping to 8.9% in 2022.

In Portugal, economic activity was also severely affected. The most recent INE projections advance with a historical contraction of 7.6% in 2020. For the following years, the advanced estimates are around 3.9% and 4.5%, for 2021 and 2022, respectively. However, these projections assume that the restrictions will be gradually removed from the first quarter of 2021, a scenario that must always be taken care of. Additionally, 2020 was marked by a slight deflation of 0.1%. Banco de Portugal (BdP) projections for the coming years point to an inflation of 0.3% in 2021, 0.9% in 2022 and 1.1% in 2023. BdP estimates for the unemployment rate advance with values around 7.2% in 2020, 8.8% in 2021 and 8.2% in 2022 (values in % of the active population).

Source: IMF - Informação de Mercados Financeiros, Macroeconomic Framework Report for 2020 and Scenario for 2021, February 11, 2021

STOCK EXCHANGE EVOLUTION

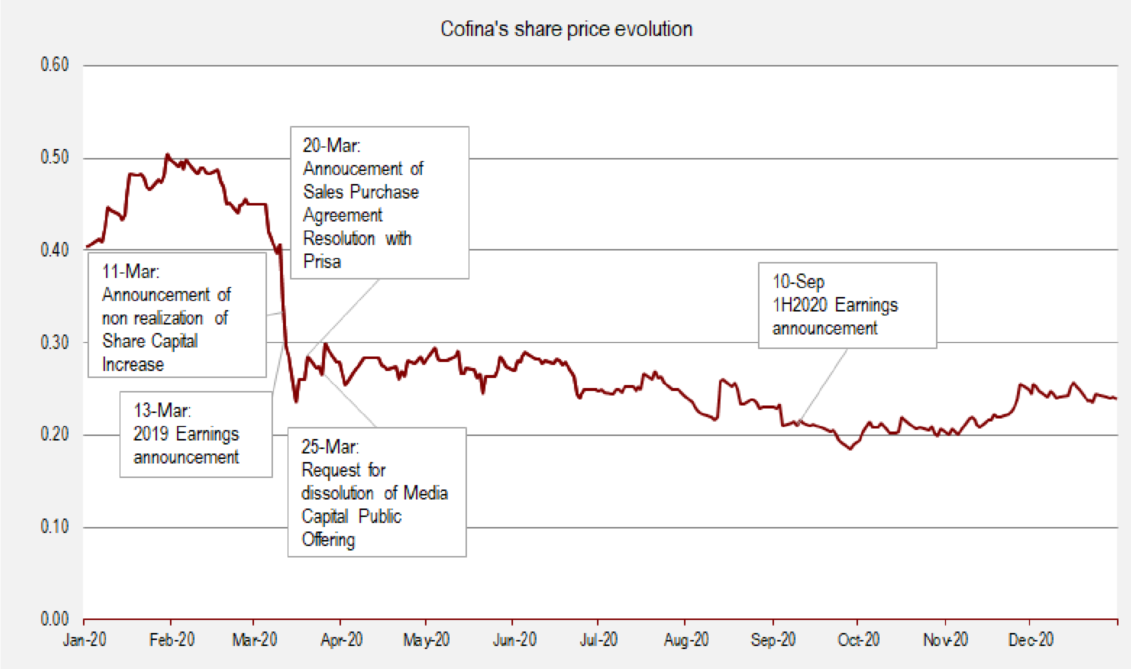
(Note: PSI 20 was considered as an index with the same initial market value as the stocks under analysis in order to enable a better comparison of the price variations.)



At the end of 2020, Cofina’s share price closed at 0.24 Euro/share and the corresponding market capitalisation was 24.6 million Euro.

In 2020, Cofina's shares were traded at a maximum price of 0.505 Euro and at a minimum price of 0.185 Euro. In total, 28.7 million shares were traded, equivalent to 28% of the issued capital.

The main events that marked the evolution of Cofina's share price during 2020 can be described as follows:



- On March 11, 2020, Cofina informed the market that, after the period of the public offering for subscription, the calculation of the results showed that the number of shares subscribed did not reach the total number of shares that were the object of the public offering;

- In the press release regarding the Group's performance in 2019, disclosed as of 13 March 2020, Cofina presented a consolidated net profit of 7.2 million Euro. Operational revenue[1] amounted to 88.0 million Euro and EBITDA[2] recorded 16.8 million Euro. On that day, Cofina's shares closed at 0.285 Euro per share;

- On March 20, 2020, following previous events previously announced, Cofina notified the market that the resolution of the Sales Purchase Agreement with Prisa had effect;

- In the press release on March 25, 2020, Cofina informed the market that it had submitted a request to the CMVM asking for the public offer for the acquisition of shares representing the share capital of Media Capital to be considered extinct.

- On September 10, the Group reported the results of the first half of 2020 to the market, having recorded operational revenues[1] of 34.0 million Euro. EBITDA[2] recorded 4.2 million Euro and an EBITDA margin of EBITDA was 12.4%. Net income stood at -1.3 million Euro and nominal net debt[3] at 44.1 million Euro.

[1] Operational revenues = Sales + Services rendered + Other income
[2] EBITDA = Earnings before taxes, Results related to associates and joint ventures, Financial expenses, Financial income and Amortisations and depreciations
[3] Nominal net debt: Other loans (nominal values) + Bank loans (nominal values) – Cash and cash equivalents

GROUP'S ACTIVITY

Cofina Group develops its activity in the media and contents business area.

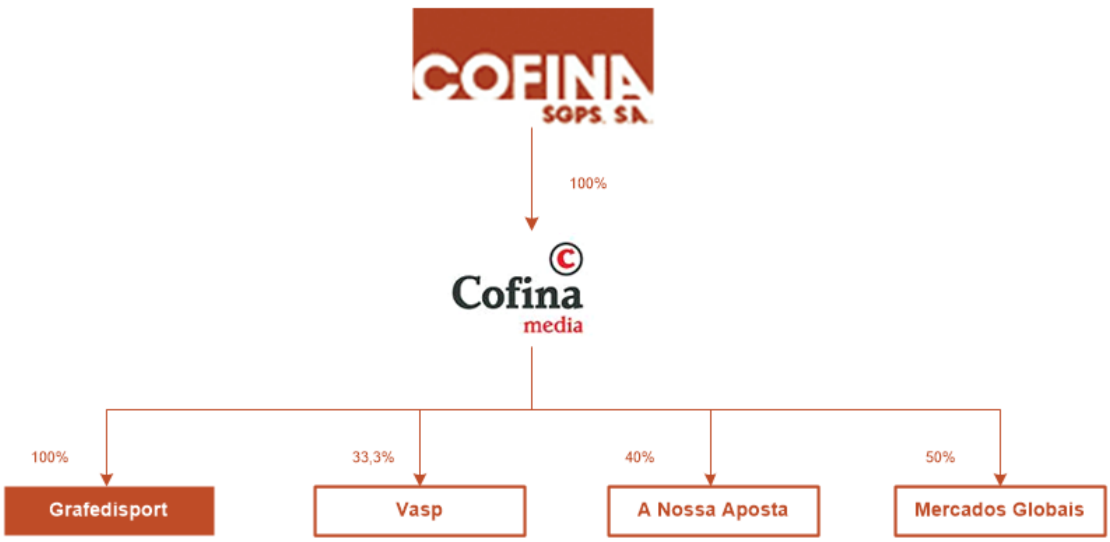
The key group company in this sector is Cofina Media, S.A..

Cofina Group, through its subsidiary Cofina Media, owns/explores the following portfolio in paper: the daily newspaper "Correio da Manhã", the daily sports newspaper "Record", the economic information newspaper "Jornal de Negócios", the free newspapers "Destak" and "Mundo Universitário", the information magazine "Sábado", the television magazine "TV Guia", and also television channel distributed on all cable platforms "Correio da Manhã TV" (CMTV), organization and management of events and exploitation of various products on digital platforms, as well as other digital products as "Flash" and "Máxima".

At Cofina Media, and in the television segment, CMTV consolidated and increased its leadership in channels by subscription.

In the written press there was a trend towards a reduction in the number of copies sold and in advertising investment. In the gaming area where Cofina Media is present through a 40% stake in "A Nossa Aposta".

As of 31 December 2020, the organisation chart of Cofina Group's holdings was as follows:



According to data provided by the Portuguese Association for Circulation and Print Control (APCT) for 2020, "Correio da Manhã" continues to be the best-selling daily newspaper in Portugal, with an average daily paid circulation of around 58 thousand copies, reaching a market share of 56% in the segment of paid daily newspapers.

In 2020, TV Guia, a magazine in the television segment, obtained the number of copies sold at around 38 thousand per edition, keeping increased its share in the television magazine segment from 34% in 2019 to 36% in 2020.

Despite the adverse context that characterises the press sector, particularly in this year affected by Covid-19, in terms of market share, Cofina Media continued to maintain its leadership in the various segments where its main products are included.

It should be highlighted that the performance of the "Correio da Manhã TV" which, in 2020, recorded an average share of 4.22% (4.1% in 2019), making it the channel with the highest audience on cable TV and the fourth largest Portuguese channel, behind Free to Air (SIC, TVI and RTP 1).

FINANCIAL REVIEW

The financial information was prepared in accordance with the International Financial Reporting Standards as adopted in European Union (IFRS-EU).

(thousand Euro)	Recurring costs			Non-recurring costs	Goodwill impairment	Total		
	2020	2019	Var (%) 2020/2019	2020	2020	2020	2019	Var (%) 2020/2019
Operational revenues (a)	**71,444**	**88,024**	**-18.8%**			**71,444**	**88,024**	**-18.8%**
Circulation	33,276	41,969	-20.7%			33,276	41,969	-20.7%
Advertising	22,208	27,563	-19.4%			22,208	27,563	-19.4%
Alternative marketing products and others	15,960	18,492	-13.7%			15,960	18,492	-13.7%
Revenues by segment	**71,444**	**88,024**	**-18.8%**			**71,444**	**88,024**	**-18.8%**
Press	55,911	73,195	-23.6%			55,911	73,195	-23.6%
TV	15,533	14,829	4.7%			15,533	14,829	4.7%
Operational costs (b)	**(57,548)**	**(71,252)**	**-19.2%**	**(1,961)**	**(1,894)**	**(61,403)**	**(71,252)**	**-13.8%**
EBITDA (c)	**13,896**	**16,772**	**-17.1%**	**(1,961)**	**(1,894)**	**10,041**	**16,772**	**-40.1%**
EBITDA margin (d)	19.5%	19.1%	+0,4 p.p.			14.1%	19.1%	-5,0 p.p.
Press	9,181	12,789	-28.2%			9,181	12,789	-28.2%
EBITDA margin Press (e)	16.4%	17.5%	-1,1 p.p.			16.4%	17.5%	-1,1 p.p.
TV	4,715	3,983	18.4%			4,715	3,983	18.4%
EBITDA margin TV (f)	30.4%	26.9%	+3,5 p.p.			30.4%	26.9%	+3,5 p.p.
Amortizations and depreciations	(3,414)	(3,594)	-5.0%	—	—	(3,414)	(3,594)	-5.0%
EBIT (g)	**10,482**	**13,178**	**-20.5%**	**(1,961)**	**(1,894)**	**6,627**	**13,178**	**-49.7%**
EBIT margin (h)	14.7%	15.0%	-0,3 p.p.			9.3%	15.0%	-5,7 p.p.
Financial results (i)	(2,366)	(2,722)	-13.1%	(578)	—	(2,944)	(2,722)	8.2%
Profit / (Loss) before income tax	**8,116**	**10,456**	**-22.4%**	**(2,539)**	**(1,894)**	**3,683**	**10,456**	**-64.8%**
Income tax	(2,627)	(3,306)	-20.5%	533	—	(2,094)	(3,306)	-36.7%
Consolidated net profit	**5,489**	**7,150**	**-23.2%**	**(2,006)**	**(1,894)**	**1,589**	**7,150**	**-77.8%**

(a) Operational Revenues = Sales + Services rendered + Other income
(b) Operational costs = Cost of sales + External supplies and services + Payroll expenses + Provisions and impairment losses + Other expenses
(c) EBITDA = Operational revenues - Operational costs
(d) EBITDA margin = EBITDA / Operational revenues
(e) EBITDA Press margin = EBITDA Press / Revenues by Segment Press
(f) EBITDA TV margin = EBITDA TV / Revenues by Segment TV
(g) EBIT = EBITDA - Amortizations and depreciations
(h) EBIT margin = EBIT / Operational revenues
(i) Financial results = Results related to associates and joint ventures + Financial income - Financial expenses

In annual terms, Cofina's total revenues amounted to 71.4 million Euro, which corresponds to a decrease of 18.8% when compared to the same period of 2019. Circulation revenues and Advertising revenues recorded a 20.7% and 19.4% decrease, respectively. Revenues from Alternative marketing products and others recorded a 13.7% decrease.

During the period under analysis, a number of non-recurring costs were recorded, mostly associated with transaction costs of the acquisition of the share capital of Grupo Média Capital, SGPS, S.A. by Cofina, SGPS, S.A., which amounted to 2 million Euro. The Group recorded a Goodwill impairment of approximately 1.9 million Euro.

The Group's EBITDA excluding non-recurring costs and Goodwill impairment was approximately 13.9 Million Euro (-17.1%). EBITDA recorded in 2020, including non-recurring costs and Goodwill impairment was 10.0 Million Euro (-40.1%).

Consolidated net profit reached, approximately, 1.6 million Euro, a decrease of 77.8% over the previous year. Excluding non-recurring costs and Goodwill impairments, consolidated net profit would be 5.5 million Euro.

As of 31 December 2020, Cofina's nominal net debtl[4] was 40.1 million Euro, which corresponds to approximately a 4.8 million Euro decrease, comparatively to the nominal net debt recorded in the end of 2019, which was 44.9 million Euro.

The nominal net debt amount as of 31 December 2020 includes a 10 million Euro collateral related to the purchase and sale agreement celebrated, on the 20th of September 2019, with Promotora de Informaciones, S.A. ("Prisa") for the 100% acquisition of the share capital and voting rights of Vertix, SGPS, S.A. and, indirectly, 94.69% of the share capital and voting rights of Grupo Média Capital, SGPS, S.A., constituted in 2019.

Some indicators of the main business segments are presented below:

TV Segment

(thousand Euro)	2020	2019	Var (%) 2020/2019
Operational revenues (a)	**15,533**	**14,829**	**4.7%**
Advertising	7,036	5,846	20.4%
Transmission fees and others	8,497	8,983	-5.4%
Operational costs (b)	**10,818**	**10,846**	**-0.3%**
EBITDA TV (c)	**4,715**	**3,983**	**18.4%**
EBITDA margin (d)	30.4 %	26.9 %	+3,5 p.p.

a. Operational Revenues = Sales + Services rendered + Other income
b. Operational costs = Cost of sales + External supplies and services + Payroll expenses + Provisions and impairment losses + Other expenses
c. EBITDA TV = Operational revenues - Operational costs
d. EBITDA margin = EBITDA TV / Operational revenues

CMTV's total revenue amounted to around 15.5 million Euro, a growth of 4.7%. Revenue from transmission fees and others reached 8.5 million Euro (-5.4%), while advertising revenue reached a 20.4% increase, amounting 7 million Euro.

EBITDA TV was around 4.7 million Euro, an increase of 18.4% compared to the EBITDA registered the previous year.

In 2020, CMTV recorded a 4.22% average annual share, being the fourth largest seen channel in Portugal.

[4] Nominal net debt: Other loans (nominal values) + Bank loans (nominal values) – Cash and cash equivalents

Press Segment

(thousand Euro)	2020	2019	Var (%) 2020/2019
Operational revenues (a)	**55,911**	**73,195**	**-23.6%**
Circulation	33,276	41,969	-20.7%
Advertising	15,172	21,717	-30.1%
Alternative marketing products and others	7,463	9,509	-21.5%
Operational costs (b)	**46,730**	**60,406**	**-22.6%**
Press EBITDA (c)	**9,181**	**12,789**	**-28.2%**
EBITDA margin (d)	16.4 %	17.5 %	+ 0,8 p.p.

(a) Operational Revenues = Sales + Services rendered + Other income
(b) Operational costs = Cost of sales + External supplies and services + Payroll expenses + Provisions and impairment losses + Other expenses
(c) EBITDA Press = Operational revenues - Operational costs
(d) EBITDA margin = EBITDA Press / Operational revenues

Press segment, which contains all paper titles owned by Cofina and digital market revenues, was the most affected by the pandemic crisis.

Total revenues amounted to 55.9 million Euro, which represents a 23.6% decrease over the same period of the previous year. Advertising revenues and circulation revenues recorded a 30.1% and 20.7% decrease, respectively. Revenues from Alternative marketing products and others recorded a 21.5% decrease.

Operational costs reached 46.7 million Euro, recording a decrease around 22.6%, which allowed EBITDA of this segment to amount 9.2 million Euro

ACTIVITY DEVELOPED BY THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

During the 2020 financial year, the Company's non-executive directors acted effectively in the duties of accompanying and monitoring the activity of the executive members.

In 2020, as in previous years, the non-executive members of the Board of Directors participated actively and regularly in the meetings of the Board of Directors, discussing the matters under analysis and expressing their position on the strategic guidelines of the Group and the business areas. Whenever necessary, those members maintained close and direct contact with the Group's operations and financial managers. In the 2020 financial year, and during the course of the meetings of the Board of Directors, the executive directors provided all the information that was required by the non-executive members of the Board of Directors.

RISK MANAGEMENT

Risk management has a vital role in the management structure of the Group. It is our belief that risk management is an opportunity for value creation.

For a more detailed description of the risks related to the Group's activities please consult the Corporate Governance Report, the Consolidated Financial Statements and accompanying notes, the Separate Financial Statements and accompanying notes and the Non-financial information report.

SUBSEQUENT EVENTS

On February 14, the Cofina Group informed the market that its subsidiary Cofina Media, S.A. ("Cofina Media") agreed to acquire, on February 12, 2021, 111,000 shares representing 16.67% of the share capital of VASP - Distribuidora de Publicações, S.A. ("VASP"), in the partial exercise of the preemptive right that it had as a shareholder of VASP. Upon completion of such acquisition, subject to the non-opposition of the Competition Authority, Cofina Media will hold 50% of VASP's share capital, with the remaining 50% of the Company's capital being held by Global Media (33.33%) and by Páginas Civilizadas (16.67%).

As of March 6, 2021, Cofina Group informed the market that it had been notified, on March 2, 2021, of the Valuation Report prepared by the independent auditor appointed by CMVM, a report that sets the unit amount of compensation at € 0.725 (seventy-two cents and half of a cent) per share.

In line with point (a) of point (iv) of the Amendment to the Preliminary Announcement for the Public Offering of Shares representing the share capital of Grupo Média Capital, SGPS, S.A., following the modification of the offer, pursuant to article 128 of the Securities Code disclosed to the market on August 12, 2020, it was a launching condition that the independent auditor appointed by CMVM to calculate the offer compensation, did not set a unit compensation value that exceeded the amount of € 0.415 (forty one cents and five tenths of a cent) per share, therefore, on March 6, 2021, the Cofina Group informed the market about its intention to not waive this condition.

We also refer to the considerations disclosed in note 35 Subsequent Events in the Annex to the consolidated financial statements.

OUTLOOK FOR 2021

As of the date of this press release, the country remains under the "State of Emergency", with a plan to gradually lift the lockdown being announced a few days ago.

Cofina will continue to implement all necessary measures to adjust the cost level to the estimated revenue level.

However, as 2021 is being marked by an ambitious global vaccination campaign, it is to be anticipated that after the inoculation of the percentage of the population sufficient to reach the level of group immunity there will be strong economic growth, with the normal positive consequences in the media sector.

On the other hand, Cofina is constantly analysing growth opportunities.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF INDIVIDUAL NET PROFIT

Cofina, SGPS, S.A., as holding company of the Group, has registered in its separate financial statements, as of 31 December 2020, prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards as adopted by the European Union, a net profit of 6,179,202 Euro, for which, under the legal and statutory terms, the Board of Directors proposes to the General Meeting the following distribution:

Free Reserves	6,179,202

LEGAL MATTERS

Treasury Shares

Under the terms and for the purposes of Article 66 of the Portuguese Companies Code, it is hereby declared that, as at 31 December 2020, Cofina did not hold treasury shares, not having acquired or sold treasury shares during the year.

Shares held by the governing bodies of Cofina

Under the terms and for the purposes of the provisions of Article 447 of the Portuguese Companies Code, it is hereby declared that, as at 31 December 2020, the Company's directors held the following shares:

Paulo Jorge dos Santos Fernandes [(a)]	14,235,474
João Manuel Matos Borges de Oliveira [(b)]	15,400,000
Domingos José Vieira de Matos [(c)]	12,395,257
Pedro Miguel Matos Borges de Oliveira [(d)]	10,277,248
Ana Rebelo de Carvalho Menéres de Mendonça [(e)]	20,488,760

(a) – The 14,235,474 shares correspond to the total shares of COFINA – SGPS, S.A. held by ACTIUM CAPITAL, S.A., of which the director, Paulo Jorge dos Santos Fernandes, is a director and a controlling shareholder.
(b) – The 15,400,000 shares correspond to the total shares of COFINA – SGPS, S.A. held by CADERNO AZUL, S.A., of which the director, João Manuel Matos Borges de Oliveira, is also director
(c) – The 12,395,257 shares correspond to the total shares of COFINA – SGPS, S.A. held by LIVREFLUXO, S.A., of which the director, Domingos José Vieira de Matos, is a director and a controlling shareholder.
(d) – The 10,277,248 shares correspond to the total shares of COFINA – SGPS, S.A. held by VALOR AUTÊNTICO, S.A., of which the director, Pedro Miguel Borges de Oliveira, is a director and a controlling shareholder.
(e) – The 20,488,760 shares correspond to the total shares of COFINA – SGPS, S.A. held by PROMENDO INVESTIMENTOS, S.A., of which the director, Ana Rebelo de Carvalho Menéres de Mendonça, is a director and a controlling shareholder.

As at 31 December 2020, the Statutory Auditor, the members of the Supervisory Board and the Board of the General Meeting did not hold shares representing the share capital of Cofina.

Company's share capital participations

Pursuant to the requirements of articles 16 and 20 of the Securities Code and article 448 of the Portuguese Companies Act, the Company informs that the companies and/or individuals that have a qualifying holding that exceeds 2%, 5%, 10%, 15%, 20%, 25%, 33% and 50% of the voting rights, accordingly to the notifications receivedat the company head office by 31 December 2020, are as follows:

Santander Asset Management	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Santander Acções Portugal Fund	2,069,459	2.02%
Through Santander PPA Fund	108	0.11%
Total attributable	**2,177,423**	**2.12%**

GNB - Sociedade Gestora de Fundos de Investimentos	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Fundo NB - Portugal Ações	2,203,152	2.15%
Total attributable	**2,203,152**	**2.15%**

Credit Suisse Group AG	No of shares held on 31-Dec-2020	% share capital with voting rights
Directly	5,039,060	4.91%
Total attributable	**5,039,060**	**4.91%**

Pedro Miguel Matos Borges de Oliveira	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Valor Autêntico, S.A. (of which he is dominant shareholder and director)	10,277,248	10.02%
Total attributable	**10,277,248**	**10.02%**

Domingos José Vieira de Matos	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	12,395,257	12.09%
Total attributable	**12,395,257**	**12.09%**

Paulo Jorge dos Santos Fernandes	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	14,235,474	13.88%
Total attributable	**14,235,474**	**13.88%**

João Manuel Matos Borges de Oliveira	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Caderno Azul, S.A. (of which he is shareholder and director)	15,400,000	15.01%
Total attributable	**15,400,000**	**15.01%**

Ana Rebelo Carvalho Menéres de Mendonça	No of shares held on 31-Dec-2020	% share capital with voting rights
Through Promendo Investimentos, S.A. (of which she is dominant shareholder and director)	20,488,760	19.98%
Total attributable	**20,488,760**	**19.98%**

Cofina was not notified of any participation exceeding 20% of the voting rights.

Diversity Policy – Article 245-A(1)(r) of the Portuguese Securities Code

Diversity is not a new topic within the Cofina group. In fact, not only on the Board of Directors, but also in senior and middle management positions, the Group has been defining and implementing policies that have been translating into greater gender parity for several years now.

The Company, since a long time ago, enhanced the assumption of top positions by women, as an example is the election of Dra. Ana Rebelo de Carvalho Menéres de Mendonça, already in 2009. Additionally, Dra. Laurentina da Silva Martins and Dra. Alda Maria Farinha dos Santos Delgado, were elected in 2020, in a council currently composed of eight members.

Additionally, COFINA published, during the year of 2020, the Plan for Gender Equality, to be executed during the year of 2021, which has as its fundamental objective, under the terms and for the purposes set out in article 7, no. 1, of Law no. 62/2017, of August 1, contribute even more to achieving effective equality of treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and promoting reconciliation between personal, family and professional life.

Likewise, COFINA continued its activities in strict compliance with legal requirements, namely when electing new members to integrate the governing bodies, regarding the beginning of a new mandate, which happened at the Annual General Meeting, held on April 30, 2020.

Cofina's Board of Directors, elected in April 2020 for the term of office corresponding to the 2020/2022 triennium is composed by eight members, five men and three women; these represent 37.5% of that governing body. This composition is higher than the previous term office, corresponding to the 2017/2019 triennium, whose composition was 20% (and, therefore, even before the entry into force of Law 62/2017, of August 1).

The members of the Board of Directors who are in office have revealed, and have already proven themselves in this regard, to be holders of individual characteristics (namely competence, independence, integrity, availability and experience, as already mentioned) for the full and thorough exercise of the functions assigned to them in a manner aligned with the interests of the Company and its Shareholders, first of all for their seniority and experience.

On the other hand, but no less relevant, COFINA considers that the gender balance within its management body, and that it is prior to the entry into force of Law No. 62/2017, of August 1, demonstrates that the Diversity policy is not a new theme in the Group, which, faithful to the principles of true meritocracy, has for many years attributed top positions in its management to women.

The Board of Directors promotes diversity policies at various levels, without losing sight of meritocracy. These include:

- Instructions to the human resources area so that:
  - policies for career progression, performance evaluation and salary reviews are defined based on diversity promotion;
  - seeking to promote this diversity in their recruitment processes, always presenting lists of potential employees to be recruited who are sufficiently representative of both genders.
- Instructions to the operational areas so that the multidisciplinary teams formed within the scope of the most varied projects are always based on the concern for balanced representation.

At Cofina, there is a conviction that a healthy gender balance contributes decisively to making the teams more eclectic, self-challenging and proactive, so the promotion of this diversity is a goal of the Group.

This matter is developed in Point 15 of the Corporate Governance Report.

Non-financial information

As required by Directive 2017/95/EU of the European Parliament and of the Council, transposed to national law by Decree-Law No. 89/2017 of 28 July, the Group must provide information on non-financial matters. This information should be sufficient for an understanding of the evolution, performance, position and impact of the Group's activities, referring to environmental, social and worker issues, gender equality, non-discrimination, respect for human rights, combating corruption and attempts at bribery.

The non-financial information required by Decree-Law No. 89/2017 is included on the non-financial information chapter regarding the year 2020.

CLOSING REMARKS

We do not want to conclude without thanking our partners and employees for their trust in our organisation. We would also like to thank the Supervisory Board for its continued monitoring of our operations.

Porto, April 7, 2021

The Board of Directors

Paulo Jorge dos Santos Fernandes – Chairman

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

Laurentina da Silva Martins

Alda Maria Farinha dos Santos Delgado

Luís Manuel Castilho Godinho Santana

APPENDIX OF MANAGEMENT REPORT

31 December 2020

STATEMENT UNDER THE TERMS OF ARTICLE 245(1) (C) OF THE SECURITIES CODE

The signatories individually declare that, to the best of their knowledge, the Management Report, the Consolidated and Separate Financial Statements and other accounting documents required by law or regulation were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), giving a true and fair view of the assets and liabilities, the financial position and the consolidated and separate results of Cofina, SGPS, S.A. and of the companies included in the consolidation perimeter, and that the Management Report faithfully describes the evolution of the business, performance and financial position of Cofina, SGPS, S.A. and of the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties that they face.

DECLARATION OF RESPONSIBILITY

The members of the Board of Directors of Cofina, SGPS, S.A. declare that they assume responsibility for this information and ensure that the information contained herein is true and that there are no omissions of which they are aware.

In accordance with Article 210 of the Code of Contributory Schemes of the Social Security System (approved by Law No. 110/2009, of 16 September), it is hereby declared that that there are no overdue debts to the State, particularly to Social Security.

ANNEX I

1. Board of Directors

Qualifications, experience and positions held in other companies by members of the Board of Directors:

Paulo Jorge dos Santos **Fernandes**

Was one of the founders of Cofina, he has been involved in the Group's management since its creation. Graduated from Porto University with a degree in Electronic Engineering, also has an MBA from the University of Lisbon.

He is a shareholder of the Company since 1990 having also been appointed director since then.

He develops his activities in the Media area, Internet and pulp industry. He is currently CEO of Cofina, Vice-Chairman of Altri, S.G.P.S., S.A., of which he is a founder, shareholder and member of the Board of Directors. He is also a member of the Board of Directors of Ramada Investimentos e Indústria, S.A.

In addition to the Companies which currently holds functions of director, his professional experience includes:

1982/1984	Assistant Head of Production at CORTAL
1986/1989	General Manager of CORTAL
1989/1994	Chief Executive Officer of CORTAL
1995	Director of CRISAL – CRISTAIS DE ALCOBAÇA, SA
1997	Director of Grupo Vista Alegre, SA
1997	Chairman of the Board of Directors of ATLANTIS – Cristais de Alcobaça, SA
2000/2001	Director of SIC

Throughout his career, also played roles in several associations:

1989/1994	President of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal
1989/1990	President of the General Assembly Assoc. Industr. Águeda
1991/1993	Member of the Advisory Board Assoc. Ind. Portuense
Desde 2005	Board Member of the Association of Former Students of MBA
2013/2016	Chairman of the Supervisory Board of BCSD
Desde 2006	Advisory Board Member for Engineering and Management IST
Desde 2016	Board Member of CELPA - Paper Industry Association

As of 31 December 2020, the other companies where he carries out management functions are as follows:
– A Nossa Aposta – Jogos e Apostas On-Line, S.A. (b)
– Actium Capital, S.A. (a)
– Altri, S.G.P.S., S.A. (a)
– Articulado – Actividades Imobiliárias, S.A. (a)
– Cofihold, S.A. (a)
– Cofihold II, S.A. (a)
– Cofina Media, S.A.
– Elege Valor, Lda. (a)
– F. Ramada II Imobiliária, S.A. (a)
– Préstimo – Prestígio Imobiliário, S.A. (a)
– Ramada Aços, S.A. (a)
– Ramada Investimentos e Indústria, S.A. (a)

– Santos Fernandes & Vieira Matos, Lda. (a)
– Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)

As of 31 December 2020, the other companies where he carries out supervision functions are as follows:

– Fisio Share - Gestão De Clínicas, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group
(b) – associates of the Cofina Group, which is why they are not consolidated in the Group's financial statements using the full method

João Manuel Matos **Borges de Oliveira**

Was one of the founders of Cofina and has been involved in the Group's management since its incorporation. Graduated from the Porto University with a degree in Chemical Engineering, holds an MBA from INSEAD. Develops his activity in the media and industrial operations, as well as in the strategic definition of the Group.

Is a shareholder of the Company since 1990 having also been appointed director since then.

In addition to the Companies which currently holds functions of director, his professional experience includes:

1982/1983	Assistant Head of Production at CORTAL
1984/1985	Head of Production at CORTAL
1987/1989	Marketing Director of CORTAL
1989/1994	General Manager of CORTAL
1989/1995	Vice-Chairman of the Board of Directors of CORTAL
1989/1994	Director of Seldex
1996/2000	Non-Executive Director of Atlantis, S.A.
1997/2000	Non-Executive Director of Vista Alegre, S.A.
1998/1999	Director of Efacec Capital, SGPS, S.A.
2008/2015	Non-Executive Director of Zon Multimédia, SGPS, S.A.
2008/2011	Chairman of the Supervisory Board of Porto Business School
2011/2013	Member of the ISCTE-IUL CFO Advisory Forum

As of 31 December 2020, the other companies where he carries out management functions are as follows:

– Altri, S.G.P.S., S.A. (a)
– Caderno Azul, S.A. (a)
– Cofina Media, S.A.
– Cofihold, S.A. (a)
– Cofihold II, S.A. (a)
– Elege Valor, Lda. (a)
– F. Ramada II Imobiliária, S.A. (a)
– Indaz, S.A. (a)
– Préstimo – Prestígio Imobiliário, S.A. (a)
– Ramada Aços, S.A. (a)
– Ramada Investimentos e Indústria, S.A. (a)
– Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
– Universal – Afir, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Domingos José Vieira de **Matos**

He was one of the founders of Cofina and has been directly involved in the Group's management since its inception. He has a degree in Economics from the University of Porto Faculty of Economics, having begun his management activities in 1978. He has been a Company shareholder since 1990 and was also appointed a director at that time.

In addition to the companies where he currently holds management positions, his professional experience includes:

1978/1994	Director of Cortal, S.A.
1983	Founding Partner of Promede – Produtos Médicos,S.A.
1998/2000	Director of Electro Cerâmica, S.A.

As of 31 December 2020, the other companies where he carries out management functions are as follows:

- Altri, S.G.P.S., S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- Elege Valor, Lda. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Livrefluxo, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Investimentos e Indústria, S.A. (a)
- Santos Fernandes & Vieira Matos, Lda. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal - Afir, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Pedro Miguel Matos **Borges de Oliveira**

He has a degree in Financial Management from the Porto Higher Institute of Administration and Management.

In 2000 he completed his Executive MBA at the Porto Business Institute in partnership with ESADE – Business School of Barcelona, currently the Catholic University of Porto Business School. In 2009 he completed the Business Evaluation Course at EGE – School of Business Management. He has been a director of the Company since May 2009.

In addition to the companies where he currently holds management positions, his professional experience includes:

1986/2000	Management Advisor at FERÁGUEDA, Lda.
1992	Director of Bemel, Lda.
1997/1999	Assistant Director of GALAN, Lda.
1999/2000	Assistant Manager of the Saws and Tools Department at F. Ramada, Aços e Indústrias, S.A.
2000	Director of the Saws and Tools Department at F. Ramada, Aços e Indústrias, S.A.
2006	Director of Universal Air, Aços Especiais e Ferragens, S.A.
2009	Director of F. Ramada - Investimentos, SGPS, S.A.
2014	Director of Altri, SGPS, S.A.

As of 31 December 2020, the other companies where he carries out management functions are as follows:

- Altri, S.G.P.S., S.A. (a)
- Cofihold, S.A. (a)
- Cofihold II, S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Investimentos e Indústria, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Universal - Afir, S.A. (a)
- Valor Autêntico, S.A. (a)
- 1 Thing, Investments, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Ana Rebelo de Carvalho Menéres de **Mendonça**

She has a degree in Economics from the Portuguese Catholic University in Lisbon and was appointed director of the company in May 2009.

In addition to the companies where he currently holds management positions, his professional experience includes:

1995	Journalist in the economics area at the Semanário Económico newspaper
1996	Citibank Commercial Department
1996	Director of Promendo, S.A.
2009	Director of PROMENDO, SGPS, S.A.

As of 31 December 2020, the other companies where she carries out management functions are as follows:

– Altri, S.G.P.S., S.A. (a)
– Cofihold, S.A. (a)
– Cofihold II, S.A. (a)
– F. Ramada II Imobiliária, S.A. (a)
– Promendo Investimentos, S.A. (a)
– Préstimo – Prestígio Imobiliário, S.A. (a)
– Ramada Aços, S.A. (a)
– Ramada Investimentos e Indústria, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Laurentina da Silva **Martins**

With formation in Finance and Administration from Instituto Superior do Porto and is connected with Altri Group since its incorporation. She was designated Director in April 2020.

Her professional experience includes:

1965	Finance Director Assessor of Companhia de Celulose do Caima, S.A.
1990	Finance Director of Companhia de Celulose do Caima, S.A.
2001	Director of Cofina Media, S.G.P.S., S.A.
2001	Director of Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
2004	Director of Grafedisport – Impressão e Artes Gráficas, S.A.
2005	Director of Silvicaima – Sociedade Silvícola do Caima, S.A.
2006	Director of EDP – Produção Bioeléctrica, S.A.

As of 31 December 2020, the other companies where she carries out management functions are as follows:

– Altri, S.G.P.S., S.A. (a)
– Ramada Investimentos e Indústria, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Alda Maria Farinha dos Santos **Delgado**

She has a Degree in Business Management and Administration from Instituto Superior de Linguas e Administração. She was designated Director in April 2020.

Her professional experience includes:

1979 – 1987	Administrative technician at Rui Romano, Lda.
1987 – 1996	Financial Controller at Companhia de Celulose do Caima, S.A.
1996 – 2001	CFO of Cofaco Group companies
Since 2012	Director of Cofina Media, S.A. and CFO of the Cofina Media Group

As of 31 December 2020, the other companies where she carries out management functions are as follows:

– A Nossa Aposta, Jogos e Apostas On-Line, S.A.(b)
– AGECOP – Associação para a Gestão da Cópia Privada (a)
– Cofina Media, S.A.
– Grafedisport – Impressão e Artes Gráficas, S.A.
– Paper Prime, S.A. (a)
– Trevipapel – Transformação e Corte de Papel, S.A. (a)
– VASP – Distribuidora de Publicações, S.A. (b)
– Visapress – Gestão de Conteúdos dos Media, CRL. (a)

As of 31December 2020, the other companies where he carries out supervision functions are as follows:

– Observatório da Comunicação (OberCom) (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group
(b) – associates of the Cofina Group, which is why they are not consolidated in the Group's financial statements using the full method

Luís Manuel Castilho Godinho **Santana**

Graduated in Marketing for Newspapers from the Spanish Marketing Society, University of Navarra and in Management from Universidade Nova de Lisboa - General Management Course. She also conducted a Higher Course for Translators and Interpreters at the Higher Institute of Languages and Administration.

He was designated Director in April 2020.

His professional experience includes:

1979 – 1986	Advertising Officer at the newspaper “Correio da Manhã”
1986 – 1989	Head of the Direct Sales Department
1989 – 1990	Sales Director of the newspaper “Correio da Manhã” - Management of the Sales Department at national level
1990 – 2002	Commercial Director of the newspaper “Correio da Manhã” - Management of the Advertising, Sales and Marketing Departments
Since 2002	Administrator of Cofina Media

As of 31 December 2020, the other companies where he carries out management functions are as follows:

- A Nossa Aposta – Jogos e Apostas On-line, S.A.(b)
- Cofina Media, S.A., S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A.

(b) – associates of the Cofina Group, which is why they are not consolidated in the Group's financial statements using the full method

2. Supervisory Board

Qualifications, experience and positions held in other companies by members of the Supervisory Board:

Pedro Nuno Fernandes de Sá **Pessanha** Da Costa

Qualifications:

Degree in Law from the University of Coimbra Faculty of Law in 1981 Complementary training in management and financial and economic analysis of companies at the Portuguese Catholic University – Porto School of Law in 1982 and 1983.

Professional Activity:

Member of the Portuguese Bar Association since 1983
Chairman of the General and Supervisory Board of a public company, from 1996 to 2010
Chairman of the Fiscal Council of Banco Português de Investimento S.A. since 2016 and BPI Private Equity - Sociedade de Capital de Risco, S.A. from 2018 to August 2019, the date on which both companies were extinguished by merger into Banco BPI, S.A.
Chairman of the Board of the General Meeting of several listed and non-listed companies
Continuous practice of law since 1983, with special emphasis on commercial and corporate law, mergers and acquisitions, foreign investment and international contracts
Co-author of the chapter on Portugal in “Handbuch der Europäischen Aktien- Gesellschaft” – Societas Europaea – by Jannot / Frodermann, published by C.F. Müller Verlag

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (President of the Supervisory board) (a)
Ramada Investimentos e Indústria, S.A. (President of the Supervisory Board) (a)
Altri, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Ramada Investimentos e Indústria, S.A. (Member of the Remuneration Committee) (a)
SOGRAPE S.G.P.S., S.A. (Chairman of the General Shareholders Meeting) (a)
SOGRAPE Vinhos, S.A. (Chairman of the General Shareholders Meeting) (a)
SOGRAPE Distribuição S.A. (Chairman of the General Shareholders Meeting) (a)
Sandeman & CA, S.A. (Chairman of the General Shareholders Meeting) (a)
SOGRAPE S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Adriano Ramos Pinto, S.A. (Chairman of the General Shareholders Meeting) (a)
Aquitex – Acabamentos Químicos Têxteis, S.A. (Chairman of the General Shareholders Meeting) (a)
Stow Ovar Manufactoring, S.A. (Chairman of the General Shareholders Meeting) (a)
Honorary Consul of Belgium in Porto (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

António Luís Isidro de **Pinho**

Qualifications:

Degree in Economics, from Instituto Superior de Ciências do Trabalho e da Empresa (I.S.C.T.E.), (1973 – 1978)
Degree in Corporate Organization and Business Administration, from Instituto Superior de Ciências do Trabalho e da Empresa (I.S.C.T.E.), (1986 – 1989)
Statutory Auditor, since 1987
Member of the Order of Economists, the Order of Technical Officials Accounts and the Portuguese Association of Tax Consultants.

Professional Activity:

35 years of professional experience centered in the area of external and internal audit and financial management of several companies.
Beginning of professional activity in 1976 at Lacticoop, as an intern.
Joined Gremetal in January 1979 as a member of the company's financial department, which participated in the construction of the Sines refinery.
Completion of compulsory military service between March 1980 and December 1981.
From January 1982 until December 1986, he joined Arthur Andersen & Co as an Audit Manager.
From 1987 to 1991 he was a member of the SOPORCEL group, having served as Internal Auditor, as Chief Financial Officer of Emporsil and as head of the Land Acquisition Department.
From 1991 to 1996 he was a member of the Executive Board of SOCTIP, a leading company in its market segment that employed around 200 employees and was in charge of the financial area of the company.
Since 1996, he was a full-time Statutory Auditor, having initially, between October 1997 and November 2008, joined the staff of Moore Stephens, as a partner at A. Gonçalves Monteiro & Associados, SROC, a company that was later transformed into Kreston & Associados - SROC, Lda.
He currently has the functions of a Statutory Auditor, member of the Statutory Audit Committee or External Auditor, in several companies of significant size and from different sectors of activity, being, as Managing Partner of Kreston & Associados - SROC, Lda, responsible for the statutory audit of accounts various industrial, commercial and service companies
In addition to the technical functions of Auditor, he also holds the position of responsible for the Quality Control of the firm and controller-rapporteur of the Quality Control Commission of the Order of Statutory Auditors.

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (Member of the Supervisory board) (a)
Ramada Investimentos e Indústria, S.A. (Member of the Supervisory board) (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Ana Paula dos Santos Silva e **Pinho**

Qualifications:	Degree in Economics – Faculdade de Economia do Porto
	Statutory Auditor (ROC nr. 1 374)
	Post Graduate in Finance and Tax – Porto Business School
	Post Graduate in Tax Law – Faculdade de Direito da Universidade do Porto
Professional Activity:	Between September 2001 and September 2010 auditor at Deloitte & Associados, SROC, S.A. (first as staff member and as manager since September 2007)
	Between October 2010 and October 2019 Corporate Centre at Grupo Altri with responsibilities in financial reporting, consolidation and tax
	Since November 2019 head of accounting at Sonae MC's shared services

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (Member of the Supervisory board) (a)
Ramada Investimentos e Indústria, S.A. (Member of the Supervisory board) (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

André Seabra Ferreira **Pinto**

Qualifications:

Degree in Economics at University Portucalense
Chartered Accountant (ROC no. 1,243)
Executive MBA - Management School of Porto - University of Porto Business School

Professional Activity:

Between September 1999 and May 2008, worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a member of staff and since September 2004 as Manager).
Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consultores.
Between January 2011 and March 2013, CFO of companies of the WireCoWorld Group in Portugal.
Since April 2013, Director (CFO) of Mecwide Group
MWIDE, SGPS, S.A. (Member of the Board of Directors)
Manager of Toguether We Change Investments, LDA., Virtusai, LDA. and Apparently Relevant, Lda.

Other companies where he carries out functions:
Altri, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Ramada Investimentos e Indústria, S.A. (Member of the Remuneration Committee) (a)
Altri, S.G.P.S., S.A. (Substitute Member of the Supervisory board) (a)
Ramada Investimentos e Indústria, S.A. (Substitute Member of the Supervisory board) (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

3. Remuneration Committee

Qualifications, experience and positions held in other companies by members of the Remuneration Committee:

João da Silva Natária

Qualifications: Degree in Law from the University of Lisbon

Professional Activity:

1979	Managing Director of the Luanda/Viana branch of F. Ramada, by joint nomination of the Board and the Ministry of Industry in Angola
1983	Director of the Polyester and Buttons Department at F. Ramada, Aços e Indústrias, S.A.
1984/2000	Human Resources Director at F. Ramada, Aços e Indústrias, S.A.
1993/1995	Board Member of Universal – Aços, Máquinas e Ferramentas, S.A.
2000/2018	Lawyer with an independent practice, specialised in labour law and family law
	Retired

Other companies where he carries out functions:

President oh the Supervisory Board of Celulose Beira Industrial (CELBI), S.A. (a)
President of the Remuneration Commission of Altri, SGPS, S.A. (a)
President of the Remuneration Commission of Ramada Investimentos e Indústria, S.A. (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Pedro Nuno Fernandes de Sá **Pessanha** Da Costa

Qualifications:

Degree in Law from the University of Coimbra Faculty of Law in 1981 Complementary training in management and financial and economic analysis of companies at the Portuguese Catholic University – Porto School of Law in 1982 and 1983.

Professional Activity:

Member of the Portuguese Bar Association since 1983
Chairman of the General and Supervisory Board of a public company, from 1996 to 2010
Chairman of the Fiscal Council of Banco Português de Investimento S.A. since 2016 and BPI Private Equity - Sociedade de Capital de Risco, S.A. from 2018 to August 2019, the date on which both companies were extinguished by merger into Banco BPI, S.A.
Chairman of the Board of the General Meeting of several listed and non-listed companies
Continuous practice of law since 1983, with special emphasis on commercial and corporate law, mergers and acquisitions, foreign investment and international contracts
Co-author of the chapter on Portugal in “Handbuch der Europäischen Aktien- Gesellschaft” – Societas Europaea – by Jannot / Frodermann, published by C.F. Müller Verlag

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (President of the Supervisory board) (a)
Ramada Investimentos e Indústria, S.A. (President of the Supervisory Board) (a)
Altri, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Ramada Investimentos e Indústria, S.A. (Member of the Remuneration Committee) (a)
SOGRAPE S.G.P.S., S.A. (Chairman of the General Shareholders Meeting) (a)
SOGRAPE Vinhos, S.A. (Chairman of the General Shareholders Meeting) (a)
SOGRAPE Distribuição S.A. (Chairman of the General Shareholders Meeting) (a)
Sandeman & CA, S.A. (Chairman of the General Shareholders Meeting) (a)
SOGRAPE S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Adriano Ramos Pinto, S.A. (Chairman of the General Shareholders Meeting) (a)
Aquitex – Acabamentos Químicos Têxteis, S.A. (Chairman of the General Shareholders Meeting) (a)
Stow Ovar Manufactoring, S.A. (Chairman of the General Shareholders Meeting) (a)
Honorary Consul of Belgium in Porto (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

André Seabra Ferreira **Pinto**

Qualifications:

Degree in Economics at University Portucalense
Chartered Accountant (ROC no. 1,243)
Executive MBA - Management School of Porto - University of Porto Business School

Professional Activity:

Between September 1999 and May 2008, worked in the Audit Department of Deloitte & Associados, SROC, S.A. (initially as a member of staff and since September 2004 as Manager).
Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consultores.
Between January 2011 and March 2013, CFO of companies of the WireCoWorld Group in Portugal.
Since April 2013, Director (CFO) of Mecwide Group
MWIDE, SGPS, S.A. (Member of the Board of Directors)
Manager of Toguether We Change Investments, LDA., Virtusai, LDA. and Apparently Relevant, Lda.

Other companies where he carries out functions:

Altri, S.G.P.S., S.A. (Member of the Remuneration Committee) (a)
Ramada Investimentos e Indústria, S.A. (Member of the Remuneration Committee) (a)
Altri, S.G.P.S., S.A. (Substitute Member of the Supervisory board) (a)
Ramada Investimentos e Indústria, S.A. (Substitute Member of the Supervisory board) (a)

(a) – companies, as of December 31, 2020, that cannot be considered as part of Cofina, S.G.P.S., S.A. Group

Article 447 of the Portuguese Companies Act, Article 14(7) of the CMVM Regulation no. 05/2008 and Article 19 of Regulation (EU) no. 596/2014 of European Parliament and of the Council of 16 April 2014

Disclosure of shares and other securities held by members of the Board of Directors and by Managers, as well as by people who are closely related to them, in accordance with Article 248-B of the Portuguese Securities Code, and transactions carried out on these during the course of the year:

Members of the Board of Directors	Shares held on 31-Dec-2019	Acquisitions	Disposals	Shares held on 31-Dec-2020
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL, S.A.)	14,235,474	—	—	14,235,474
João Manuel Matos Borges de Oliveira (imputation through CADERNO AZUL, S.A.)	15,400,000	—	—	15,400,000
Domingos José Vieira de Matos (imputation through LIVREFLUXO, S.A.)	12,395,257	—	—	12,395,257
Pedro Miguel Matos Borges de Oliveira (imputation through VALOR AUTÊNTICO, S.A.)	10,277,248	—	—	10,277,248
Ana Rebelo Mendonça (imputation through PROMENDO INVESTIMENTOS, S.A.)	20,488,760	—	—	20,488,760

CORPORATE GOVERNANCE REPORT

31 December 2020

CORPORATE GOVERNANCE

COFINA, SGPS, SA. (hereinafter referred to as "COFINA" or "the Company") hereby presents to its Shareholders, customers, suppliers and other stakeholders and the society in general the Corporate Governance Report ("Report").

The Report template is set forth in Regulation No. 4/2013 of the Portuguese Securities Market Commission ("CMVM"), and the information contained therein complies with all applicable legal requirements, including, but not limited to, Article 245-A of the Portuguese Securities Code (CVM).

During the 2020 financial year, COFINA continued the process of adapting its structure to comply with the 2018 Corporate Governance Code of the Portuguese Institute of Corporate Governance ("IPCG") of 2018 ("IPCG Corporate Governance Code").

COFINA permanently provides high levels of training to its teams, in order to ensure that decisions are made on the basis of sustainability criteria and that the work carried out by them is focused on achieving the objectives.

COFINA believes that the evolution of the results it has been demonstrating in a business area with demanding and often adverse market conditions reflects the suitability and achievement of the objectives that have been defined.

COFINA's commitment to its Shareholders and the market in general is, therefore, unequivocal: to constantly improve on the work it does and to deliver outstanding results.

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Share Capital Structure

1. Share Capital Structure

The share capital of COFINA is € 25,641,459.00, fully subscribed and paid up, and is represented by 102,565,836 shares, without par value. The Company's share capital is represented by registered and book- entry shares.

Of the total voting rights issued, 80.16% are, to the best of the Company's knowledge, as at December 31, 2020, allocated to the holders of qualifying holdings listed under II.7.

All shares representing the share capital are admitted for trading on the Euronext Lisbon regulated market, managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

2. Restrictions on the transfer and ownership of shares

There are no restrictions on the transfer or ownership of Company's shares, nor are there any shareholders with special rights. Accordingly, COFINA's shares are freely transferable according to the applicable legal rules.

3. Treasury shares

The Company does not hold any treasury shares in its portfolio, as of 31 December 2020.

4. Significant agreements in which the company is a party and which come into force, are amended or terminated in the event of a change in control of the company following a public take-over bid, as well as their effects

There are no significant agreements entered into by COFINA that include any change of control clauses (including following a public take-over bid), i.e., which will come into force, are amended, determine payments, assume charges or terminate in such circumstances or in the event of a change in the composition of the management body, and there are no specific conditions that limit the exercise of voting rights by the Company's shareholders which may interfere with the success of public take-over bids.

Some financing contracts of COFINA's subsidiaries, and only of these subsidiaries, contain normal early repayment clauses in the event of a change in shareholder control of the subsidiaries.

5. Rules regarding the renewal or revocation of defensive measures, in particular those that limit the number of votes that may be held or exercised by a single shareholder individually or in concert with other shareholders.

COFINA did not adopt any defensive measures.

6. Shareholder agreements known to the company that may lead to restrictions on the transfer of securities or voting rights.

The existence of any shareholder agreements with regard to the Company is unknown.

II. Shareholdings and Bonds

7. *Qualified shareholdings*

As of 31 December 2020, relying on the notices received by the Company, under the terms and for the purposes of the provisions of Articles 16, 20 and 248-B of the Portuguese Securities Code and Article 448 of the Portuguese Companies Act ("CSC"), it is hereby declared that the companies and/or individuals that have a qualifying holding that exceeds 2%, 5%, 10%, 15%, 20%, 25%, 33% and 50% of the voting rights are as follows:

Santander Asset Management	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Santander Acções Portugal Fund	2,069,459	2.02 %
Through Santander PPA Fund	107,964	0.11 %
Total attributable	**2,177,423**	**2.12 %**

GNB - Sociedade Gestora de Fundos de Investimentos	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Fundo NB - Portugal Ações	2,203,152	2.15 %
Total attributable	**2,203,152**	**2.15 %**

Credit Suisse Group AG	No of shares held on 31-Dec-2019	% share capital with voting rights
Directly	5,039,060	4.91 %
Total attributable	**5,039,060**	**4.91 %**

Pedro Miguel Matos Borges de Oliveira	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Valor Autêntico, S.A. (of which he is dominant shareholder and director)	10,277,248	10.02 %
Total attributable	**10,277,248**	**10.02 %**

Domingos José Vieira de Matos	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Livrefluxo, S.A. (of which he is dominant shareholder and director)	12,395,257	12.09 %
Total attributable	**12,395,257**	**12.09 %**

Paulo Jorge dos Santos Fernandes	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	14,235,474	13.88 %
Total attributable	**14,235,474**	**13.88 %**

João Manuel Matos Borges de Oliveira	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Caderno Azul, S.A. (of which he is shareholder and director)	15,400,000	15.01 %
Total attributable	**15,400,000**	**15.01 %**

Ana Rebelo Carvalho Menéres de Mendonça	No of shares held on 31-Dec-2019	% share capital with voting rights
Through Promendo Investimentos, S.A. (of which she is dominant shareholder and director)	20,488,760	19.98 %
Total attributable	**20,488,760**	**19.98 %**

This information is also disclosed in the Annual Management Report.

Updated information regarding qualified shareholdings is available at http://www.cofina.pt/investors/shareholder-structure.aspx?sc_lang=pt-PT.

8. Number of shares and bonds held by members of the statutory management and supervisory bodies, pursuant to paragraph 5 of article 447 of the Portuguese Companies Act (CSC)

The shares and bonds held by members of the management and supervisory bodies in the Company and in companies in a control or group relationship with the Company, directly or through related persons, are disclosed in an annex to the Annual Management Report as required by article 447 of the CSC and article 14 of CMVM Regulation 5/2008.

9. Powers of the Board of Directors on share capital increases

The Board of Directors does not have any special powers and is vested with the competences and powers conferred on it by the CSC and the Company's Articles of Association.

By resolution of the General Meeting held on 29 January 2020, the Board of Directors was given the power to increase the share capital, one or more times, defining its terms and characteristics, provided that the following conditions are respected:

a) The maximum global amount of the capital increase (s) cannot exceed eighty-five million Euros and five cents;
b) The increase (s) operates by issuing new shares, which may be of one or more categories permitted by law or by the Articles of Association, with or without an issue premium;
c) The Board of Directors will establish the conditions of the issue (s), as well as the terms of the exercise of the shareholders' preference in the respective subscription, except in the event of a limitation or deliberate suppression by the General Meeting;
d) The preferential allocation not subscribed by the shareholders can be offered for the subscription of third parties, under the terms permitted by law and in the resolution issued by the Board of Directors;
e) This authorization includes resolutions by the Board of Directors of one or more capital increases, for new cash inflows, with the limit referred to above;
f) The decision to increase the exercise of this authorization will necessarily be preceded by a prior favorable opinion from the Audit Committee, under the terms prescribed by law.

10. Relevant business relationship between owners of qualified shareholdings and the Company

There are no relevant business relationships between the Company and owners of qualified shareholdings notified to the Company.

Information on business between the Company and related parties can be found in Note 29 of the Notes to the Consolidated Accounts and Note 20 of the Notes to the Separate Accounts of the Company relating to transactions with related parties.

B. GOVERNING BODIES AND COMMITTEES

I. SHAREHOLDERS' GENERAL MEETING

a) Composition of the Board of the Shareholders' General Meeting

11. Identification and positions of the members of the Board of the of the Shareholders' General Meeting and their term of office

The Board of the Shareholders' General Meeting of COFINA is made up, in compliance with the provisions of Article 11 of the Company's Articles of Association and Article 374 of the CSC, of a Chairman and a Secretary elected at the General Meeting, by the Company's shareholders, for each term of office corresponding to three years, coinciding with the term of office of the governing bodies.

At 31 December 2020, the Board of the General Meeting was composed of the following members for the second term of office:

Chairman: Manuel Eugénio Pimentel Cavaleiro Brandão

Secretary: Maria Conceição Henriques Fernandes Cabaços

The current mandate corresponds to the three-year period that began in 2020 and ends in 2022.

b) Exercise of voting rights

12. Possible restrictions on voting rights

At COFINA, there are no statutory restrictions on the exercise of voting rights.

The Company's share capital is fully represented by a single category of shares, each share corresponding to one vote, and there are therefore no statutory restrictions on the number of votes that may be held or exercised by any shareholder.

The Company has not issued any non-voting preferred shares.

Shareholder participation in the General Meeting depends on the proof of their status of shareholder by reference to the "Registration Date" under the applicable legal terms and defined in the Notice of Meeting, and the Company does not establish any requirements additional to the requirements established by law.

It should also be noted that, in line with the provisions of Article 23-C(2) of the Portuguese Securities Code, the exercise of participation and voting rights in the General Meeting is not hindered by the transfer of shares after the registration date, nor does it depend on their being blocked between that date and the date of the General Meeting.

Individual shareholders and legal entities may be represented by whomsoever they appoint for this purpose by means of a written representation document addressed to the Chairman of the Board of the General Meeting, by letter delivered to the registered office by the end of the third business day prior to the date of the General Meeting.

Also, under the applicable legal terms, a shareholder may designate different representatives in respect of the shares held in different securities accounts, without prejudice to the principle of voting unity and to voting differently, as established by law for shareholders on a professional basis.

The Company's shareholders may vote by correspondence in relation to all matters subject to the appreciation of the General Meeting, by written statement, with the identification of the shareholder, when an individual, by sending a certified copy of his/her citizen's card, which is requested in compliance with Article 5(2) of Law No. 7/2007, of 5 February, as amended by Law No. 32/2017, of 1 June, and, when a company, by his/her duly recognised signature, under the applicable legal terms.

In accordance with the Company's Articles of Association, the declaration of intention to vote by correspondence must be delivered to the registered office by the end of the third business day prior to the day set for the meeting, with identification of the sender, addressed to the Chairman of the Board of the General Meeting.

The Chairman of the Board of the General Meeting is responsible for verifying the conformity of postal voting declarations, and votes corresponding to declarations that are not accepted shall be deemed not to have been cast.

Without prejudice to the permanent monitoring of the suitability of its model and the immediate response to any request addressed to it in a different sense, COFINA has been promoting the physical participation of its shareholders, directly or through representatives, at its General Meetings, as it considers that these are excellent opportunities for contact between its Shareholders and the management team, taking advantage of the presence of the members of the other governing bodies, particularly the Supervisory Board and the Statutory Auditor, as well as the members of the Remuneration Committee. This interaction has proved fruitful within the Company.

In this sense, the Company has not yet triggered the necessary mechanisms for the exercise of voting rights by electronic means, nor for the participation of shareholders in the meeting by telematic means. These types of voting and participation have never been requested from the Company by any Shareholder, so it is considered that the absence of such forms of voting and participation does not constitute any constraint or restriction on the exercise of the right to vote and to participate in the General Meeting.

It should also be noted that the Company discloses, within the applicable legal deadlines, and in all places required by law, the convening of General Meetings, which contains information on how to enable shareholders to participate and exercise their right to vote, as well as on the procedures to be adopted for voting by correspondence or for appointing a representative.

The Company also discloses, in accordance with applicable law, the proposals for resolutions, the preparatory information required by law, the minutes of representation letters and ballot papers for the exercise of postal voting, all in order to ensure, promote and encourage the participation of shareholders, either by themselves or by representatives appointed by them, at General Meetings.

In this context, the Company firmly believes that the current model promotes and encourages, in the terms fully described in this Report, the participation of Shareholders at General Meetings

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are related to the latter as set forth in Article 20(1) of the Portuguese Securities Code

There is no limit to the number of votes that may be held or exercised by a single shareholder or group of shareholders..

14. Shareholder decisions which, by statutory imposition, can only be taken with a qualified majority

In accordance with the Company's Articles of Association, corporate resolutions are passed by a majority of votes cast, irrespective of the percentage of share capital represented at the meeting, except when a different majority is required by law.

At second call, the General Meeting may make decisions irrespective of the number of shareholders present and of the share capital they represent.

The deliberative quorum for the General Meeting is in accordance with the provisions of the CSC.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of the governance model adopted

COFINA uses what is called a monist governance model, which includes a Board of Directors and a Supervisory Board, as provided for in Article 278(1)(a) of the CSC, and a Statutory Auditor, in compliance with Article 413(2)(a) of the CSC, by reference to Article 278(3).

The Board of Directors is therefore the body responsible for managing the Company's business in pursuit of its corporate purpose, determining its strategic orientation, without prejudice to the monitoring and evaluation of this by the Supervisory Board, within the scope of its powers.

The Company continuously monitors the adequacy of the model adopted, which has proved to be perfectly suited to the size and structure of the Company, and an essential basis for the good performance of the Group.

In terms of diversity policy, it should be noted that this is not a new issue for the COFINA Group.

In fact, and taking into account the activities engaged in by the Group's companies, the Company has, from an early stage, promoted the assumption of senior positions by women, as exemplified by the 2009 election of Ana Rebelo de Carvalho Menéres de Mendonça, in 2020, Laurentina da Silva Martins and Alda Maria Farinha dos Santos Delgado were elected on a board composed of eight members.

At a time when there were no legal requirements, COFINA was already following a path of increasing evolution, having gender representation considered significant in its organisation.

This is because COFINA's culture is based on criteria of true meritocracy.

In addition, COFINA published, during the year 2020, the Plan for Gender Equality, to be implemented during the year 2021, which has as a fundamental objective, under the terms and for the purposes set out in article 7 (1) of Law no. 62/2017, of August 1, contribute even more to achieving effective equality of treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and promoting reconciliation between personal, family and professional life.

Likewise, COFINA continued to act in strict compliance with legal requirements, namely when electing new members to join the governing bodies, with regard to the beginning of a new term, which took place at the Annual General Meeting, held on 30 April 2020.

The members of the Board of Directors who are in office have revealed and have already proven themselves to have the individual characteristics (namely competence, independence, integrity, availability and experience, as mentioned above) for the full and complete exercise of the functions assigned to them in a manner aligned with the interests of the Company and its Shareholders, primarily due to their seniority and experience.

On the other hand, but no less relevant, COFINA considers that the gender balance within its management body, which preceded the entry into force of the Law, demonstrates that the policy of diversity is nothing new to the Group which, faithful to the principles of true meritocracy, has been attributing senior management positions to women for many years.

16. Statutory rules on procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors

The election of members to sit on the Company's Board of Directors is the responsibility of the Shareholders, by resolution taken at the General Meeting. Members are elected for three-year terms and they may be re- elected one or more times.

The Board of Directors consists of an even or odd number of members, at least three and at most twelve, shareholders or not, elected at the General Meeting.

The market positioning that the Group has been achieving and the results presented to the market prove that the Company's management team has performed its duties with rigour and competence.

Also with regard to the election of members to the Board of Directors, it is important to refer to the statutory rule set out in Article 15 of the Articles of Association, according to which, at the Electoral General Meeting, there will be an isolated election of one director, among persons proposed in lists subscribed by groups of shareholders, provided that none of these groups holds shares representing more than twenty per cent or less than ten per cent of the share capital. Each of the lists referred to above shall propose at least two eligible persons for each of the positions to be filled, one of whom shall be designated as alternate. No shareholder may subscribe to more than one of the aforementioned lists. If there is more than one list, the vote will focus on all of them

The General Meeting may not elect any other directors until one director have been elected, in accordance with the above, unless such lists are not presented. In the absence of an elected director, under the terms above, the alternate will be called. In the absence of one, a new election will be held, to which the rules described above will be applied, with the necessary adaptations.

17. Composition of the Board of Directors

The Board of Directors, currently made up of eight members, is the body responsible for managing the Company's business in pursuit of its corporate purpose, determining its strategic orientation, always acting in the manner it considers best to defend the interests of the Company, in the constant creation of value for its shareholders and other stakeholders.

At 31 December 2020, this body was composed of the following members:

- Paulo Jorge dos Santos Fernandes – Chairman
- João Manuel Matos Borges de Oliveira – Member of the Board
- Domingos José Vieira de Matos – Member of the Board (non-executive)
- Pedro Miguel Matos Borges de Oliveira – Member of the Board (non-executive)
- Ana Rebelo de Carvalho Menéres de Mendonça – Member of the Board (non-executive)
- Laurentina da Silva Martins – Member of the Board (non-executive)
- Alda Maria Farina dos Santos Delgado – Member of the Board (non-executive)
- Luís Manuel Castilho Godinho Santana – Member of the Board (non-executive)

All members of the Board of Directors were elected at the General Meeting held on 30 April 2020 for the 2020/2022 three-year period.

NAME	FIRST APPOINTMENT	END OF MANDATE
Paulo Jorge dos Santos Fernandes	1990	December 31, 2022
João Manuel Matos Borges de Oliveira	1990	December 31, 2022
Domingos José Vieira de Matos	1990	December 31, 2022
Pedro Miguel Matos Borges de Oliveira	May 2009	December 31, 2022
Ana Rebelo de Carvalho Menéres de Mendonça	May 2009	December 31, 2022
Laurentina da Silva Martins	April 2020	December 31, 2022
Alda Maria Farinha dos Santos Delgado	April 2020	December 31, 2022
Luís Manuel Castilho Godinho Santana	April 2020	December 31, 2022

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive members, identification of the members who may be considered independent

On 31 December 2020, the Board of Directors, composed of eight members, included six non-executive members: Domingos José Vieira de Matos, Pedro Miguel Matos Borges de Oliveira, Ana Rebelo de Carvalho Menéres de Mendonça, Laurentina da Silva Martins, Alda Maria Farinha dos Santos Delgado e Luís Manuel Castilho Godinho Santana.

Taking into account the personal profile, the trajectory and the professional experience of the members of the COFINA Board of Directors, it is considered that the number of non-executive directors, in relation to the total number of members that make up the body, proves to be adequate and balanced in view of the nature and dimension of the Society. In this sense, COFINA considers that there are enough non-executive directors to guarantee effective monitoring, as well as true supervision and inspection, to the activity carried out by the executives, especially considering that the Company has developed mechanisms aimed at allowing non-executive directors to independent and informed decision makers, namely through:

• Availability of executive directors to provide non-executive directors with all additional information deemed relevant or necessary, as well as for carrying out further studies and analyses in relation to all matters that are the subject of deliberation or that are in any way under consideration in the Company;

• Prior and timely notification to all members of the Board of Directors of meetings of that body, including the agenda, even if provisional, of the meeting, accompanied by other relevant information and documentation;

• Availability of the minutes books, records, documents and other information on operations carried out in the Company or its subsidiaries, for examination, as well as the availability and promotion of a direct channel for obtaining information from the directors and operations and financial managers of the various companies in the group, without requiring any intervention by executive directors in this process.

The Company, as in others, in this matter, also carries out an ongoing assessment of the adequacy of the current model, concluding that it has proved to be adequate and efficient.

It should be added that the management report includes, in the chapter “Activities carried out by non- executive members of the Board of Directors”, a description of the activity carried out by non-executive directors during the 2020 financial year.

The Board of Directors includes an independent member. This is Laurentina Martins.

Thus, COFINA considers that the independence criteria provided for in point 18.1 are fully verified in relation to this Administrator. of the Attachment to the CMVM Regulation number 4/2013, which classifies this administrator as an independent director, whether the independence criteria set out in recommendation III.4 of the IPCG Corporate Governance Code.

19. Professional qualifications and curricular references of the members of the Board of Directors

The curricular information on the members of the Board of Directors is presented in Annex I to this Report.

20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders having qualified holding with more than 2% of the voting rights

At 31 December 2020, the Chairman of the Board of Directors, Paulo Jorge dos Santos Fernandes, is a director and dominant shareholder of ACTIUM CAPITAL, S.A., a company with a 13.88% stake in COFINA's capital.

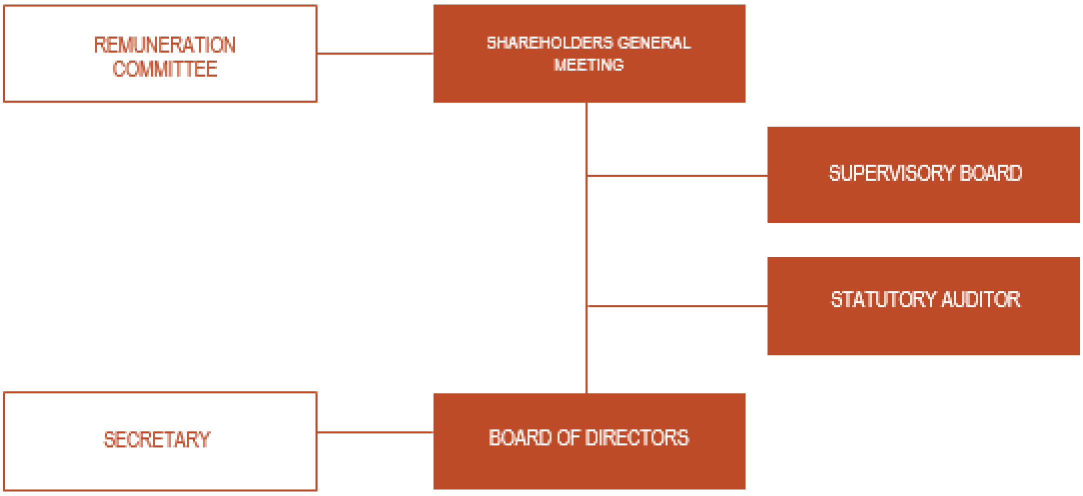
Director João Manuel Matos Borges de Oliveira is a director and shareholder of CADERNO AZUL, S.A., a company that holds a 15.01% stake in the capital of COFINA.

Director Pedro Miguel Matos Borges de Oliveira is a director and dominant shareholder of VALOR AUTÊNTICO, S.A., which holds a 10.02% stake in COFINA and is the brother of director João Manuel Matos Borges de Oliveira.

Director Domingos José Vieira de Matos is a director and dominant shareholder of LIVREFLUXO, S.A., a company that holds a 12.09% stake in the capital of COFINA.

Director Ana Rebelo de Carvalho Menéres de Mendonça is a director and dominant shareholder of Promendo Investimentos, S.A., which holds a 19.98% stake in COFINA.

21. Organisation charts or functional charts relating to the division of powers among the various governing bodies, committees and/or departments of the Company, including information on the delegation of powers, particularly with regard to the delegation of Company's daily management



In accordance with the current corporate governance structure, the Board of Directors, currently made up of eight members, is the body responsible for managing the Company's business in pursuit of its corporate purpose, determining its strategic orientation, always acting in the way it considers best to defend the interests of the Company, in the permanent creation of value for its shareholders and other stakeholders. The Board of Directors currently consists of eight members, elected by the General Meeting, one chairman and seven board members, six of whom are non-executive members.

The Board of Directors, in the pursuit of its duties, establishes permanent iteration with the Supervisory Board and the Statutory Auditor, cooperating with the supervisory body in a transparent and rigorous manner, in compliance with their operating regulations and the best corporate governance practices.

There is no limit to the maximum number of positions that may be held by the directors in the management bodies of other companies. Therefore, the members of the Board of Directors of COFINA, in the majority of cases, belong to the management bodies of the most relevant subsidiaries of the group, ensuring close and permanent monitoring of their activities.

COFINA's Board of Directors encourages all departments and operational areas to create multidisciplinary teams, with a view to developing projects of relevance to the Group, which makes it possible to ensure the identification of issues and the analysis of ways of resolving them from different perspectives, ensuring a more transversal view of the issues under analysis. COFINA believes that the establishment of agile and efficient communication channels between the Company's departments, between these and the operational areas, and between all of these and the boards of directors of each subsidiary and the Company itself, is a way to better implement projects, identify the associated risks, develop the mechanisms necessary to mitigate these, from a truly comprehensive perspective and analysis from different points of view.

COFINA believes that an effective flow of information within the organisation is the only way to ensure an equally adequate flow of information from the multidisciplinary teams to the governing bodies and, consequently, from these to shareholders, investors, other stakeholders, financial analysts and the market in general.

In compliance with this Group policy, which is perfectly aligned with Recommendation I.1.1. of the IPCG Corporate Governance Code, COFINA has ensured strict and timely disclosure of information to the market, through the CMVM's Information Disclosure System (CMVM's SDI), guaranteeing access to that information, to its shareholders, other stakeholders and the market in general, at the same time and with the same level of detail.

In line with the above, COFINA presents the Company's Committees and/or departments and their competences and duties below:

Remuneration Committee

The Board of Directors considers that, given its organisational structure and the size and complexity of the Company (as explained in detail in section 28 below), the only specialised committee required is the Remuneration Committee.

The Remuneration Committee is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors and other governing bodies. It is up to this committee, in compliance with the provisions of Article 2(1) of Law No. 28/2009, of 19 June, and Recommendation V.2.3 of the IPCG Corporate Governance Code, to prepare the Declaration on the Remuneration and Compensation Policy for Governing Bodies as well as, through the preparation of a proposal for approval, to submit it for scrutiny by the deliberative body par excellence for this matter, which is the General Meeting.

As the Remuneration and Compensation Policy for Governing Bodies deserves the approval of the Shareholders at the General Meeting, it is up to this committee to fight for its application, monitoring its permanent adequacy to the reality of the Company.

In terms of corporate management, COFINA highlights the following areas:

Corporate Finance Area

COFINA's Corporate Finance area, given its integrated and transversal vision of all group companies, is responsible, on the one hand, for setting financial management strategies and policies and, on the other, for ensuring the interface with the capital, debt and banking markets. It is also responsible for developing the necessary mechanisms to implement the financial management strategies and policies outlined.

Management Planning and Control Area

COFINA's management planning and control area provides support in the implementation of the corporate and/or business strategies followed by the group. This area prepares and analyses management information for all group companies, as well as at a consolidated level, whether monthly, quarterly, half-yearly or annually, monitoring deviations from the budget and proposing the necessary corrective measures. It also assumes responsibility for the construction of business plans, integrating the multidisciplinary work teams created for this purpose, activities that it develops while at the same time carrying out technical and benchmarking studies on existing businesses, in order to monitor COFINA's performance, taking into account its strategic position in the market.

Legal & Compliance Area

COFINA's legal department provides legal support in all of the group's areas of activity, monitoring and guaranteeing, on the one hand, the legality of the activities carried out and, on the other hand, assuring relations with Euronext Lisbon, with CMVM and with the shareholders whenever legal issues are at stake. This area is also responsible for monitoring the corporate governance policy in order to comply with best practices in this area. It is also responsible for the preparation and/or analysis of contracts that maximise security and reduce legal risks and potential costs, the management of aspects related to the intellectual and industrial property used by the group, such as trademarks and patents, logos, domains and copyrights, also exercising the duties of corporate secretariat and constantly monitoring legal compliance, providing support to the Board of Directors in the implementation of its strategies.

Investor Relations Area

COFINA's investor relations area establishes the relationship between the group and the financial community, constantly disclosing relevant and up-to-date information on its activities. It is also responsible for assisting the Board of Directors in providing updated information on the capital markets, as well as supporting the management of COFINA's institutional relations, establishing permanent contact with institutional investors, shareholders and analysts and representing the group in associations, forums or events (national or international).

Management Control Area at Subsidiary Level

In addition, the COFINA Group's operating companies have their own management control bodies that carry out their activities at all levels of the subsidiaries, preparing monthly reports periodically sent to their Boards of Directors.

COFINA's directors focus their activity essentially on managing the Group's shareholdings and defining its strategic lines. Decisions related to matters of structure for the Group's activity are made by the Board of Directors as a collegiate body composed of all its members, executive and non-executive, in the normal performance of their duties.

The day-to-day management of the operating companies is carried out by the management of each of the subsidiaries, which also include, as a rule, some of the directors of COFINA, in addition to other directors with specifically defined competences and areas of responsibility.

It should be noted that the exercise of management positions by the Company's directors in the subsidiary companies is reflected in an in-depth knowledge of the business, close to the operations and people, which means that the decisions made by the group's holding company, COFINA, are thus even more aware and informed.

COFINA believes that the more the Company's directors know about the specificities and subtleties of the business, the more correct their decisions regarding the strategic lines are and, consequently, the success of the decisions made at senior management level.

This way, and taking into account the development of the activities of the members of the Board of Directors, both in COFINA and in its subsidiaries, the functional organisation chart can be presented as follows:

<table>
<tr><td colspan="2" align="center">COFINA, SGPS, S.A.
Paulo Fernandes
João Borges de Oliveira
Domingos Matos
Pedro Borges de Oliveira
Ana Mendonça
Laurentina Martins
Alda Delgado
Luís Santana</td></tr>
<tr><td align="center">COFINA MEDIA
Paulo Fernandes
João Borges de Oliveira
Luís Santana
Alda Delgado</td><td align="center">GRAFEDISPORT
Luís Santana
Alda Delgado</td></tr>
</table>

b) Procedure

22. Existence of procedural rules for the Board of Directors and place where they can be consulted

The procedural rules for the Board of Directors are available for consultation on the Company's website (www.cofina.pt) ("About Cofina" tab, "Corporate Governance" section).

23. Number of meetings held and attendance level of each member of the Board of Directors

Article 17 of the Company's Articles of Association provides that the Board of Directors shall meet whenever convened by its Chairman, on his/her own initiative or at the request of any two directors and at least once a quarter.

The quorum required to hold any meeting of the Board of Directors is deemed to be constituted provided that the majority of its members are present or duly represented.

In 2020, the Board of Directors met eight times, with an attendance rate of 100% at all meetings.

The meetings of the Board of Directors are scheduled and prepared in advance, and documentation is made available in relation to the matters on its agenda in good time, in order to ensure that all the members have the necessary conditions to carry out their duties and adopt resolutions in a fully informed manner.

Likewise, the convening notices and, subsequently, the minutes of the meetings are sent to the Chairman of the Supervisory Board.

24. Indication of the governing bodies competent to assess the performance of the executive directors

In line with point 21 above, the Remuneration Committee is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors and other governing bodies.

It is up to this committee, in compliance with the provisions of Article 2(1) of Law No. 28/2009, of 19 June, and Recommendation V.2.3 of the IPCG Corporate Governance Code, to prepare the Declaration on the Remuneration and Compensation Policy for Governing Bodies as well as, through the preparation of a proposal for approval, to submit it to scrutiny by the deliberative body par excellence for this matter, which is the General Meeting.

At least one member of the Remuneration Committee must be present at the Annual General Meetings where the Declaration on the Remuneration and Compensation Policy for Governing Bodies is deliberated on, in order to ensure the clarification of any issues that may arise. At the Annual General Meeting held in 2020, one of the members of that committee was present, namely Pedro Pessanha.

As the Remuneration and Compensation Policy for Governing Bodies, as set out in that Declaration, deserves the approval of the Shareholders at the General Meeting, it is up to this committee to fight for its application, monitoring its permanent adequacy to the reality of the Company.

25. Predetermined criteria for assessing the performance of the executive directors

The performance assessment for executive directors is based on predetermined criteria, based on performance indicators objectively established for each mandate, which are aligned with the medium/long- term strategy of the Company's performance and business growth.

The remuneration of the executive members of the Board of Directors includes a variable medium-term component and is designed to more sharply align the interests of executive directors with those of shareholders, in order to raise awareness of the importance of their performance for global success of the Company and will be calculated covering the period corresponding to a term of office, based on objective and predetermined criteria, namely: (i) total return for the shareholder (share remuneration plus dividend; (ii) sum of the consolidated net results of the 3 years (2020 to 2022); and (iii) evolution of the Company's business.

The total value of the medium-term component cannot exceed 50% of the fixed remuneration earned during the 3-year period.

26. Availability of each member of the Board of Directors, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of those bodies during the year

The commitment of COFINA's directors to the nature and requirements of the duties they have undertaken is total. In this sense, the Group's senior management is management that is present, close to the people and to the business.

Their professional activities, the indication of other companies where they perform management duties and the indication of other relevant activities performed by them are detailed in Annex I to this Report.

c) Committees within the management or supervisory body and delegated administrators

27. Identification of the Committees established within the Board of Directors and the place where the procedural rules can be consulted

The Board of Directors considers that, given its organisational structure and the size and complexity of the Company (as explained in detail in section 28 below), the only specialised committee required is the Remuneration Committee.

COFINA thus has a formally constituted Remuneration Committee, elected by the General Meeting for the three-year term of office which began in 2020 and ended at 2022, as follows:

- João da Silva Natária – Chairman
- André Seabra Ferreira Pinto – Member of the Board
- Pedro Nuno Fernandes de Sá Pessanha da Costa – Member of the Board

The Remuneration Committee has a valid operating regulation for the current term of office, approved at the meeting of that same committee, which is available for consultation on the Company's website (www.cofina.pt) ("About Cofina" tab, "Corporate Governance" section).

28. Composition, if applicable, of the executive committee and/or identification of the chief executive(s)

As already mentioned throughout this Report, COFINA continuously monitors the adequacy of the current model. In this sense, this permanent monitoring has resulted in the conclusion that, due to its organisational structure, given the small size of the Board of Directors, which is composed of eight members, it is unnecessary to formally appoint an Executive Committee within the Board of Directors.

The Board of Directors, which is composed of eight members, does not require the formal appointment of an Executive Committee within it.

However, as mentioned in point 18 of this Report, of the five members of the Board of Directors, two perform executive functions – more practical or operational – according to the following:

(i) prior and timely notification to all members of the Board of Directors of meetings of that body, including the agenda, even if provisional, of the meeting, accompanied by other relevant information and documentation;

(ii) availability of executive directors to provide non-executive directors with all additional information deemed relevant or necessary, as well as for carrying out further studies and analyses in relation to all matters that are the subject of deliberation or that are in any way under consideration in the Company, as well as

(iii) availability of the minutes books, records, documents and other information on operations carried out in the Company or its subsidiaries, for examination, as well as the availability and promotion of a direct channel for obtaining information from the directors and operations and financial managers of the subsidiaries in the group, without requiring any intervention by executive directors in this process.

As decisions of the Board of Directors are made by all its members, executive and non-executive, in the normal course of their duties, as a collegiate body, in an enlightened and informed manner, the Company considers that the necessary conditions are guaranteed for decisions on strategic matters to be fully focused on the creation of value for shareholders.

Nevertheless, and as mentioned above, the Board of Directors has regularly reflected on the adequacy of its organisational structure, and these reflections have always resulted in the conclusion that this structure is in compliance with the best corporate governance practices, which has been reflected in the positive performance of the Company.

29. Indication of the powers of each of the committees created and a summary of the activities carried out in the exercise of those powers

In line with points 21 and 24 above, the Remuneration Committee is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors and other governing bodies.

It is up to this committee, in compliance with the provisions of Article 2(1) of Law No. 28/2009, of 19 June, and Recommendation V.2.3 of the IPCG Corporate Governance Code, to prepare the Declaration on the Remuneration and Compensation Policy for Governing Bodies as well as, through the preparation of a proposal for approval, to submit it for scrutiny by the deliberative body par excellence for this matter, which is the General Meeting.

As the Remuneration and Compensation Policy for Governing Bodies deserves the approval of the Shareholders at the General Meeting, it is up to this committee to fight for its application, monitoring its permanent adequacy to the reality of the Company.

Company Secretary

The Company Secretary has the following responsibilities:

(i) To support the Chairman of the Board of the General Meeting in convening General Meetings, ensuring the receipt of information that, for purposes of participation and voting at the meeting, is sent to the Company in the person of the Chairman of the Board;

(ii) To ensure the minutes and attendance list of the General Meetings of Shareholders;

(iii) To supporting and supervise the preparation of supporting documents for General Meetings;

(iv) To prepare the documentation necessary for convening the meetings of the Board of Directors, supervising their timely dispatch and their effective reception by all directors;

(v) To support the flow of information between the Board of Directors and the Supervisory Body;

(vi) To prepare responses to shareholders in accordance with the law and in matters for which it is competent or to obtain internal responses, from relevant areas, to ensure the provision of information to Shareholders; and

(vii) To ensure timely registration of corporate resolutions with the Companies Registration Office.

The Company's secretarial duties were performed on a regular basis during 2020.

III. SUPERVISION

a) Composition

30. Identification of the supervisory body corresponding to the adopted model

The Supervisory Board and the Statutory Auditor are the supervisory bodies of the Company, according to the governance model adopted.

31. Composition of the Supervisory Board, indicating the minimum and maximum statutory number of members, duration of term of office, number of effective members, date of first appointment, and date of end of term of office of each member.

The Supervisory Board is appointed by the General Meeting of Shareholders for terms of one year, and may be re-elected one or more times. It is composed of three members and one or two alternates, fully assuming the duties assigned to it by law, including the proposal for the appointment of the Statutory Auditor or Statutory Audit Firm, in compliance with the provisions of Article 413(1)(b) of the CSC, as well as Article 420(2)(b) of the CSC.

As at 31 December 2020, this body was composed of the following members:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – Chairman
- António Luís Isidro de Pinho – Member of the Board
- Ana Paula dos Santos Silva e Pinho – Member of the Board
- André Seabra Ferreira Pinto – Substitute Member of the Board

The Fiscal Council member Pedro Nuno Fernandes de Sá Pessanha da Costa was elected, for the first time, in April 2014, for the term that began in 2014 and ended in 2016, having been reelected, in April 2017, for a second term. term (three-year term that started in 2017 and ended in 2019) and, in April 2020, for a third term (of one year). The member António Pinho was elected for the first time, in April 2017, for the three-year period that began in 2017 and ended in 2019, having fulfilled his second term (of one year) in 2020. Member Ana Paula dos Santos Silva e Pinho was elected in April 2020, having served his first term (one year). The alternate member of the Fiscal Council André Seabra Ferreira Pinto was elected, for the first time, in April 2014, for the term that started in 2014 and ended in 2016. In April 2017 he was elected alternate and in April 2020 he was elected alternate.

32. Identification of the members of the Supervisory Board who are considered independent under the terms of article 414(5) of the CSC

As a collegiate body, the assessment of the independence of the Supervisory Board is carried out on all its members, assessing the independence of each one of them in accordance with the definition given in Article 414(5) and incompatibility in accordance with the definition in Article 414-A(1), both of the CSC.

All the members of the Company's Supervisory Board thus comply with the rules of incompatibility and independence identified above and are not in any of the situations of incompatibility laid down by law. This compliance is declared by the members in a statement that they individually sign and submit to the Company.

33. Professional qualifications and curricular references of each member of the Supervisory Board and other relevant curricular elements

All the members of COFINA's Supervisory Board have the training, skills and experience necessary to carry out their functions in full, in line with the provisions of Article 414(4) of the CSC and Article 3(2) of Law 148/2015 of 9 September. The Chairman of this body is adequately supported by the other members of the Supervisory Board.

Annex I to this Report presents the professional qualifications and other activities carried out by the members of the Supervisory Board.

b) Procedure

34. Existence of procedural rules for the Supervisory Board and place where they can be consulted

The procedural rules for the Supervisory Board are available for consultation on the Company's website, (www.cofina.pt) “About Cofina” tab, “Corporate Governance” section.

35. Number of meetings held and meeting attendance by each member of the Supervisory Board

During 2020, the Company's Supervisory Board met six times and there were no absences. The corresponding minutes are recorded in the book of minutes of the Supervisory Board.

36. Availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out

The members of the Supervisory Board have made a commitment to the Company, which they have scrupulously complied with and which is reflected in a level of availability that is fully in line with the interests of the Company.

Information on other positions held, qualifications and professional experience of the members of the Supervisory Board is detailed in Annex I.

c) Powers and duties

37. Description of the procedures and criteria applicable to the intervention of the Supervisory Body for the purpose of contracting additional services from the external auditor

It is the responsibility of the Supervisory Board to previously approve the provision of services other than audit services to be contracted from the External Auditor.

As a preliminary note, it should be mentioned that the Board of Directors, when considering the possibility of contracting additional services from the External Auditor or the Statutory Auditor, ensures, before communicating its decision to the Supervisory Board, that no services shall be contracted from those Auditors or Entities that are part of their network which, according to European Commission Recommendation No. C (2002) 1873, of 16 May, could jeopardise its independence.

Upon conclusion by the Board of Directors that the conditions are in place to submit the matter to the Supervisory Board, the latter will analyse, in advance and in depth, the scope of such additional services to be provided by the External Auditor and by the Statutory Auditor, taking a favourable decision if the analysis carried out indicates that: (i) the contracting of additional services does not jeopardise the independence of the External Auditor; (ii) a healthy balance is maintained between the normal audit services and the additional services whose performance is being analysed and (iii) the additional services whose provision is proposed do not constitute services whose provision was prohibited under Article 77(8) of Law No. 140/2015, of 9 September. In this analysis, the Supervisory Board also analyses if (iv) if the additional services will be provided in compliance with the quality levels in force in the Group, always bearing in mind that the objective of these services, should this occur, should not undermine the independence that is required when carrying out auditing duties.

In this regard, it should be noted that Ernst & Young Audit & Associados – SROC, S.A., before accepting the award of the services, also carries out a rigorous internal assessment to ensure that the services it proposes to provide do not affect, under any circumstances, the independence criteria that it proposed to comply with when accepting the election to perform these duties.

The Company therefore considers that a triple degree of control is ensured, in the verification that the independence criteria are not compromised, when deciding to contract additional services from the External Auditor.

It should be added that the Supervisory Board also receives, on an annual basis, a declaration of independence from the External Auditor and the Statutory Auditor, which describes the services provided by the External Auditor and by other entities in the same network, the fees paid, any threats to their independence and measures for safeguarding against these.

All potential threats to the independence of the External Auditor, if any, as well as the safeguard measures, are evaluated and discussed, openly and transparently, by the Supervisory Board and the External Auditor.

38. Other duties of the supervisory bodies

The supervision of the Company is incumbent upon the Supervisory Board, which exercises these responsibilities in COFINA, as provided for in Article 420 of the CSC and its Regulations.

The Supervisory Board, in the performance of its statutory and legally assigned duties, has the following duties in particular:

a) Supervising the Company's management;

b) Ensuring compliance with the law and the memorandum of association;

c) Annually preparing a report on its supervisory action and giving an opinion on the report and accounts and proposals submitted by the Management;

d) Convening the General Meeting of Shareholders, when this is not, and should be, done by the chairman of the meeting board;

e) Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system;

f) Receiving reports of irregularities, submitted by shareholders, employees of the Company or others;

g) Contracting the provision of expert services to assist one or more of its members in the performance of their duties. The hiring and remuneration of experts shall take into account the importance of the matters entrusted to them and the economic situation of the company;

h) Complying with the other duties contained in the law or the memorandum of association;

i) Supervising the process of preparation and disclosure of financial information;

j) Proposing the appointment of the Statutory Auditor to the General Meeting of Shareholders;

k) Supervising the audit of the company's accounts and financial statements;

l) Supervising the independence of the Statutory Auditor, particularly regarding the provision of additional services;

For the performance of the duties mentioned above, the Supervisory Board:

a) Obtains from the Board, the information necessary for the exercise of its activities, in particular the operational and financial evolution of the company, changes in the composition of its portfolio, the terms of the operations performed and content of the decisions made;

b) Monitors the risk management and internal control system, drawing up an annual appraisal report and recommendations for the Board of Directors if there are issues that justify this;

c) Receives, at least five days before the date of its meeting, the consolidated and separate financial statements and the administration reports, analysing in particular the main changes, the relevant transactions and the corresponding accounting procedures, and clarifications obtained from Management, namely through the Board of Directors and the external auditor, and issues its assessments and decisions;

d) Notifies the Management of the checks, inspections and procedures it has carried out and of the results thereof;

e) Attends the General Meetings, as well as the meetings of the Board of Directors it is invited to or at which the accounts for the financial year are to be examined;

f) Performs an annual self-assessment of its activities and performance, including a review of the regulations, with a view to developing and implementing improvements in its operation;

g) Carries out the other duties of supervision that are required by law.

The Supervisory Board also represents the Company before the External Auditor and the Statutory Auditor, and is responsible for proposing the provider of these services and their remuneration, also ensuring that adequate conditions for the provision of these services are ensured within the group.

The Supervisory Board is the first recipient of the reports issued by the External Auditor and the Statutory Auditor, as well as the Group's interlocutor in the relationship with these bodies. It is also responsible for giving its opinion on relevant projects and work plans and on the adequacy of the resources allocated to the implementation of such projects.

The Supervisory Board is, therefore, responsible for drawing up an annual report on its supervisory action and issuing an opinion on the annual financial statements and proposals presented by the management and for supervising the effectiveness of the risk management and internal control system.

The Supervisory Board, in conjunction with the Board of Directors, regularly analyses and supervises the preparation and disclosure of the financial information, providing all the necessary support and expressly undertaking the commitment that there will be no undue or untimely access to the relevant information by third parties.

In addition, the supervisory body is called upon to intervene in order to issue an opinion whenever there are transactions between directors of COFINA and the Company itself or between COFINA and companies in a control or group relationship in which the intervening party is a director, in accordance with Article 397 of the CSC. This intervention by the Supervisory Board will be requested regardless of the degree of materiality of the operation in question.

The External Auditor, in turn, and as part of the Company's supervisory body, within the scope of the annual audit process, analyses (i) the operation of internal control mechanisms and reports any deficiencies identified; (ii) verifies whether the main elements of the internal control and risk management systems implemented in the Company in relation to the financial information disclosure process are presented and disclosed in the annual report on Corporate Governance and (iii) issues legal certification of the accounts and an Audit Report, in which it attests that the report disclosed on the corporate governance structure and practices includes the information referred to in article 66-B of the CSC in its current wording or, if not included, ensures that such information is contained in a separate report also made available to shareholders, complies with the provisions of article 245-A of the Portuguese Securities

Code, complies with the structure of CMVM Regulation No. 4/2013 and the information contained therein also includes a statement on compliance with the IPCG Corporate Governance Code.

During 2020, the Statutory Auditor monitored the development of the Company's activities and carried out the inspections and checks deemed necessary for the review and legal certification of the accounts, in conjunction with the Supervisory Board, which was always able to count on the full, speedy and expeditious cooperation of the Board of Directors in providing access to the information requested.

In line with the above, the Statutory Auditor has issued an opinion on the activities carried out by him in the 2020 financial year, which was included in the annual audit report that will be voted on by the Shareholders at the Annual General Meeting.

The supervisory body monitors and ensures compliance by COFINA and its subsidiaries with the legislation applicable at all times, in order to assess the Group's compliance levels in this area, which has been classified as high and aligned with the interests of the Company and its Shareholders.

IV. STATUTORY AUDITOR

39. Identification of the statutory audit firm and the statutory auditor that represents it

The Company's statutory auditor is Ernst & Young Audit & Associados, SROC S.A., represented by Rui Manuel da Cunha Vieira.

40. Indication of the number of consecutive years in which the statutory auditor has performed duties for the company and/or group

Ernst & Young Audit & Associados, SROC S.A. conducted the statutory audit of the Company and its group companies since 2017, having been appointed for a first term of office, following a proposal by the Supervisory Board, at the General Meeting of Shareholders held on 26 April 2017 until 2019, and for a second annual term in April 2020.

41. Description of other services provided by the Statutory Auditor to the company

The Statutory Auditor is also the External Auditor of the Company, as detailed in the points below.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed for the purposes of Article 8 and of the partner that represents it in the performance of these duties, as well as its CMVM registration number

The Company's External Auditor, appointed for the purposes of Article 8 of the Portuguese Securities Code, is Ernst & Young Audit & Associados, SROC S.A., registered with the CMVM under No. 2016480, represented by Rui Manuel da Cunha Vieira.

43. Indication of the number of consecutive years in which the external auditor, and the statutory auditor partner representing the external auditor in the performance of its duties, have performed duties with the company and/or the group.

The External Auditor was elected for the first time in 2017 and accomplished in 2020 his second term (of one year), as well as the partner who represents him.

44. Policy and frequency of rotation of the external auditor and the statutory auditor partner representing it

Regarding the rotation of the External Auditor, the Company had not established, by the date of entry into force of the new Statutory Auditors Regulations, approved by Law No. 140/2015, of 7 September, a policy for the rotation of the External Auditor. This policy is based on a predetermined number of mandates, taking into account, in particular, the fact that such a rotation policy does not constitute a common or usual practice and that the Company, by constantly monitoring the adequacy and fairness of the current model, has never identified situations of loss of independence or any other situations that might recommend the adoption of a formal policy that would require such rotation.

The entry into force of the new Statutory Auditors Regulations, on 1 January 2016, established a new system applicable to the rotation of statutory auditors for companies whose shares are admitted to trading on a regulated market, as is the case of the Company. Therefore, during 2016, the Supervisory Board began a selection process for the election of a new statutory auditor who, meeting all legal requirements in terms of technical skills and independence, could be proposed at the Annual General Meeting, which took place at the 2017 Annual Meeting of Shareholders.

In this sense, the Company does not have a formal, internal policy that provides for the rotation of the External Auditor, considering it unnecessary, as it complies with the legal requirements in this matter, to the fullest extent.

45. Indication of the body responsible for assessing the external auditor and the frequency at which this assessment is carried out

Throughout the year, the Supervisory Board, in the performance of its duties, monitors the performance of the External Auditor and carries out an annual assessment of its independence. In addition, the Supervisory Board promotes, whenever necessary or appropriate in light of developments in the Company's activity or legal or market requirements, reflection on the suitability of the External Auditor at the level required for the performance of its duties.

46. Identification of work, other than audit work, carried out by the external auditor, as well as an indication of the internal procedures for the purpose of approving the contracting of such services and an indication of the reasons for contracting them

During the financial year 2020, the External Auditor provided a service different from that of the audit, in particular, reliability assurance services were provided within the scope of the prospectus for capital increase. This service was approved by the Fiscal Council, which evaluated and concluded that the performance of such service did not affect the independence of the External Auditor, an essential element for considering the provision of this service. Safeguarding this first criterion, the Supervisory Board decided to authorize it because its performance corresponds to the interest of the Company, given the experience, specialization and quality of the provider in the matter under consideration, the recognized quality of services and the knowledge of the different areas of the company. Company and its Group.

47. Indication of the amount of annual remuneration paid to the auditor and other natural or legal persons belonging to the same network and a breakdown of the percentage related to the following services:

	31.12.2020		31.12.2019	
Company				
Annual audit services value (€)	2,000	3.3 %	1,020	1.7 %
Value of reliability assurance services (€)	33,750	35.6 %	—	0.0 %
Group entities				
Audit and statutory audit (€)	59,000	62.3 %	59,020	98.3 %
Other assurance services (€)	—	0.0 %	—	0.0 %
Total				
Audit and statutory audit (€)	61,000	64.4 %	60,040	100.0 %
Other assurance services (€)	33,750	35.6 %	—	0.0 %
	94,750		60,040	

C. INTERNAL ORGANISATION

I. Articles of Association

48. Rules applicable to the amendment of the company's Articles of Association

Amendments to the Articles of Association follow the relevant legal terms, in particular those of the CSC, which require a two-thirds majority of the votes cast for the approval of that decision.

II. Reporting irregularities

49. Means and policy for communicating irregularities occurring in the company

Any reports of irregularities from any employee, partner, supplier or any other stakeholder must be sent to the Supervisory Board.

The COFINA Group has a specific mechanism for reporting irregularities that constitute violations of an ethical or legal nature with a significant impact on the fields of accounting, combating corruption and banking or financial crime (whistleblowing), which safeguards the confidentiality of the information reported and the identity of the reporting party whenever requested.

If the Board of Directors receives any requests for clarification or expressions of concern related to whistleblowing, it shall immediately refer the matter to the Supervisory Board.

Reports of any irregularity or indication of irregularity to the Supervisory Board shall be made by letter in a sealed envelope with reference to its confidentiality and sent to the following address: Rua Manuel Pinto de Azevedo, No. 818, 4100-320 Porto. Anonymous complaints will only exceptionally be accepted and processed.

It should be noted that during the 2020 financial year, no reports of irregularities were reported to the Company's Supervisory Board.

III. Internal control and risk management

50. Individuals, boards or committees responsible for the internal audit and/or implementation of internal control systems

Risk management, as a cornerstone of the principles of good corporate governance, is an area considered fundamental in COFINA, which promotes the constant awareness of all its employees at different levels of the organisation, instilling this responsibility into them in all decision-making processes.

Risk management is carried out with a view to creating value, with clear identification of the circumstances that constitute a threat likely to affect the business goals.

Environmental management, based on sustainability criteria, and Social Responsibility play an increasingly decisive role within the organisation, and risk management is also monitored in these areas, with increasing accuracy.

Although there is no formally established department, the COFINA Group ensures that each department is sufficiently aware of the need to identify and quantify the risk associated with all decisions, with well-defined criteria which allow them to judge independently and in each individual case, whether the risk can be assumed by the Board or whether the decision to take it, based on criteria of materiality or exposure of the Group, should be submitted to the Board of the company in question, whether it is COFINA or any of its subsidiaries. Therefore, the Group's operational teams act based on clear criteria of (i) levels of risk assumption and who should make the decision to take them or not and (ii) the identification of ways to mitigate them.

Risk management is thus ensured by all COFINA departments, based on the following methodology, which includes several stages:

- Initially, internal and external risks which may materially affect the pursuit of the Group's strategic objectives are identified and prioritised;

- The operations managers of the Group's various departments identify the risk factors and events that may affect the operations and activities of COFINA, as well as any processes and control mechanisms;

- Additionally, the impact and probability of occurrence of each risk factor are weighted and, depending on the level of exposure, the need for a response to the risk is assessed; and

- Risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

It is up to the Board of Directors, at all times, to decide the level of exposure of the Group in its different activities and, without prejudice to the delegation of duties and responsibilities, to define overall risk limits and ensure that the risk management policies and procedures are complied with.

In monitoring the risk management process, the Board of Directors, as the body responsible for COFINA's strategy, has the following table of goals and responsibilities:

- To know the most significant risks affecting the Group;

- To ensure the existence within the Group of appropriate levels of knowledge of the risks affecting operations and how to manage them;

- To ensure the dissemination of the risk management strategy at all hierarchical levels;

- To ensure that the Group has the capacity to minimise the probability of occurrence and the impact of business risks;

• To ensure that the risk management process is adequate and that rigorous monitoring of the risks with the greatest probability of occurring and impact on the Group's operations is carried out; and

• To ensure permanent communication with the Supervisory Board, making it aware of the level of risk exposure taken on and requesting, whenever necessary, the opinions of this body that it deems necessary for conscious and informed decision-making, ensuring that the risks identified and the policies defined are analysed from the multidisciplinary perspectives that guide the Group's operations.

The subsidiaries manage the risks within the established criteria and delegations.

The Supervisory Board continuously monitors and supervises the performance of the group in this area.

Based on this methodology, COFINA has been able to conclude that it has succeeded in ensuring greater awareness in decision-making at all levels of the organisation, given the inherent responsibility of each internal player, which contributes to people feeling empowered, truly involved and participating actively in the performance of the Company.

COFINA, as has been said several times throughout this Report, continuously monitors the appropriateness of its model in the area of risk management and has concluded, to date, that this model has proved to be totally appropriate in view of its organisational structure.

51. Explanation of the hierarchical and/or functional dependency relationships with other company bodies or committees

The Supervisory Board is responsible for assessing the operation of risk management mechanisms, and it is to this body that the control procedures considered appropriate for the respective mitigation are reported. It is therefore the responsibility of this body to supervise the actions taken by the Company in these matters and to periodically check that the risks effectively incurred by the Company are consistent with those laid down by the Board of Directors.

The External Auditor, in the exercise of its duties, verifies the appropriateness of the mechanisms and procedures in question, ensuring the reporting of its conclusions to the Supervisory Board.

The Board of Directors is responsible for monitoring such mechanisms and procedures.

52. Existence of other functional areas with risk control competencies

In COFINA, risk management is ensured by all departments and operational units, as described in point 51 above. COFINA, as has also been said several times throughout this Report, continuously monitors the appropriateness of its model in this area of risk management and has concluded, to date, that this model has proved to be totally appropriate in view of the Company's organisational structure.

53. Identification and description of the main types of risks (economic, financial and legal) to which the company is exposed in the performance of its activities

The Board of Directors considers that the Group is exposed to normal risks arising from its activities, particularly in its operational units. The following financial risk factors stand out, which are detailed and analyzed in the Annex to the Consolidated Financial Statements:

1. Market Risk

    1.1. Interest Rate Risk

    1.2. Exchange Rate Risk

2. Liquidity Risk

3. Credit Risk

4. Capital Risk

In addition to the financial risks identified above, it is important to bear in mind that the Group is also exposed to legal, tax and regulatory risks.

COFINA, as well as its business, has permanent legal, tax and regulatory advice, which works in conjunction with the business areas, ensuring, preventively, the protection of the Group's interests in scrupulous compliance with the legal provisions applicable to the business areas of the Society.

This consultancy is also supported at national and international level by external service providers that COFINA hires from firms of recognized reputation and in accordance with high criteria of competence, rigor and professionalism.

However, COFINA and its subsidiaries may be affected by legal changes occurring both in Portugal and in the European Union or in other countries where it carries out its activities. COFINA does not, of course, control such changes which, if they occur, could have an adverse impact on the Group's business and could, consequently, impair or impede the achievement of strategic objectives.

The Group's attitude is one of permanent collaboration with the authorities in the respect and observance of legal provisions.

<u>Finally, the Group is also exposed to market risks in terms of competition and customers:</u>

a) Competition

Risk related to the entry of new competitors or the repositioning of current competitors and the actions they may take to gain market shares (introduction of new products, services, etc.). The inability to compete in areas such as price, range of products, quality and service can have very adverse effects on the Group's financial results. In order to minimise this risk, COFINA carries out constant benchmarking of its competitors' actions and invests in new formats and products, in order to offer its clients proposals that are always innovative.

b) Clients

A key risk factor in the media sector is the propensity of consumers for varying their consumption patterns, depending mainly on social and economic factors.

Consumers frequently change their preferences and expectations, which requires continuous adaptation and optimisation of the product offer. In order to anticipate market and consumer trends, the Group regularly analyses information on reader behaviour, based on market research and the opinion of independent bodies with a good reputation in the market.

54. Description of the process of risk identification, evaluation, monitoring, control and management

As described in Point 52, the Board of Directors is the body responsible for defining the Group's general strategic policies, including the risk management policy, and is duly supported by the management teams of the subsidiaries, which ensure not only permanent monitoring, but also the reporting to the Board of Directors of COFINA, of the situations detected, in order to ensure permanent and effective risk control.

The operation of the process for identifying and assessing, monitoring, controlling and managing risks in COFINA is as follows:

The risks that the Group faces in the normal course of its business are identified. For all risks identified as material, the impact on the Group's financial performance and value is measured. Subsequently, a comparative study is made of the value at risk with the costs of the hedging instruments, if available, and, consequently, the evolution of the risks identified and the hedging instruments is monitored. This process is, more or less, according to the following methodology:

This process is roughly made according to the following methodology

• Initially, internal and external risks which may materially affect the pursuit of the Group's strategic objectives are identified and prioritised;

• The operations managers of the Group's various operational units identify the risk factors and events that may affect the operations and activities of COFINA, as well as any processes and control mechanisms;

• Additionally, the impact and probability of occurrence of each risk factor are weighted and, depending on the level of exposure, the need to respond to the risk is assessed; and

• Risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Company has been implementing additional risk management strategies aimed at ensuring, essentially, that the control systems and procedures and the policies in place allow it to meet the expectations of management bodies, shareholders and other stakeholders.

Among these strategies, the following stand out:

• The control systems and procedures and the policies in place are in accordance with all applicable laws and regulations and are effectively applied;

• Financial and operational information is complete, reliable, safe and reported periodically and in a timely manner;

• COFINA's resources are used efficiently and rationally; and

• Shareholder value is maximised and operational management takes the necessary measures to correct aspects reported.

Once this process has been completed, the Board of Directors, in its capacity as executive body, is responsible for deciding on this matter, acting in accordance with the terms it believes best serve the interests of the Company and its Shareholders at all times.

55. Main elements of the internal control and risk management systems implemented in the company with regard to the financial information disclosure process

Regarding risk control in the financial information disclosure process, only a very restricted number of COFINA employees are involved in this process.

All those involved in the Company's financial analysis process are deemed to have access to privileged information and, in particular, they are kept informed of their obligations, as well as the penalties arising from the misuse of this information;

The internal rules applicable to the disclosure of financial information aim to ensure its timely disclosure and prevent asymmetric access to information by the market.

The internal control system for the areas of accounting and the preparation and disclosure of financial information is based on the following key elements:

- The use of accounting principles, which are detailed in the notes to the financial statements, is one of the bases of the control system;

- The plans, procedures and records of the Company and its subsidiaries provide reasonable assurance that only duly authorised transactions are recorded and that these transactions are recorded in accordance with the generally accepted accounting principles;

- The financial information is examined by the operational unit managers on a systematic and regular basis, thus providing for constant monitoring and budget control;

- During the process of preparing and reviewing the financial information, a schedule is first drawn up and shared with the different areas involved and all the documents are carefully reviewed;

- Regarding the separate financial statements of the various group companies, the accounting records and the preparation of the financial statements are ensured by the administrative and accounting services. The financial statements are prepared by the chartered accountants and reviewed by each subsidiary's financial management board. Following approval, the documents are sent to the External Auditor, who issues the Statutory Audit Certificate;

- The consolidated financial reports are prepared quarterly by the consolidation team. This process constitutes an additional element of control of the reliability of financial information, particularly by ensuring the uniform application of accounting principles and operation cut-off procedures, as well as the verification of balances and transactions between group companies;

- The annual consolidated financial statements are prepared under the supervision of the financial management board. The documents comprising the annual report are sent to the Board of Directors for review and approval. Following approval, the documents are sent to the External Auditor, who issues the Statutory Audit Certificate and the External Audit Report;

- The process of preparation of the separate and consolidated financial information and the

Management Report is managed by the Board of Directors and supervised by the Supervisory Board. Quarterly, these bodies analyse the Company's consolidated financial statements.

With regard to the risk factors that may materially affect the accounting and financial reporting, we highlight the use of accounting estimates that are based on the best information available at the date of preparation of the financial statements, as well as knowledge and experience of past and/or present events. We also emphasize the balances and transactions with related parties: in the COFINA Group, balances and transactions with related parties refer essentially to the current operating activities of the group companies, as well as to the granting and obtaining of loans at market rates.

The Board of Directors, together with the Supervisory Board, regularly analyses and supervises the preparation and disclosure of financial information, in order to prevent undue or untimely access by third parties to relevant information.

IV. Investor Support

56. Service responsible for investor support, composition, duties, information made available by this service and contact information

In compliance with the applicable legal provisions, as well as the CMVM regulations on this matter, COFINA ensures, always at first hand, the disclosure to its shareholders and to the market in general of all the information related to the business of group companies that falls under the scope of privileged information.

In this way, COFINA has been able to ensure, on a permanent and timely basis, the disclosure of information to its shareholders and to the market in general, at the precise moment when it takes on the nature of privileged information.

The Company has an Investor Relations Office which includes the Group's Market Liaison Officer and the Investor Relations.

Investors may obtain information through the following channels:

Rua Manuel Pinto de Azevedo, 818

4100-320 Porto

Tel: + 351 22 834 65 00

Fax no.: + 351 22 834 65 09

E-mail: sede@cofina.pt

Through its official website (www.cofina.pt), COFINA provides financial information on its separate and consolidated activities and those of its subsidiaries. This website is also used by the company for issuing press releases with an indication of any facts relevant to company life, which are always subject to prior disclosure in the CMVM Information Disclosure System. This page also contains the Group's financial statements for the last few years. Most of the information is available on the Company's website in Portuguese and English.

57. Market Liaison Officer

The position of Market Liaison Officer is held by Miguel Valente and the position of Investor Relations by Ricardo Mendes Ferreira.

58. ***Information on the proportion and the deadline for replying to information requests received during the year or pending from previous years.***

Whenever necessary, the Market Liaison Officer ensures the provision of all relevant information regarding significant events, facts considered to be relevant, quarterly disclosure of results and responses to any requests for clarification by investors or the general public on public financial information. All information requests from investors are analysed and answered within a maximum period of five business days.

V. Website

59. Address(es):

COFINA has a website with information on the Company and the Group. The address is www.cofina.pt.

60. Place where information on the company's name, public company status, registered office and other information referred to in Article 171 of the Portuguese Companies Act is available

wwww.cofina.pt \ investors \ company profile

61. Place where the Articles of Association and the procedural rules of the company bodies and/or committees are available

www.cofina.pt \ investors \ articles of association

www.cofina.pt \ about cofina \ corporate governance \ archive

62. Place where information on the identity of members of the governing bodies, the market relations representative and the Investor Support Office, or its equivalent, their duties and means of access are available

www.cofina.pt \ about cofina \ corporate governance \ archive

www.cofina.pt \ investors \ ir contacts

www.cofina.pt \ investors \ investor support office

63. Place where the financial statements are made available, which must be accessible for at least five years, as well as the half-yearly calendar of company events, disclosed at the beginning of each half year, including general meetings, disclosure of annual, half-yearly and, if applicable, quarterly accounts

www.cofina.pt \ investors \ reports

www.cofina.pt \ investors \ financial calendar

64. Place where the notice for the General Meeting of Shareholders and all related preparatory and subsequent information are disclosed

www.cofina.pt \ investors \ annual meetings

65 .Place where the records of all the decisions made at Company General Meetings, the share capital represented and the voting results for the 3 previous years are available

www.cofina.pt \ investors \ annual meetings

D. REMUNERATION

I. Decision-making powers

66. Indication of the powers for determining the remuneration of the governing bodies

The Remuneration Committee is the body responsible for approving the remuneration of the members of the Board of Directors and other governing bodies, in representation of the shareholders and in accordance with the remuneration policy approved by the Shareholders at the General Meeting.

II. Remuneration committee

67. Composition of the Remuneration Committee, including the identification of individuals or companies contracted to provide support and a declaration on the independence of each member and consultant

COFINA currently has a Remuneration Committee, elected at the General Meeting of Shareholders to serve a three-year term, starting in 2020 and ends in 2022, and whose composition is as follows:

- João da Silva Natária – Chairman
- André Seabra Ferreira Pinto – Member of the Board
- Pedro Nuno Fernandes de Sá Pessanha da Costa – Member of the Board

All members of the Remuneration Committee are independent of the members of the Board of Directors and of any other interest group.

With regard to the identification of natural or legal persons contracted to provide support to this Committee, it should be noted that its duties include the freedom to contract, at the Company's expense and in compliance with reasonable criteria in this regard, external service providers who may carry out independent evaluations, studies and prepare reports that may assist that committee in the full and complete exercise of its duties, as further explained in Point 68 below.

This committee should draw on benchmarking studies on remuneration policies, ensuring that the Declaration on the Remuneration and Compensation Policy for Governing Bodies is in line with the best practices in use in companies of equal importance and size.

In 2020, this committee did not consider it necessary to contract any persons or entities to support their decision making.

68. Knowledge and experience of the members of the remuneration committee with regard to the remuneration policy

The professional experience and qualifications of the members of the Remuneration Committee can be consulted in their background records available on the Company's website at www.cofina.pt, “Investors” tab, “General Meetings/2020/Background Records” section.

COFINA considers that the professional experience and career of the members of the Remuneration Committee are fully adequate for the performance of the duties assigned to them, allowing these members to perform them with the rigour and efficiency required. Without prejudice to the qualifications of the other members, it makes sense to single out João da Silva Natária, for his high level of experience and specific knowledge in evaluation and remuneration policy matters.

Furthermore, and in addition to what has already been mentioned in Point 67 above, whenever necessary, the committee uses specialised internal or external resources to support its deliberations.

In such cases, the Remuneration Committee freely decides, for COFINA, on the contracting of the consultancy services deemed necessary or appropriate, taking care to ensure that the services are provided independently and that the providers are not contracted to provide any other services to COFINA or its subsidiaries without the express authorisation of the Remuneration Committee.

III. Remuneration structure

69 .Description of the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009, of 19 June

As established in Law 28/2009 of 19 June, a statement on the remuneration policy of the management and supervisory bodies is submitted every year to the Shareholders' General Meeting for approval.

The remuneration and compensation policy of COFINA governing bodies, approved at the Shareholders' General Meeting of 30 April, 2020, complies with the following principles:

PRINCIPLES OF THE REMUNERATION POLICY OF THE CORPORATE BODIES OF COFINA

The Remuneration Policy of the Governing Bodies of COFINA is based on the assumption that competence, dedication, availability and performance are the determining elements of a good performance, and that only with a good performance is it possible to ensure the necessary alignment with the employees interests of the company and its shareholders.

In view of the interest, culture and long-term strategy of the Company, the Remuneration Policy of the Governing Bodies of COFINA aims to:

• Attract and retain the best professionals for the functions to be performed, providing the necessary conditions of stability in the exercise of the functions;

• Reward performance, by means of an adequate remuneration to the mechanisms for defending the interests of Shareholders, discouraging excessive risk taking, by providing mechanisms for deferring variable remuneration;

• Reward the focus on continuous improvement, productivity and the creation of long-term value for shareholders;

• Reward the environmental sustainability and energy efficiency of relevant activities of the Company.

The Policy is based on criteria aimed at the sustainability of the Company, is aligned with comparable benchmarking and, complying with legal requirements, is based on the following vectors:

<u>Nature of the functions performed</u>

The functions performed and the responsibilities assumed by each member are, necessarily, taken into account in the definition of remuneration. Not all members are in the same position, which imposes a carefully case-by-case definition. In assessing the level of responsibility, the time of dedication, the requirement imposed by the areas under their supervision and the functions performed in the subsidiaries must be taken into account.

<u>The economic situation of society</u>

The definition of remuneration must be compatible with the size and economic capacity of the Company, while ensuring adequate and fair remuneration.

<u>Market criteria</u>

The observance of market rules is essential to adequately reward, under market conditions, the activity developed and the results obtained.

BOARD OF DIRECTORS:

The total fixed remuneration of the Board of Directors, including the remuneration paid by subsidiaries to members of the Board of Directors, may not exceed EUR 100,000 per year.

1) Non-Executive Directors

The remuneration of the non-executive members of the Board of Directors corresponds to a fixed monthly fee, the amount of which is determined by the Remuneration Committee, having an exclusively fixed nature.

The individual remuneration of any non-executive director may not exceed EUR 80,000/year, and is exclusively fixed.

2) Executive Directors

The remuneration of the Executive Directors of COFINA comprises two components:

a) Fixed component, amount paid monthly.

b) Variable component, which includes a medium-term variable premium.

The variable component is intended to more closely align the interests of executive directors with those of shareholders and will be calculated covering the entire term of a term, corresponding to the period between 2020 and 2022, based on:

- Total shareholder return (appreciation of the share plus dividend distributed)
- Sum of net income for the 3 years (2020 to 2022)
- Performance of the Group's business

The total value of the medium-term component may not exceed 50% of the fixed remuneration earned during the 3-year period.

STATUTORY AUDIT BOARD

The remuneration of the members of the Statutory Audit Board shall be based on fixed annual amounts, at levels considered adequate for similar functions.

GENERAL MEETING

The remuneration of the board of the General Meeting shall be fixed only and shall follow market practices.

STATUTORY AUDITOR

The Statutory Auditor will have a fixed remuneration appropriate to the performance of its duties and in accordance with market practice, under the supervision of the Statutory Audit Board.

NUMBER OF SHARES AND OPTIONS GRANTED

No form of remuneration is in force or foreseen in which there is a place for the attribution of shares or options, or any other system of incentives in shares or options.

COMPENSATION FOR TERMINATION OF FUNCTIONS BEFORE OR UNDER THEIR RESPECTIVE MANDATES AND RESTITUTION OF VARIABLE REMUNERATION

In the event of early termination of the term of office of the members of the Board of Directors, generally, there are no additional compensatory conditions to those legally established, except in the case of the existence of a management contract, which, on this matter, I may contemplate particular conditions.

There are no mechanisms in the Company that provide for the possibility of requesting the refund, from administrators, of variable remuneration.

In 2020, no compensation was paid to former members of the Board of Directors, or members of the other governing bodies, for terminating their duties.

SCOPE OF PRINCIPLES

The principles of the remuneration and compensation policies set out in this statement cover not only the remuneration paid by COFINA, but also the remuneration paid to the members of its Board of Directors by companies it directly or indirectly controls.

During the year of 2020, no director or member of the other corporate bodies received remuneration from companies directly or indirectly controlled by COFINA.

70. Information on how remuneration is structured in such a way as to align the interests of the members of the Board of Directors with the long-term interests of the company, as well as on how it is based on performance evaluation and how it discourages excessive risk-taking

The remuneration policy for executive directors aims to ensure adequate a rigorous compensation for the performance and contribution of each director to the success of the organisation, aligning the interests of the executive directors with those of the Shareholders and the Company. In addition, the remuneration policy provides for a medium-term variable component, indexed to the Company's performance, aimed at aligning the interests of executive directors more closely with those of shareholders and with the long-term interests of the Company.

The proposals for the remuneration of the executive directors are drawn up taking into account: (i) the duties performed in COFINA and in the different subsidiaries; (ii) responsibility and added value for individual performance; (iii) the knowledge and experience accumulated in the performance of their duties; (iv) the economic situation of the Company; (v) the remuneration earned in companies in the same sector and other companies listed on Euronext Lisbon. In relation to the last point, the Remuneration Committee takes into account, within the limits of the information available, all national companies of equivalent size, particularly those listed on Euronext Lisbon, and also companies in other international markets with characteristics equivalent to those of COFINA.

71. Reference to the existence of a variable component of the remuneration and information on the possible impact of the performance assessment on this component

At the General Meeting of 30 April 2020, the remuneration policy was approved as detailed in Point 69 above, which provides for a variable component.

There are no mechanisms to prevent executive directors from entering into contracts that call into question the raison d'être of variable remuneration. However, the Remuneration Committee takes these factors into account in the criteria for determining the variable remuneration.

The Company has not entered into any contracts with members of the Board of the Board of Directors that have the effect of mitigating the risk inherent to the variability of remuneration, nor is it aware of any identical contracts entered into with third parties.

72. Deferred payment of the variable component of remuneration, mentioning the deferral period

There is currently no variable remuneration whose payment has been deferred over time.

73. Criteria for attribution of the variable remuneration in shares

COFINA does not have any form of remuneration in force under which shares or any other share-based incentive system are granted, nor have any such forms of remuneration been contemplated.

74. Criteria for attribution of the variable remuneration in options

COFINA does not have any form of remuneration in force in which the granting of rights over options takes place, nor have any such forms of remuneration been contemplated.

75. Main parameters and grounds for any annual bonus scheme and other non-cash benefits

COFINA does not have any system of annual bonuses or other non-cash benefits additional to the variable remuneration, as described above.

76. Main characteristics of the supplementary pension or early retirement schemes for the directors and date of their individual approval at the general meeting

COFINA has no supplementary pension or early retirement schemes in place for the members of management and supervisory bodies.

IV. Remuneration disclosure

77. Indication, on an aggregated and individual basis, of the annual amount of the remuneration received by the members of the company's management bodies, including fixed and variable remuneration and with reference to the different components giving rise to the variable remuneration

The remuneration earned by the members of the Board of Directors of COFINA during 2020, for the performance of their duties, included only fixed remuneration and was paid directly by COFINA and not by any of its subsidiaries, with the exception of the Directors Alda Delgado and Luís Santana, who, as they are also Directors of the wholly-owned subsidiary COFINA MEDIA, earned fixed and variable remunerations exclusively in this subsidiary. The amount amounted to 263,333.40 Euros, distributed as follows: Paulo Fernandes - 80,000 Euros; João Borges de Oliveira - 80,000 Euros; Domingos Matos - 28,000 Euros; Pedro Borges de Oliveira - 28,000 Euros; Ana Mendonça - 28,000 Euros; Laurentina Martins - 19,333.40 euros.

78. Any amounts paid by controlled or group companies or those under shared control

The remuneration earned by the members of the Board of Directors was paid in full by COFINA, and not by any of its subsidiaries, with the exception of the Directors Alda Delgado and Luís Santana, who, because they are also Directors of the wholly-owned subsidiary COFINA MEDIA, earned fixed remuneration and variables exclusively in this subsidiary, broken down as follows: Alda Delgado - 259,003 Euros; Luís Santana - 287,479.

79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for granting such bonuses and/or profit-sharing

During the financial year, no remuneration was paid as profit sharing or in the form of bonuses.

80. Payments made or owed to former executive directors as a result of Loss of Office during the financial year

During the financial year, no amounts were paid or are owed in respect of compensation to directors whose duties have ceased.

81. Indication, on an aggregated and individual basis, of the annual amount of the remuneration received by the members of the Company's supervisory bodies

The remuneration of the members of the Supervisory Board is composed of a fixed annual amount based on COFINA's situation and current market practices in a company of equal importance and size. In the year ending on 31 December 2020, the remuneration of the members of the Supervisory Board amounted to 31,620 Euro, distributed as follows: Pedro Pessanha – 12,000 Euro; António Pinho – 8,310 Euro; Ana Paula Pinho – 5,540 Euro; Guilherme Monteiro – 2,770 Euro.

The remuneration received by the Statutory Auditor is detailed in point 47 above.

82. Indication of the remuneration of the chairman of the general meeting of shareholders in the year under review

The remuneration of the Chairman of the Board of the General Meeting of Shareholders for the year ending on 31 December 2020 amounted to 7,000 Euro and the remuneration of the secretary of the board of the general meeting amounted to 3,000 Euro.

V. Agreements with remuneration implications

83. Contractual restrictions on compensation payable for unfair removal of a director and its relationship with the variable component of the remuneration

The remuneration policy maintains the principle of not including the granting of compensation to directors, or members of other governing bodies, associated with the early termination of their duties or at the end of their mandates, without prejudice to compliance by the Company with the legal provisions in force in this area.

84. Reference to the existence and description, with an indication of the amounts involved, of agreements between the company and the members of the board of directors and managers, under article 248-B(3) of the Portuguese Securities Code, which provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship, following a change in the control of the company

There are no agreements between the Company and the members of the board of directors of managers of COFINA, under article 248-B(3) of the Portuguese Securities Code, which provide for compensation in case of resignation, unfair dismissal or termination of the employment relationship, following a change in the control of the Company Nor are there any agreements with the directors to ensure any compensation in case of non-renewal of the mandate.

VI. Plans for attribution of shares or stock options

85. Identification of the plan and those it applies to

COFINA does not have any plan to attribute shares or stock options to members of the governing bodies or their employees.

86. Description of the plan

COFINA does not have any plan to attribute shares or stock options.

87. Stock option rights attributed to company employees

No stock option rights are attributed to company employees

88. Control mechanisms included in any employee share scheme where the voting rights are not exercised directly by the employees

Not applicable as stated above.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

Transactions with related parties, when they exist, and when they are materially relevant, comply with all legal requirements, including obtaining a prior favourable opinion from the Company's supervisory body.

The Company's supervisory body has access to the terms of the potential operation to be carried out, with a rigorous level of detail, and may also request any clarification and additional information it considers appropriate or necessary.

Its opinion is, naturally, binding.

On the other hand, the Company bases its performance, in all areas and especially in this one, on criteria of rigour and transparency.

The Company approved, by resolution of the Board of Directors on November 24, 2020, after a prior opinion of the Fiscal Council on November 18, 2020, the Regulation on Transactions with Related Parties and Conflicts of Interest, which is available at Society website (http://www.cofina.pt/about-cofina/corporate-governance/governance.aspx?sc_lang=pt-pt).

It should also be noted that the Company provides the Supervisory Board with all the information that it requests, at least quarterly, including, in particular, the reporting of transactions with related parties, and that there has never been a question of any transaction that could jeopardise the rigour and transparency of the Company's operations, without the procedure for requesting a prior opinion from the Supervisory Board having been followed.

90. Indication of the transactions subject to control in the year under review

In 2020, no other significant deals or commercial transactions were carried out between the Company and the holders of qualifying holdings or reported to the Company.

It should also be noted that no deals or transactions were made with members of the Supervisory Board.

The transactions carried out by the Company with companies in a control or Group relationship do not assume materiality worthy of note but were carried out under normal market conditions. All of these are within the scope of the Company's current activity and do not need to be disclosed separately.

91. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purpose of conducting a prior assessment of the transactions to be concluded between the company and holders of qualified holding or entities with whom they are in a relationship

Transactions with directors of COFINA or with companies that are in a group or control relationship with the company that party is a director of, regardless of the amount, are always subject to prior authorisation from the Board of

Directors, on the assumption that a favourable opinion has been issued by the supervisory body, under the terms laid down by Article 397 of the CSC.

Transactions with related parties, when they exist, and when they are materially relevant, comply with all legal requirements, including obtaining a prior favourable opinion from the Company's supervisory body.

In 2020, it was not necessary for the Supervisory Board to issue any opinion given that there were no transactions that could be subject to assessment by that body.

II. Elements related to businesses

92. Indication of the place where the information on the accounting documents of related party business relationships is available

Information on business with related parties can be found in Note 29 of the Notes to the consolidated financial statements and Note 20 of the Notes to the separate financial statements of the Company.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the corporate governance code adopted

This corporate governance report presents a description of the corporate governance structure in force at COFINA, as well as the policies and practices whose adoption under this model is necessary and appropriate to ensure governance in line with the best practices in this area.

The assessment performed complies with the legal requirements of Article 245-A of the Portuguese Securities Code and also discloses, in light of the comply or explain principle, the degree of compliance with the IPCG Recommendations included in the IPCG Corporate Governance Code, as this is the Corporate Governance Code adopted by the Company.

The information duties required by Law No. 28/2009, of 19 June, as well as by article 447 of the CSC, by CMVM Regulation No. 5/2008, of 2 October 2008, and by the Regulation (EU) no. 596/2014, of the European Parliament and of the Council, of 16 April, are fully complied with.

All the legal provisions mentioned in this Report and the Recommendations contained in the IPCG Corporate Governance Code may be consulted at www.cmvm.pt and https://cgov.pt/images/ficheiros/2018/codigo-pt- 2018-ebook.pdf, respectively.

2. Analysis of compliance with the Corporate Governance Code adopted

COFINA has been encouraging and promoting all actions aimed at the adoption of best Corporate Governance practices, basing its policy on high ethical standards and social and environmental responsibility and with decisions increasingly based on sustainability criteria.

The integrated and effective management of the group is the aim of COFINA's Board of Directors which, by stimulating transparency in the relationship with investors and the market, has been guided by the constant search for the creation of value and the promotion of the legitimate interests of shareholders, the Company's employees and other stakeholders.

For the purposes of compliance with the provisions of Article 245-A(1)(o) of the Portuguese Securities Code, the following are the Recommendations contained in the IPCG Corporate Governance Code which the Company proposes to comply with.

RECOMMENDATIONS	COMPLIANCE	REMARKS
Chapter I · GENERAL PROVISIONS		
General Principle Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.		
I.1. Company's relationship with investors and disclosure		
Principle: *Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information*		
Recommendation		
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in generall	**Adopted**	Part 1, item 21, 22, 38, 59 to 65
I.2. Diversity in the composition and functioning of the company's governing bodies		
Principles:		
I.2.A *Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders*		
I.2.B *Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions*		
I.2.C *The companies ensure that the functioning of their bodies and commissions is duly recorded, namely in minutes, which make it possible to know not only the meaning of the decisions taken, but also their reasons and the opinions expressed by their members.*		
Recommendations:		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing	**Adopted**	Part 1, item 16, 19, 26, 33 and 36
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	**Adopted**	Part 1, item 22, 27, 29, 34 and 61
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	**Adopted**	Part 1, item 61

I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	**Adopted**	Part 1, item 38 and 49
I.3. Relationships between the company bodies		
Principle: *Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.*		
Recommendations:		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information	**Adopted**	Part 1, item 18, 38 and 61
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the	**Adopted**	Part 1, item 18, 23, 28, 38
I.4. Conflicts of interest		
Principle: *The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.*		
Recommendations:		
I.4.1. *The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.*	***Adopted***	Part 1, item 20
I.4.2. *Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.*	***Adopted***	Part 1, item 20
I.5. Related party transactions		

Principle: *Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.*		
Recommendations:		
I.5.1. *The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.*	***Adopted***	Part 1, item 89
I.5.2. *The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.*	***Adopted***	Part 1, item 89

Chapter II · SHAREHOLDERS AND GENERAL MEETINGS		
Principles:		
II.A *As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the*		
II.B *The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees, and for reflection about the*		
II.C *The company should implement adequate means for the participation and remote voting by shareholders in meetings.*		
Recommendations:		
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	**Adopted**	Part 1, item 12
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	**Adopted**	Part 1, item 14
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	**Partially adopted**	Part 1, item 12 clarification on recommendations partially adopted below
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	**Partially adopted**	Parte 1, item 12 clarification on recommendations partially adopted below
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	**Recommendation not applicable**	Clarification on recommendations not applicable below
II.6. company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body	**Adopted**	Part 1, item 4 and 84
Chapter III · NON - EXECUTIVE MANAGEMEN T, MONITORING AND SUPERVISION		
Principles:		
III.A *The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by*		

***III.B** The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.*		
***III.C.** The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.*		
Recommendations:		
III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	**Not adopted**	Clarification on recommendations not adopted below
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	**Adopted**	Part 1, item 18
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	**Adopted**	Part 1, item 18

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non- consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.	**Not adopted**	Clarification on recommendations not adopted below
III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)..	**Recommendation not applicable**	Clarification on recommendations not adopted below
III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	**Adopted**	Part 1, item 15 and 38

III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the	**Adopted**	Part 1, item 27 and 29
Chapter IV · EXECUTIVE MANAGEMENT		
Principles:		
IV.A *As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development*		
IV.B *In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread*		
Recommendations:		

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group	**Adopted**	Clarification on recommendations adopt below
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	**Adopted**	Part 1, item 21 and 28
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	**Adopted**	Part 1, item 21, 50 and 54
Chapter V · EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT		
V.1 Annual evaluation of performance		
Principle:		
The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees		
Recommendation:		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees	**Adopted**	Clarification on recommendations adopted below

V.2 Remuneration		
Principles:		
***V.2.A** The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company*		
***V.2.B** Directors should receive compensation:* *i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;* *ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and* *iii) that rewards performance.*		
Recommendations		
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	**Adopted**	Part 1, item 66, 67 and 68
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	**Adopted**	Part 1, item 66, 67 and 68
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	**Recommendation not applicable**	Clarification on recommendations not applicable below
V.2.4 In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders	**Adopted**	Part 1, item 24
V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties	**Adopted**	Part 1, item 67
V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	**Adopted**	Part 1, item 67

V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	**Adopted**	Part 1, item 69 and 76
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation	**Not adopted**	Clarification on recommendations not adopted below
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	**Recommendation not applicable**	Clarification on recommendations not applicable below
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	**Adopted**	Clarification on recommendations adopted below
V.3 Appointments		
Principle:		
Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.		
Recommendations:		
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out	**Adopted**	Part 1, item 16, 19, 22, 29, 31 and 33
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	**Recommendation not applicable**	Clarification on recommendations not applicable below
V.3.3. This nomination committee includes a majority of non- executive, independent members.	**Recommendation not applicable**	Clarification on recommendations not applicable below
V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	**Recommendation not applicable**	Clarification on recommendations not applicable below
Chapter VI · INTERNAL CONTROL		
Principle:		
Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.		

Recommendations:		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking	**Adopted**	Part 1, item 21, 51 to 54
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body	**Adopted**	Part 1, item 51
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	**Adopted**	Part 1, item 27, 29, 38 and 50 to 55
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	**Adopted**	Part 1, item 37, 38 and 50
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities	**Adopted**	Part 1, item 37, 38 and 50
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.	**Adopted**	Part 1, item 50 to 55
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined	**Adopted**	Part 1, item 38 and 50 to 55
Chapter VII · FINANCIAL INFORMATION		
VII.1 Financial information		
Principles:		

VII.A. *The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit*		
VII.B. *The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts*		
Recommendation:		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form	**Adopted**	Part 1, item 34 and 38
VII.2 Statutory audit of accounts and supervision		
<u>Principle</u>:		
The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.		
Recommendations:		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	**Adopted**	Part 1, item 34, 37, 38 and 42 to 47
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	**Adopted**	Part 1, item 37 and 38
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	**Adopted**	Part 1, item 37 and 38

- **Recommendation II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.**

As mentioned in Point 12 of Part 1 of this Report, the Company has implemented the necessary means to ensure the right to vote by correspondence.

With regard to electronic voting, the Company has not yet implemented the necessary mechanisms for its implementation (i) because this method has never been requested by any shareholder and (ii) because it considers that such circumstance does not constitute any constraint or restriction on the exercise of voting rights by shareholders, which the Company promotes and encourages.

COFINA has been promoting the physical participation of its shareholders, directly or through representatives, at its General Meetings, as it considers that these are excellent opportunities for contact between its Shareholders and the management team, taking advantage of the presence of the members of the other governing bodies, particularly the Supervisory Board and the Statutory Auditor, as well as the members of the Remuneration Committee. This iteration has proved fruitful within the Company.

- **Recommendation II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.**

As mentioned in Point 12 of Part 1 of this Report, the Company has implemented the necessary means to ensure the right to vote by correspondence.

With regard to the possibility of holding the General Meeting by telematic means, the Company has not yet set in motion the mechanisms necessary for its implementation because (i) this facility has never been requested by any shareholder, (ii) the costs of implementing telematic means are high and (iii) such circumstance does not constitute any constraint or restriction on the exercise of voting rights by shareholders, an exercise which the Company promotes and encourages.

Referring to and reinforcing what has just been said in the previous point, COFINA has been promoting the physical participation of its shareholders, directly or through representatives, at its general meetings, as it considers that these are excellent opportunities for contact between its Shareholders and the management team, taking advantage of the presence of the members of the other governing bodies, particularly the Supervisory Board and the Statutory Auditor, as well as the members of the Remuneration Committee. This iteration has proved fruitful within the Company.

In this way, it is understood that all the necessary and appropriate means to ensure participation in the General Meeting are already in place.

- **Recommendation II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.**

The Articles of Association do not provide for any limit to the number of votes that may be held or exercised by a single shareholder, individually or in concert with other shareholders.

- **Recommendation III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.**

Given the size and structure of the Company, especially taking into account the concentration of its equity structure and the total number of directors that make up the Board, which is only six, and also taking into account the performance of the current Chairman of the Board, which has proven to be perfectly adequate and aligned with the interests of the Company and its shareholders, COFINA considers that the appointment of a Lead Independent Director solely for the purpose of complying with a merely formal criterion would not add relevant value.

- **Recommendation III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:**

i. having carried out functions in any of the company's bodies for more than 12 years, either on a consecutive or non- consecutive basis;

ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;

iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;

iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;

v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or

vi. having been a qualified holder or representative of a shareholder of qualifying holding.

The Board of Directors does not include one third of members who complies with the independence criteria, notwithstanding this circumstance, the Company has developed mechanisms to allow the non-executive directors to make independent and informed decisions, such as:

- Prior and timely notification to all members of the Board of Directors of meetings of that body, including the agenda, even if provisional, of the meeting, accompanied by other relevant information and documentation;

- Availability of executive directors to provide non-executive directors with all additional information deemed relevant or necessary, as well as for carrying out further studies and analyses in relation to all matters that are the subject of deliberation or that are in any way under consideration in the Company;

- Availability of the minutes books, records, documents and other information on operations carried out in the Company or its subsidiaries, for examination, as well as the availability and promotion of a direct channel for obtaining information from the directors and operations and financial managers of the various companies in the group, without requiring any intervention by executive directors in this process.

The Company weighed and reflected on this circumstance considering, on the one hand, the corporate model adopted and, on the other hand, the composition and operation of its governing bodies as a whole, (namely the Board of Directors as a collegiate body, the Supervisory Board and the Statutory Auditor, with their inherent independence) having concluded that the possible appointment, for merely formal reasons, of independent directors would not bring significant benefits to the performance of the Company, or to (possible) better functioning of the adopted model, considering that both this one and the other one have proven to be positive, relevant, adequate and efficient.

It should be added that the management report includes, in the chapter “Activities carried out by non- executive members of the Board of Directors”, a description of the activity carried out by non-executive directors during the 2020 financial year.

- **Recommendation III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company’s bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).**

The Company does not have any director in the circumstances described.

- **Recommendation IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.**

Given its organisational structure and the small size of the Board of Directors, which is composed of eight members, COFINA considers it unnecessary to formally appoint an Executive Committee within the Board of Directors.

However, as mentioned in point 28 of this Report, of the eight members of the Board of Directors, two perform executive functions – more practical or operational. As decisions of the Board of Directors are made by all its members, executive and non-executive, in the normal course of their duties, as a collegiate body, in an enlightened and informed manner, the Company considers that the necessary conditions are guaranteed for decisions on strategic matters to be fully focused on the creation of value for shareholders.

- **Recommendation V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company’s strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company’s other bodies and committees**

The assessment of the performance of the Board of Directors is submitted to the General Meeting of Shareholders in accordance with the law, with reference to compliance with the Company's strategic plan and budget, its risk management, internal operation and its relations with the other bodies in the Company. The Board of Directors does not choose a time to formally carry out this self-assessment in a documented manner, but it is carried out regularly, by a body that meets at least 12 times a year, and that carries out such close and regular monitoring of the company's activity that it reflects the fairness and adequacy of the performance of the body.

In addition, and as provided for in the CSC (Article 376), the General Meeting of Shareholders conducts an annual general appraisal of the management of the Company.

- **Recommendation V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report**

The approved remuneration policy does not establish any scheme of retirement benefits or payment of compensation.

- **Recommendation V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company’s internal regulation**

The Company's Remuneration Committee has not defined any variable remuneration whose payment has been deferred over time..

- **Recommendation V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years**

The variable component of the Company's remuneration does not include the allocation of options or other instruments directly or indirectly dependent on the value of the shares.

- **Recommendation V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value**

The remuneration policy approved by the General Meeting following a proposal from the Remuneration Committee establishes that the individual remuneration of any non-executive director is exclusively fixed in nature.

- **Recommendation V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size**

The Company does not have a nomination committee, for the reasons listed in points 27, 29 and 67 of Part I of this Report.

- **Recommendation V.3.3. This nomination committee includes a majority of non-executive, independent members**

The Company does not have a nomination committee, for the reasons listed in points 27, 29 and 67 of Part I of this Report.

- **Recommendation V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity**

The Company does not have a nomination committee, for the reasons listed in points 27, 29 and 67 of Part I of this Report.

3. Further information

In line with the above, COFINA would like to point out that, given its significant compliance with the majority of the recommendations, the Company's has almost fully adopted the recommendations of the IPCG Corporate Governance Code, which can be seen in its diligent and careful management, absolutely focused on the creation of value for the Company and, consequently, for the shareholders.

NON-FINANCIAL INFORMATION REPORT

31 December 2020

SOCIAL AND ENVIRONMENTAL REPORT - COFINA GROUP

This chapter aims to meet the requirements for providing information on non-financial matters as required by Directive 2014/95/EU, transposed to national law by Decree-Law No. 89/2017, thus providing an overview of the environmental and socioeconomic dimension of the Cofina Group's activities.

It is believed that the information presented here is a balanced reflection of the reality of the Group in these areas, given the main impacts and risks of the activities carried out, and that it provides stakeholders with a more comprehensive view of the activity and performance.

To this end, and to assess the content of this chapter, the reporting requirements of the aforementioned directive were analysed, in line with the recommendations of the associated guide, focusing here on those considered most important, following an analysis that took sustainability references into consideration, with particular emphasis on sustainability standards, peer reporting and relevant internal reflections based on the level of impact. The information needs of investors and other interested parties were indirectly considered by this analysis through the sources consulted.

Along with the results of the above analysis, several indicators are also presented that reflect the performance of the Cofina Group in these areas.

BUSINESS

The Cofina Group operates mainly in the area of media and content.

The Products and Services, as well as the Group's Strategy, can be seen in detail in the "Group’s Activity" chapter and “Outlook” of this Annual Report.

The rapid pace and the present need to respond to the evolution and challenges of the media means that new production, distribution and consumption systems are constantly being updated. However, this need brings with it new social and environmental responsibility concerns, which will be mentioned throughout this chapter.

RELATIONSHIP WITH KEY STAKEHOLDERS

Communicating and listening to interested parties, including Employees, Customers, Suppliers and other stakeholders who may affect Cofina's business, or who may be affected by it, is very important to help the Group understand their points of view, as well as to convey its message and objectives.

In this way, indispensable communication channels have been developed with its key stakeholders, namely, its Clients and Consumers, Employees, as well as Suppliers, Partners and Service Providers and Official Bodies.

CUSTOMERS SATISFACTION

With the aim of Customer satisfaction, Cofina not only seeks to solve problems, but also to anticipate market and consumer trends, through the analysis of readers' and viewers’ behavior, based on market studies and the opinion of independent bodies.

Customer complaint processes are a way of detecting problems and/or dissatisfaction with the products and services that make up Cofina's portfolio. Customers should request the complaints book and clearly and completely describe the facts that motivating their complaint and their identification details. After the complaint has been filled in, it will be obligatorily forwarded to the competent market control entity or to the sector's regulatory authority, and a response will be given within no more than 10 business days.

In 2020, 2 formal complaint processes were registered, both closed within the maximum period stipulated by law.

MANAGEMENT OF ENVIRONMENTAL ASPECTS

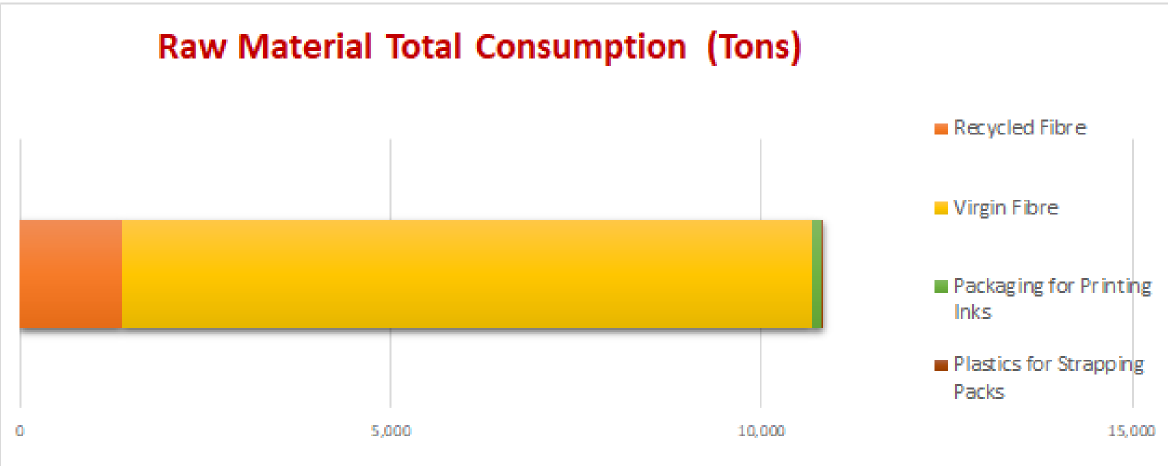
The Cofina Group recognises that companies play an important role in protecting the environment, however, it also considers that the activity it carries out is not aggressive in environmental terms compared to other sectors.

Among the activities engaged in, the one that represents the greatest direct environmental impact is printing newspapers, assured within the Group. The variables with the greatest environmental impact are the consumption of electricity, paper and waste produced. Waste inherent to returned copies is also relevant to the distribution of publications.

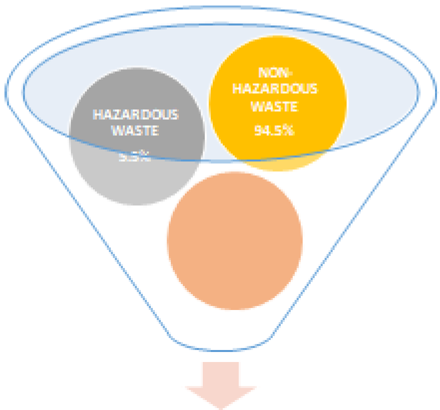
The results achieved in 2020 in the environmental indicators relating to production, distribution and consumption processes reflect the group's commitment to seeking solutions and measures for savings combined with compliance with legal obligations. Cofina does not have a formally defined environmental policy, but its practices are adequate for safeguarding against environmental compliance risks.

Electricity consumption totalled 3,063,000 kWh, equivalent to 11,028 GJ, corresponding to 335 thousand Euro. This is the only relevant source of energy within the Cofina Group companies.

This year, around 10,827 million tonnes of raw material consumption were recorded, of which 10,687 was related to paper, 133.9 tonnes of packaging for printing inks and 6.62 tonnes of plastic used in bundle strapping. The practice of incorporating recycled materials was maintained, with paper consumption currently representing 13% recycled fibre (1,389 tonnes) and 87% virgin fibre (9,298 tonnes). Recycled paper fibre is currently losing ground to another type of more environmentally responsible alternative, certified paper fibre. Precisely because of this, Cofina has been replacing it with 100% virgin FSC and PEFC certified fibre, which comes from forests that are managed responsibly both from an ecological and a social point of view.



Cofina undertakes internal management practices and final disposal of waste to the most appropriate destination, with preference for recycling/recovery of waste rather than sending it to landfill or other final destination solutions. The overall waste recycling/recovery in 2020 was 99.0%, with special emphasis on the recycling/recovery of approximately 2,981 tonnes of paper from printed publications collected from points of sale.



LANDFILL 0.6%
RECYCLING/RECOVERY 99.4%

Although this sector of activity is not considered to be a major consumer of water, there are some stages/phases in the printing process that may present some expressive consumption, such as the offset printing cleaning process. There is also water consumption for other purposes, such as the use of water for sanitary purposes. In 2020, total water consumption was 6,266 million cubic metres, corresponding to around 22 thousand Euro.

The replacement of conventional lighting with LED (Light Emitting Diode) lamps has been a priority when refurbishing/ renewing infrastructures, contributing to significant improvements in electricity consumption, as well as in the working conditions of Employees. These actions have been carried out gradually, not only in 2020, but over the past few years.

Another significant improvement in terms of paper consumption and energy consumption in the administrative and editorial area has been the improvement of printing, through personalised authorisation, which removes unnecessary waste and reprints.

The power to influence a positive internal environment

The operational efficiency reflected in the optimisation of the use of resources is enhanced by correct usage patterns. In order to remind employees of the importance of reducing consumption in the Cofina Group, break rooms are used for posting warning messages and good environmental practices, such as the simple gesture of turning off the lights or turning off the tap when they are not needed, as well as waste sorting.

The power to influence a positive external environment

The Cofina Group recognises that the greatest impact that media companies can have in environmental terms is to influence society through the production and dissemination of educational content that can raise awareness, mobilise and increase the population's awareness of these matters.

MANAGEMENT OF SOCIOECONOMIC ASPECTS

EMPLOYEES AND LABOUR MANAGEMENT

Cofina's human resources management model is oriented towards a corporate culture that promotes the motivation and involvement of employees, as well as their orientation towards obtaining results. A formal human resources management policy is not defined, which does not mean that management priorities are not well defined. In 2020, human resources management maintained its priority in investing in its human assets, either through the development of training plans adjusted to individual and team needs, such as the conclusion of a Performance Evaluation Model with the purpose of putting it into practice in 2021, always bearing in mind the need to respond to the evolution and challenges of the media.

The human resources department oversees a human resources management practice in which safeguarding the risks of compliance with labour law is a basic premise and reconciling the challenges of an intellectually and emotionally demanding sector with the harmony of each employee and the team are safeguarded by various initiatives aimed at team spirit and motivation.

The application of Portuguese labour law ensures a practice aligned with the conventions of the International Labour Organisation (ILO).

The Cofina Group is made up of 713 employees (57.64% men and 42.36% women), mainly aged between 30 and 50 (57.22%), 19.64% of whom are between 18 and 29 years old and 23.14% between 50 and 65 years old. These figures include full-time staff and contracted workers, which translates into a rate of new admissions of 48.72% for men and 51.28% for women. The majority of the Employees are full-time, with a turnover rate of 16% (8% men and 9% women).

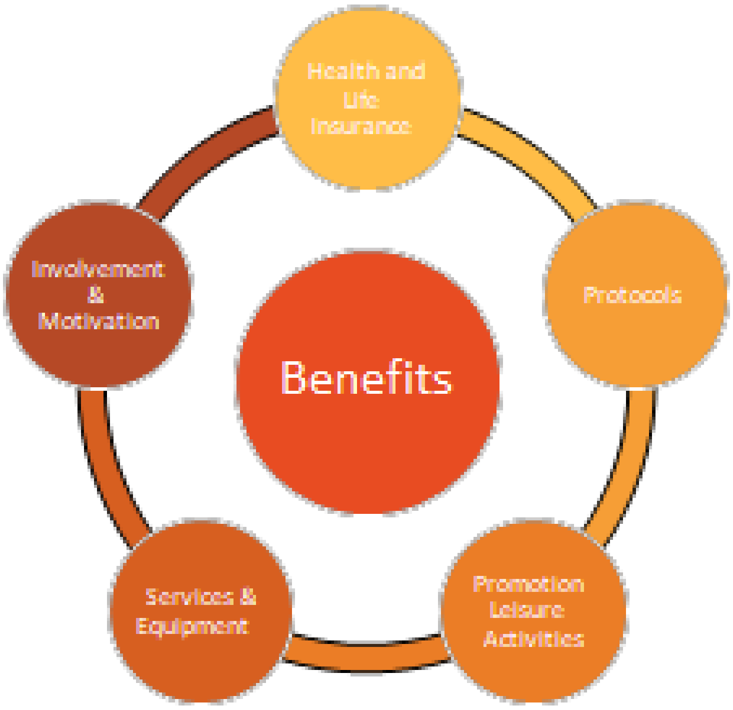
The “Characterisation of Human Resources” chart reflects the diversity and equality of opportunities in Cofina Group. The existence of female employees is visible in Management Positions (33.3%), on the Board (25%) and Specialised Staff (52.1%). In addition, it is important to note that around 50% of female Employees have higher education (Bachelor or Master's degrees). The Corporate Governance report can be consulted for more information on this matter.

Characterisation of Human Resources chart

	TOTAL	MEN No.	MEN %	WOMEN No.	WOMEN %
LABOUR INDICATORS					
NUMBER OF EMPLOYEES	713	411	57,6 %	302	42,4 %
TYPE OF CONTRACT					
PERMANENT STAFF (OPEN-ENDED CONTRACT)	713	397	55,7 %	293	41,1 %
FIXED-TERM CONTRACT	13	6	46,2 %	7	53,8 %
TEMPORARY CONTRACTS SUBSTITUTING STAFF ON MEDICAL LEAVE	12	10	83,3 %	2	16,7 %
ADMISSIONS AND DISMISSALS					
TURNOVER RATE	16,0 %	0	8,0 %	0	9,0 %
ADMISSIONS	39	19	48,7 %	20	51,3 %
DISMISSALS/RESIGNATIONS	84	40	47,6 %	44	52,4 %
AGE GROUP					
<30 YEARS OLD	140	76	54,3 %	64	45,7 %
30 TO 50 YEARS OLD	408	236	57,8 %	172	42,2 %
>50 YEARS OLD	165	99	60,0 %	66	40,0 %
PROFESSIONAL CATEGORY					
ADMINISTRATION	3	2	66,7 %	1	33,3 %
MANAGEMENT POSITION	40	30	75,0 %	10	25,0 %
SPECIALISED STAFF	119	57	47,9 %	62	52,1 %
GRAPHICS WORKER	35	35	100,0 %	0	0,0 %
JOURNALISTS	280	171	61,1 %	109	38,9 %
TECHNICAL AND OPERATIONAL POSITION	236	116	49,2 %	120	50,8 %
EDUCATION LEVEL					
PRIMARY EDUCATION	72	46	63,9 %	26	36,1 %
SECONDARY SCHOOL	287	222	77,4 %	65	22,6 %
BACHELOR'S DEGREE	45	22	48,9 %	23	51,1 %
UNIVERSITY DEGREE	337	171	50,7 %	166	49,3 %
MASTER'S DEGREE	37	15	40,5 %	22	59,5 %

PAYMENT AND BENEFITS

As a key element to retaining the best professionals, Cofina has implemented a set of payment and benefits policies in the areas of health, education and leisure/welfare.



HEALTH AND LIFE INSURANCE

Active Employees have a health plan enabling them to access medical services in health establishments of the contracted network. At the same time, the company has a doctor's office on its premises in Lisbon which, in addition to allowing for legally provided occupational health consultations, is also used for therapeutic doctor's appointments. The benefits of health insurance may be extended to direct relatives of the Employees, as well as medical assistance at home. The Group provides all employees with life insurance that covers death and total and permanent disability risks.

NUTRITION CONSULTATIONS

Taking into consideration the well-being of our professionals, a partnership was established with a company specialized in the area of nutrition in order to establish nutritional plans and monitor a set of identified professionals, on an experimental basis.

By analyzing the results obtained, we will, monitoring them, verify the need and relevance of extending the scope of these consultations to a greater number of professionals.

PROTOCOL

Cofina has partnerships and protocols signed with various institutions that allow access to special conditions for employees and their families, including Galp Frota Business, dental clinics, health clubs, banking institutions and insurance.

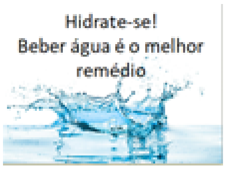
PROMOTION OF LEISURE ACTIVITIES

Cofina promotes initiatives that include individual or group sporting activities aimed at encouraging taking part in sports and promoting leisure, health and well-being activities among its employees.

In 2015, the “Cofina Runners” racing group came into being, sharing motivation, experience or achievement and showing that running in a group can be more rewarding and fun than doing it alone. In addition to the promotion of sports and health care, this group has another goal, cohesion, the promotion of team spirit and awareness among colleagues. The group's motto is **“Run... Challenge yourself... and Discipline yourself. Right now!”.** This activity did not happen due to the pandemic.

EQUIPMENT AND SERVICES

Cofina's facilities include break rooms where employees can prepare full or light meals. These break rooms have refrigerators, microwaves, vending machines with different products, coffee/tea machine, and others, for their own use. In the past, one of the canteens underwent extension and renovation, in order to provide better facilities to users and in 2020 all these spaces were decorated with images and messages with ideas about healthy eating.



The partnership established with a catering company remains active, providing employees with healthy, homemade meals, seeking to offer a new alternative to the solutions presented internally and around the head office building. In 2020, this partnership was interrupted due to the pandemic and the fact that most of our teams are telecommuting. It will be resumed as soon as the conditions for this service are met.

The year 2020 was a year that forced us, for reasons associated with the pandemic, to pause in some initiatives that we want to resume in 2021.

ENGAGEMENT AND MOTIVATION

In addition to all the practices and initiatives aimed at promoting compliance with the Group's objectives and strategies, there are also practices and actions aimed at improving the balance between employees' work and personal lives. Which led to the creation of the following initiatives:

- *Project "+Cofina" – In 2018, the process aimed at building a Performance Assessment Model with the collaboration of all professionals with management responsibilities at Cofina was promoted. During 2019, the model that resulted from those contributions was explained to all employees of the Group.*
- Between November and December 2019, a pilot test was carried out on the Performance Evaluation Model, where both the concepts and the application were tested, involving 80 professionals.
- This pilot resulted in contributions that made possible a substantial improvement to the model, which will enable its use by the entire Group in 2021. This project was interrupted in 2020 for the reason already explained above (pandemic)

- ***CELEBRATION OF THE ANNIVERSARIES OF THE PUBLICATIONS*** *– To celebrate and help promote team spirit and the success of the Cofina Group, whenever the publications celebrate another year of life, the Group meets to celebrate with a birthday cake that is shared in the newsroom that same day.*

- ***CELEBRATION OF INTERNATIONAL WOMAN'S DAY*** *– International Woman's Day is celebrated annually on March 8, and in order to honour the women who represent the Cofina Group, a small gift is offered. In 2020, the gift was a jam allusive to the day.*

- ***EYE SCREENING*** *– All employees were offered the possibility of having their eyes tested at the Cofina facilities, without needing to resort to outside services.*

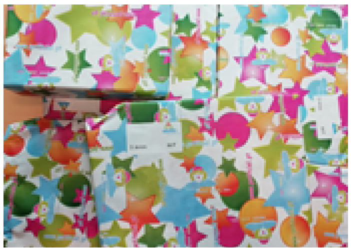
- ***EASTER CELEBRATION*** *– Each employee is given a bag of almonds, a chocolate egg or other product allusive to Easter. In 2020, and because we were at the beginning of the pandemic, no celebration was held.*

- ***CELEBRATION OF EMPLOYEES' BIRTHDAYS*** *– All the Employees have leave of absence on their birthday, without this being deducted from their holidays.*

- ***CHRISTMAS AT COFINA*** *– Christmas is always a special season, especially for children, and in order to celebrate this festive season, Cofina has offered events that mark the Christmas season, together with the offer of a "Bolo Rei" (King's Cake), and gifts for employees' children up to 12 years of age, along with some entertaining activities for children, e.g. theatre, cinema or circus.*
- In 2020 and due to the pandemic situation, we did not have the usual Christmas celebration at our facilities. Instead, we assign a gift card to each employee whose value has been doubled in relation to that normally offered.

IMAGES THAT SHOW THE PERMANENT INVOLVEMENT OF THE EMPLOYEES (AND FAMILIES) ON ORGANIZED EVENTS AND ACTIVITIES

Christmas Decoration, responsibility of the Human Resources team, and supported by volunteers involved in the activities.



Because the Family of our employees is important to Cofina, each child is offered a Christmas gift.

Within the scope of the "+ Cofina" Project. A goal, teamwork, overcoming.

The birthdays celebrations, with a cake shared with the team, a speech of support, thanks and encouragement.

WORK SAFETY

The concern with safety in its Employees' activities is a privileged theme in the group's policy. The Cofina Group counts on the support of a company that provides Hygiene, Safety and Occupational Health Services to ensure the correct management of the risks associated with the main activities developed. This service includes awareness-raising sessions and provides for the holding of evacuation drills in the places where the Employees usually carry out their duties. In addition to this partnership, Cofina maintains a group of qualified first responders, trained to provide basic life support in emergency situations. This team of first aiders consists of Cofina's internal employees, who receive regular training in this area of intervention. At the same time, regular meetings are held in order to share experiences of intervention in the field, as well as to discuss new ideas, report on less correct situations and plan various campaigns.

The company monitors and evaluates occupational accidents annually and develops corrective measures. Monitoring and analysing the complaints of our professionals arising from their professional activity, we concluded that image reporters make an increased physical effort resulting from their activity. After analysing the situation, the Group acquired equipment to support the cameras, which will allowed a better distribution of physical effort, preventing skeletal muscle injuries. This equipment continues to be used by image reporters, with a very positive evaluation of the referred PPE (personal protective equipment).

2020 was an extremely difficult year in terms of disease prevention, mainly due to the risk associated with Covid-19. From the first day, Cofina defined its Contingency Plan for the prevention of the disease by investing in prevention, either by providing personal protective equipment - masks, gloves and disinfectant wipes, or by placing a large part of its teams on a teleworking and rotation of teams in mirror, by testing people potentially at risk, as well as through various actions to reinforce the cleaning and sanitization of the different spaces in the various workplaces of the Cofina Group. It was also respected, it is important to mention, the compliance with legal norms that make teleworking mandatory in parents who have children under 3 years old, as well as the law decree that provides for teleworking (still in force) in workers who have associated diseases. This analysis was always accompanied by our occupational medicine doctor.

During the year 2019, the challenge was launched to develop in 2020, of surveying candidates for a new set of professionals who may come to constitute a new group of rescuers in order to ensure that, in an emergency, it will be useful. The receptivity to this challenge was the best and in 2021 the Group will set up another training group for new rescuers. This training ended up not taking place once we entered a pandemic situation, having been postponed to 2021.

Occupational Accident Tablet

	TOTAL NO. OF ACCIDENTS	NO. OF DAYS LOST	FREQUENCY INDEX	SEVERITY INDEX
TOTAL	2	87	0,36	0,02

Severity index = (No. of days lost / No. of hours of work) x 1,000

PERFORMANCE ASSESSMENT

In October 2018, the process of building a new Performance Assessment Model at Cofina began in a structured way. A workshop where professionals with management responsibilities were present was organized in order to build the Performance Evaluation Model for all the Organization's Employees, according to the Group's objectives and expectations.

The development of the model implied, in addition to the workshop, a set of meetings with the management elements whose objective was the contribution, involvement and sharing in the construction of a model adjusted to the reality of our organization, in order to identify the competences that would be evaluate by each Direction / Corporate Area.

Once the model was developed, it was explained to all the Group's professionals, including the professionals who are in the delegations. The Model was shared and the issues involved in a process of this nature were demystified. A pilot group was created, which from November to December 2019 tested the model and the software to support it, which allowed to identify and correct some aspects.

In 2019 this model was tested, both in its practical and application aspects, that is, testing the application that will serve as the basis for the Group's Performance Evaluation Model as well as its concepts, through a composite pilot test by focus groups that was composed of professionals from all areas. In that year, the software and the model that will serve as the basis for the entire performance management process were tested, with the suggestions that emerged in the scope of this pilot project were incorporated in 2020, either in the model or on the platform, leading to a final version of the Performance Evaluation Model.

This focus group allowed to improve the application of the Performance Evaluation Model, as well as to correct gaps detected in this experimental application.

During the year 2021, the Performance Evaluation Model developed and already tested will be applied to the entire population of professionals in the Cofina Group.

The application of the model was interrupted in 2020 by decision of the Administration and the human resources department and motivated by the pandemic situation that the country was going through, not being considered the most opportune year to put into practice a project with this relevance and that would imply a follow-up from a very large number of teams. In the course of 2021, the model will be applied, with the inputs meanwhile incorporated, to all Cofina professionals.

In addition to performance assessment, we also consider the existence of a second objective, the identification of individual improvement plans, thus creating conditions for more efficient human resources management.

This new model will certainly be reflected in the absenteeism rate. In 2020, the absenteeism rate was 7.78%, corresponding to 430,915 hours not worked.

TRAINING

One of the priorities of the Cofina Group is continuous investment in the training and qualification of its Employees.

Cofina invests in internal and external training for general and technical components (newspaper reports, television rights), but also in management and leadership behavioural skills. The Group also has a partnership with UNIVERSIDADE AUTÓNOMA DE LISBOA to hold a Post-Graduate course in Television and Multi-platform Journalism, creating conditions to receive paid internships for the best students on this course.

These training courses are scheduled in the Training Plan, through the survey of training needs carried out for each Director of the group's area/department and in accordance with the budget approved for this purpose.

The breakdown of training by gender shows very similar dispersion, with 44% for women and 56% for men.

Average Number of Training Hours

		MEN		WOMEN	
	TOTAL	Nº	%	Nº	%
INTERNAL AND EXTERNAL TRAINING					
NUMBER OF TRAINEES	168	94	56.0%	74	44%
NUMBER OF TRAINING HOURS	1,940	1,940	56.4%	846	43.6%
AVERAGE NUMBER OF TRAINING HOURS	11.54	11.64	—	11.40	—

RETAINING TALENT

With the aim of supporting the decision regarding career options, giving young people the opportunity to get in touch with the day-to-day reality of this professional activity, Cofina provides continuity to protocols with institutions (Polytechnics, Professional Schools, and others) through curricular internships. These internships have been standing out not only for the considerable increase in applications, but also for the interest and availability of the various areas of Cofina in welcoming young talent. It should be noted that these curricular internships are a source of external recruitment for the Cofina Group.

HUMAN RIGHTS, ETHICAL CONDUCT AND COMBATING CORRUPTION AND BRIBERY

Human rights contribute directly to the country's most inclusive and sustainable economic growth.

National legislation is inherent to the safeguarding of fundamental human rights. From the point of view of internal management, the Cofina Group's actions are guided by the safeguarding of legislation, and there is no policy or concrete monitoring measure implemented except with regard to the code of good conduct for the prevention and combating of harassment, which was developed during 2017 and applied to new contracts. This code will also be extended to contracts pre-dating its entry into force.

Taking into account the national legal framework and the type of activity, where gross violations of human rights are not expected to occur, there are no generic risks that are considered to be high in terms of internal human resources management, except in the event of an Employee moving to areas at risk of violation of these rights, which has not been the case.

However, there are some particularities inherent to the activity and its relationship with society that are related to ethical conduct and respect for human rights and that are linked to aspects such as safeguarding editorial independence, objectivity, freedom of expression, privacy and protection of sources, representation of interests and protection of minority and vulnerable groups in content management, protection and promotion of cultural diversity, which are fundamental in the promotion and defence of rights and therefore, the Cofina Group recognises and has been dealing with these concerns. Here too, the Cofina Group ensures compliance with the legal obligations that are incumbent on it for rights such as these and that is inherent to the national legal framework and the guarantee of compliance with it.

All the content and all the communications of Correio da Manhã (CM) and CMTV privilege notions of equality, regardless of religious beliefs, races and social strata. We highlight some of the Group's initiatives, namely the translation into sign language of a certain number of hours per week, which meets the directives of the Regulatory Authority for Communication (ERC) and pursues the aim of guaranteeing the rights of all viewers and their accessibility to content, as well as campaigns that defend causes, in 2020 the pandemic made some initiatives that were planned impossible. However, the permanent monitoring of all information about the disease and of the measures to prevent and combat Covid-19 were a striking feature of Cmtv's social activities throughout the year.

A set of pedagogical information in the Health area was developed, due to the pandemic.

In terms of social responsibility, this was the main achievement - and, in this case, one of the most important tasks of recent years for community life.

Corruption and bribery are a risk inherent to any economic activity, and ethical conduct is a presupposition that the Group projects on each and every employee, but it does not have any specific mechanism for monitoring or safeguarding this aspect.

INTERACTION WITH THE COMMUNITY

Cofina supports social solidarity initiatives and helps groups at risk. In 2020, the Covid-19 pandemic severely limited interactions with the community, yet they remain in the spirit of the company.

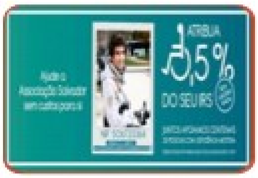
We highlight below some of the social and environmental investment initiatives implemented throughout 2020:

COMMUNITY SUPPORT CAMPAIGNS

PARTICIPATION IN SOLIDARY RACES
The selection of races for athletes in the Cofina Runners Group has as its first selection criterion the support for solidary causes.

DONATE BLOOD INITIATIVE

Cofina, in collaboration with the Portuguese Institute of Blood and Transplantation, frequently promotes blood collection campaigns at its facilities.



IRS CONSIGNMENT

As a result of a partnership with the Associação Salvador, employees are encouraged to contribute 0.5% of their IRS in favor of this Institution.

”LIVE LIFE” INITIATIVE”

The initiative "Live Life", is an alert to the low birth rate in Portugal, that counts with the High Sponsorship of His Excellency the President of the Portuguese Republic.

Weekly supplements are published with photographs of all babies born in the municipalities where less than 33 babies are born / year, as well as the difficulties and opportunities they face. Correio da Manhã offers these babies a "Birth Basket".

The event is an annual event and is the subject of news coverage.

In 2020 it only occurred in the paper edition of the newspaper Correio da Manhã.

CAMPAIGNS AT SCHOOLS / COMPANIES AND OTHERS

CORREIO da manhã

TORRENSE VISITA REDACÇÃO DO CM

STUDY SCHOOLS VISITS TO THE COMPANY FACILITIES

Within the scope of the School / Company relationship, Cofina provides young people from different schools and universities with their professional growth and development through study visits to the facilities / areas of the Cofina Group, seen as a high moment to make known their strategy, development and training and with the aim of assisting in their professional choices.

SPECIAL CONDITIONS FOR ADVERTISEMENTS

As in previous years, the Cofina Group supports and finances advertisements through free insertion in the press (pages in weekly magazines), on CMTV (2 spots up to 20 seconds per day for a week) and in digital format (200,000 prints) with the objective of supporting and disseminating various areas / activities of a social nature. The campaign United against the waste of the “Banco Alimentar Contra a Fome”, the “APAV - Portuguese Association of Support to the Victim", the"Liga Portuguesa Contra o Cancro", the "Make a Wish", among others, stand out for their importance in the community.

CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

31 December 2020

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 36)
(Amounts expressed in euro)

ASSETS	Notes	31.12.2020	31.12.2019
NON-CURRENTS ASSETS			
Property, plant and equipment	6	2,079,102	2,628,257
Goodwill	5	82,083,180	83,977,180
Intangible assets	8	277,441	294,027
Right of use assets	7.1	9,117,036	11,185,493
Investments in joint ventures and associates	4	2,407,918	3,226,471
Other investments	4	10,005,510	10,015,510
Other non-current assets		85,638	66,252
Deferred tax assets	10	841,107	763,981
Total of non-current assets		106,896,932	112,157,171
CURRENT ASSETS			
Inventories	11	1,020,274	1,450,074
Trade receivables	12	5,238,047	6,294,057
Assets associated with contracts with customers	13	3,130,363	4,355,623
Other receivables	14 and 15	305,203	435,153
Other current assets	16	742,992	1,223,963
Cash and cash equivalents	17	15,347,683	7,122,371
Total current assets		25,784,562	20,881,241
TOTAL ASSETS		132,681,494	133,038,412
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	25,641,459	25,641,459
Share premiums	18	15,874,835	15,874,835
Legal reserve	18	5,409,144	5,409,144
Other reserves	18	(3,119,307)	(10,268,757)
Consolidated net profit for the year attributable to Equity holders of the parent		1,588,955	7,149,450
Total equity attributable to Equity holders of the parent		45,395,086	43,806,131
Non-controlling interests		—	—
TOTAL EQUITY		45,395,086	43,806,131
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	7.2	9,353,004	10,949,593
Provisions	20	959,000	650,000
Total non-current liabilities		10,312,004	11,599,593
CURRENT LIABILITIES			
Bank loans	17 and 19	3,432,605	12,671
Other loans	19	51,848,141	52,074,236
Lease liabilities	7.2	1,902,978	2,130,774
Trade payables	21	5,615,823	8,336,586
Liabilities associated with contracts with customers	22	2,257,761	3,282,531
Income tax	10 and 14	3,864,845	3,656,326
Other payables	23	2,615,729	2,758,089
Other current liabilities	24	5,436,522	5,381,475
Total current liabilities		76,974,404	77,632,688
TOTAL LIABILITIES		87,286,408	89,232,281
TOTAL LIABILITIES AND EQUITY		132,681,494	133,038,412

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 36)

(Amounts expressed in euro)

	Notes	31.12.2020	31.12.2019
Sales	25, 29 and 32	33,275,818	41,969,042
Services rendered	25, 29 and 32	22,208,139	27,562,941
Other income	25, 29 and 32	15,960,038	18,491,991
Cost of sales	11	(6,075,087)	(9,469,504)
External supplies and services	26	(26,473,432)	(35,436,124)
Payroll expenses	27	(26,085,626)	(27,183,975)
Amortisation and depreciation	6, 7.1, 8 and 32	(3,414,659)	(3,594,048)
Provision and impairment losses	20	(2,084,000)	1,110,237
Other expenses		(684,483)	(272,776)
Results related to investments	28	(818,553)	(208,419)
Financial expenses	28	(2,125,140)	(2,520,467)
Financial income	28	—	6,782
Profit before income tax		3,683,015	10,455,680
Income tax	10	(2,094,060)	(3,306,230)
Consolidated net profit for the period		1,588,955	7,149,450
Attributable to:			
Equity holders of the parent	31	1,588,955	7,149,450
Non-controlling interests		—	—
		1,588,955	7,149,450
Earning per share:			
Basic	31	0.02	0,07
Diluted	31	0.02	0,07

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 36)

(Amounts expressed in euro)

	Notes	31.12.2020	31.12.2019
Consolidated net profit for the period	31	1,588,955	7,149,450
Other comprehensive income for the period		—	—
Total consolidated comprehensive income for the period		1,588,955	7,149,450
Attributable to:			
Equity holders of the parent		1,588,955	7,149,450
Non-controlling interests		—	—

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 36)

(Amounts expressed in euro)

		Attributable to Equity holders of the parent								
	Notes	Share capital	Share premiums	Legal reserve	Currency translation reserves	Other reserves	Net profit for the period	Total	Non-controlling interests	Total equity
Balance as at 1 January 2019		25,641,459	15,874,835	5,409,144	—	(15,577,084)	6,653,405	38,001,759	—	38,001,759
Appropriation of the consolidated result from 2018:										
Transfer to legal reserve and retained earnings		—	—	—	—	6,653,405	(6,653,405)	—	—	—
IFRS 16 adoption effect		—	—	—	—	(1,345,078)	—	(1,345,078)	—	(1,345,078)
Other changes		—	—	—	—	—	—	—	—	—
Comprehensive income for the period		—	—	—	—	—	7,149,450	7,149,450	—	7,149,450
Balance as at 31 December 2019		25,641,459	15,874,835	5,409,144	—	(10,268,757)	7,149,450	43,806,131	—	43,806,131
Balance as at 1 January 2020		25,641,459	15,874,835	5,409,144	—	(10,268,757)	7,149,450	43,806,131	—	43,806,131
Appropriation of the consolidated result from 2019:										
Transfer to legal reserve and retained earnings		—	—	—	—	7,149,450	(7,149,450)	—	—	—
Other changes		—	—	—	—	—	—	—	—	—
Comprehensive income for the period		—	—	—	—	—	1,588,955	1,588,955	—	1,588,955
Balance as at 31 December 2020		25,641,459	15,874,835	5,409,144	—	(3,119,307)	1,588,955	45,395,086	—	45,395,086

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant | The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 36)

(Amounts expressed in euro)

	Notes	2020		2019	
Operating activities:					
Receipts from customers		77,790,526		96,405,069	
Payments to suppliers		(39,556,584)		(53,518,523)	
Payments to personnel		(25,583,166)		(26,928,248)	
Other receipts/payments relating to operating activities		(382,326)		(259,431)	
Income Tax (paid)/received		(2,060,507)	10,207,943	(4,998,222)	10,700,645
Cash flows generated by operating activities (1)			10,207,943		10,700,645
Investment activities:					
Receipts arising from:					
Property, plant and equipment		4,649		70,000	
Interest and similar income		—		8,617	
Supplementary instalments		—	4,649	1,000,000	1,078,617
Payments relating to:					
Intangible assets		(393,371)		(466,282)	
Property, plant and equipment		(389,782)		(1,711,836)	
Investments		—		(10,010,000)	
Loans granted		—	(783,153)	—	(12,188,118)
Cash flows generated by investment activities (2)			(778,504)		(11,109,501)
Financing activities:					
Receipts arising from:					
Loans obtained		229,649,262	229,649,262	101,973,097	101,973,097
Payments relating to:					
Interest and similar expenses		(1,371,849)		(1,200,132)	
Lease liabilities	7.2	(2,658,807)		(2,534,445)	
Supplementary instalments		—		(1,000,000)	
Loans obtained		(230,242,667)	(234,273,323)	(96,166,667)	(100,901,244)
Cash flows generated by financing operations (3)			(4,624,061)		1,071,853
Cash and cash equivalents at the beginning of the period	17		7,109,700		6,446,703
Cash and cash equivalents variation: (1)+(2)+(3)			4,805,378		662,997
Cash and cash equivalents at the end of the period	17		11,915,078		7,109,700

The accompanying notes are an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

Cofina, SGPS, S.A. ("Cofina" or "the Company") is a public company, whose headquarters is located at Rua Manuel Pinto de Azevedo, 818, in Porto, and is the Parent company of a group of companies disclosed in Note 4, designated as Cofina Group, whose main activity is in the Media sector, mostly in the written press, and has its shares listed on the Stock Exchange ("Euronext Lisbon").

The Cofina Group owns headings of reference in their respective segments (namely written press and TV), editing newspapers like "Correio da Manhã", "Record", "Jornal de Negócios", "Destak", as well as the magazines "Sábado" and "TV Guia". Additionally, since the year 2013, the Cofina Group incorporated in its activity portfolio the television channel "CMTV".

The accompanying financial statements are expressed in Euro (rounded up to the nearest whole number), which is the currency used by the Group in its operations and is, therefore, considered its functional currency.

The financial statements were approved by the Board of Directors and authorised for reporting on 7 April 2021. Its final approval is still subject to agreement from the Shareholders' General Meeting. The Group and the Board of Directors expect the same to be approved with no significant changes.

SIGNIFICANT EVENTS: COVID 19

Since the beginning of the pandemic, Cofina has been assessing and monitoring the pandemic's developments, in terms of the risk factors that, in its understanding, are relevant and which may affect the business areas, whether in operational, investment or financial terms. Cofina, from an early stage, implemented a set of measures for the prevention, control and surveillance, with prevention / contingency plans being developed that cover the entire organisation. Among the actions implemented as part of the process of monitoring and evaluating pandemic developments, we highlight the following:

- Cofina has been implementing, during the last years, a plan which aims to prepare the Group for the future reality, ensuring its sustainability and adequate profitability levels. In order to manage the impacts of the pandemic, the Group implemented cost containment measures, of which stand out, the review of the product printing (i.e. number of printed copies), the reduction of the number of pages, the reduction of editorial costs, the reduction of marketing actions, the temporary distribution stoppage of Destak (free newspaper) and the implementation of measures to contain other costs (not related to the protection of our Employees). We understand that these actions will be reflected in cost reduction, compared to 2019, and contribute to mitigate the impacts on the activity from the pandemic.

- Cofina Group, implemented a set of measures for the prevention, control and surveillance for this infection. As a result of the various measures implemented, during the 2020 financial year, there was a negative impact on the income statement in the amount of approximately 130 thousand Euro (including protective equipment expenses, among others).

- With regard to liquidity risk management, it is Cofina's understanding that the financing contracts established, as well as the relevant historical activity with the financial institutions with which it has a long-lasting relationship with no history of default, allow the Group to manage any additional needs for funds to maintain the activity in this period of uncertainty. As of December 31, 2020, the amount of consolidated credit lines available (namely pledged current accounts, bank overdrafts and cash poolings) in the amount of approximately 15.1 million Euro. Additionally, the Group presents Cash and cash equivalents amounting to, approximately, 15.3 million Euro (Note 3. b)).

Despite the aforementioned measures, during 2020, as a result of the pandemic, there was a drop in circulation, due to the consequent closure of points of sale of publications to the public and the absence of sporting events, for the period in which the Government's measures, having social isolation is in place. As well as, the drop in advertising in all products.

Press Segment:

The year of 2020 started in a stable way in this segment. According to the Group's prospects, the drop in circulation was partially offset by the effect of increasing the price of some products. As of mid-March and with the closure of many points of sale, the situation arising from the state of emergency has changed substantially. In the second half of the year there was a gradual recovery in sales due to the effect of partial end of lockdown.

Given the strong partnership relationship with its Suppliers, we have not seen any constraint in the supply of raw materials or in the provision of services to date.

In this segment, during 2020, there was no deterioration in the collection capacity of Customers.

Television Segment:

The performance of the CMTV channel in terms of share between the years 2019 and 2018, showed a significant evolution measured by the increase of the average annual share from 3.61% in 2018 to 4.10% in 2019. In 2020, CMTV recorded an average daily share of 4.22%, being the fourth most watched channel in Portugal.

As a result of this increase, the first two months of the year 2020 showed a positive performance in terms of advertising. However, with the development of the pandemic, there was a drop in advertising associated with the various types of activity.

In this segment, during 2020, there was no deterioration in the collection capacity of Customers.

Employees:

Ensuring the permanent well-being of all Employees, their families and the community, has always been and will continue to be a priority for the Cofina Group.

The Cofina Group, together with the human resources department, implemented a set of increased preventive actions to protect the health and safety of Employees, based on the recommendations of the Portuguese Health Authority to deal with the pandemic.

These measures have been continuously adjusted to the evolution of the pandemic, being essential for the purposes of containing the impacts of the pandemic between our Employees and the local community. Among the many measures implemented, we highlight the following:

Employees are informed by email of the measures and actions already implemented by the Group, of which we list the following:

- Distribution of informative material on the procedures for using masks and temperature measurement;
- Display and distribution of information material about the virus, main symptoms and procedures to be adopted in case of suspected cases;
- Purchase of personal protective equipment - masks, gloves and wipes available in a kit created for this purpose;
- Creation of conditions for teleworking in situations that are justified as a preventive measure.

Cofina's Board of Directors wants to formally extend a special thanks to all its Employees, for the absolutely exemplary and worthy way of recording how they all endeavored to overcome this phase that we are going through.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted when preparing the attached financial statements are described below. These policies were consistently applied to comparative periods.

In addition, there were no significant changes to the main estimates used by the Group in preparing the consolidated financial statements.

2.1 BASIS OF PRESENTATION

The attached financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU") in force for the period ended beginning on 1 January 2020. These correspond to the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the former Standing Interpretations Committee ("SIC"), which have been adopted by the European Union on the reporting date.

The Board of Directors assessed the capacity of the Group, its subsidiaries, joint ventures and associates to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of a financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term. Therefore, it was considered appropriate to use the going concern basis in preparing the financial statements.

The attached consolidated financial statements were prepared from the accounting books and records of the company, its subsidiaries, joint ventures and associates, adjusted in the consolidation process, in the assumption of going concern basis.

When preparing the consolidated financial statements, the Group used historical cost as its basis, modified, when applicable, by measurement at fair value.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions, and critical judgements in the process of determining accounting policies to be adopted by the Group, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are disclosed in Note 2.4.

In addition, for financial reporting purposes, fair-value measurement is categorized in three levels (Level 1, 2 and 3), taking into account, among others, whether the data used are observable in an active market, as well as their meaning in terms of valuing assets / liabilities or disclosing them.

Fair value is the amount for which an asset can be exchanged or a liability can be settled, between knowledgeable and willing parties, in a transaction not involving a relationship between them, regardless whether this price can be directly observable or estimated, using other valuation techniques. When estimating the fair value of an asset or liability, the Group considers the features that market participants would also take into account when valuing the asset or liability on the measurement date.

Assets measured at fair value following initial recognition are grouped into 3 levels according to the possibility of observing their fair value in the market:

Level 1: fair value is determined based on active market prices for identical assets/liabilities;

Level 2: fair value is determined based on evaluation techniques. The assessment models' main inputs are observable in the market; and

Level 3: fair value is determined based on assessment models, whose main inputs are not observable in the market.

(i) Adopting new standards and interpretations, amendments or reviews

Up to the approval date of these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments and revisions, mandatorily applied to the period beginning on 1 January 2020:

(Amounts expressed in euro)

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-2020	Corresponds to amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-2020	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	1-Jan-2020	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendments to IFRS 9, IAS 39 and IFRS 7 - benchmark interest rate reform (IBOR Reform)	1-Jan-2020	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as “IBOR reform”), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases – “Covid 19 Related Rent Concessions	1-Jun-2020	This amendment introduces an optional practical expedient whereby lessors are exempted from analyzing whether income concessions, typically income suspensions or reductions, related to the “COVID-19” pandemic correspond to contractual modifications.

From the application of these standards and interpretations there were not relevant impact for the Company’s financial statements.

(ii) Standards, interpretations, amendments, and revisions that will have mandatory application in the future economic exercises.

On the approval date of these financial statements, the following accounting standards, and interpretations, to be mandatorily applied in future financial years, were endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 2 -Benchmark interest rate reform (IBOR Reform)	1-Jan-2021	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the benchmark interest rate reform project (known as “IBOR reform”), referring to changes reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-2021	Corresponds to the amendment to IFRS 4 that postponed the deferral of application of IFRS 9 for initial years on or after 1 January 2023.

Despite having been endorsed by the European Union, these amendments were not adopted by the Group in 2020, since their application is not yet mandatory. It is not believed that the future adoption of said amendments will entail significant impacts on financial statements.

(Amounts expressed in euro)

(iii) New, amended, or revised standards and interpretation not adopted by the European Union

The following accounting standards and interpretations were issued by IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-2022	These amendments correspond to a set of updates to the various standards mentioned, namely - IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analyzing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 – prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use - IAS 37 – clarification that costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 e IAS 41
IFRS 17 - Insurance Contracts	1-Jan-2023	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-2023	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.

These standards have yet to be endorsed by the European Union. As such, they were not applied by the Group in the financial year ended 31 December 2020.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, it is not believed that their future adoption will entail significant impacts on the attached financial statements.

2.2 CONSOLIDATION PRINCIPLES

The consolidation principles adopted by the Cofina Group in preparing its consolidated financial statements include the following:

a) Investments in subsidiaries included in consolidation

Companies controlled by the Group, i.e., in which it cumulatively fulfils the following conditions: i) has power over the investee; ii) is exposed to, or entitled to, variable results due to its relationship with the investee; and iii) has the ability to use its power over the investee to affect the amount of its results (control definition used by the Group), were included in the accompanying consolidated financial statements using the full consolidation method.

The equity and net profit of these companies corresponding to third-party shareholding therein are shown separately in the consolidated statement of financial position and in the consolidated income statement under line items 'Non-controlling interests.' The companies included in the financial statements using the full consolidation method are disclosed in Note 4.

The total comprehensive income is attributed to the owners of the parent company and of the interests they do not control, even if this results in a deficit balance in terms of the interests not controlled by them.

The results of the subsidiaries acquired or sold during the period are included in the income statements from the date when control was taken or until the date when control was loss.

Whenever necessary, adjustments are made to the financial statements of the subsidiaries in order to adapt their accounting policies to those used by the Group. Transactions, balances, cash flows and dividends distributed between Group companies, as well as unrealised gains on transactions between Group companies, are eliminated on the consolidation process. Unrealised losses are also eliminated when the transaction does not show evidence of impairment of a transferred asset.

b) Investments in joint ventures and associates

Financial investments in joint ventures are investments in entities that are the object of a joint agreement by all or by their holders, with the parties that have joint control of the agreement rights over the entity's net assets. Joint control is obtained by contractual provision and exists only when the associated decisions have to be taken unanimously by the parties that share control.

In situations where the investment or financial interest and the contract concluded between the parties allows the entity to have direct joint control over the rights to hold the asset or obligations inherent in the liabilities related to that agreement, it is considered that such a joint agreement does not corresponds to a joint venture, but to a jointly controlled operation.

Investments in associates are investments where the Group wields significant influence, but in which it does not hold control or joint control. Significant influence (presumed when voting rights are between 20% to 50%) is the power to participate in the entity's financial and operational policy decisions, without, however, exercising joint control or control of those policies.

Financial investments in joint ventures and associates are recorded using the equity method.

In accordance with the equity method, these financial investments are initially recorded at acquisition cost. Financial investments are subsequently adjusted by the amount corresponding to the Group's participation in the comprehensive income (including net income for the year) of the joint ventures and the associates, against other comprehensive income of the Group or of the gains or losses for the year, as applicable. In addition, the dividends of these companies are recorded as a decrease in the value of the investment, and the proportionate share in changes in equity is recorded as a change in the Group's equity.

The differences between the acquisition price and the fair value of the identifiable assets and liabilities of the joint ventures and the associates on the acquisition date, if positive, are recognized as Goodwill and maintained at the value of the financial investment in joint ventures and associates. If these differences are negative, they are recorded as income for the year under the item "Results related to investments", after reconfirmation of the fair value attributed (Note 2.2.c)).

Investments in joint ventures and associates are evaluated when there is an indication that the asset might be impaired, as impairment losses are recorded as an expense when shown to exist. When impairment losses recognised in previous financial years no longer exist, are reversed.

When the Group's share in joint ventures and associates' accumulated losses exceeds the amount at which the investment is recorded, the investment is reported as nil value, except when the Group has shouldered commitments towards the joint venture and associate. In such cases, a provision is recorded in order to fulfil those obligations.

Unrealised gains in transactions with joint ventures and associates are proportionally eliminated from the Group interest in the associate against the investment in those entities. Unrealised losses are similarly eliminated, but only to the extent there is no evidence of impairment of the transferred asset.

The accounting policies of joint ventures and associates are changed, whenever necessary, in order to make sure they are consistently applied by every Group company.

Investments in joint ventures and associates are disclosed in Note 4.

c) Business combinations and Goodwill

The differences between the acquisition price of investments in subsidiary companies, plus the value of non-controlling interests, and the amount attributed to fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded as 'Goodwill' and, when negative, following a revaluation of the determination, are recorded directly in the income statements.

The differences between the acquisition price of financial investments in joint ventures and associates, and the amount attributed to fair value of identifiable assets and liabilities of those companies on their acquisition date, when positive, are recorded under the line item 'Investments in joint ventures and associates' and, when negative, following a reconfirmation of its fair value, are recorded directly in the income statements, under the line item 'Results related to investments'.

The differences between the acquisition cost of investments in foreign subsidiaries and the fair value of identifiable assets and liabilities of those subsidiaries on their acquisition date are recorded in the reporting currency of those subsidiaries, and are converted to the Group's reporting currency (Euro) at the applicable exchange rate on the date of the statement of financial position. The currency exchange differences generated in that conversion are recorded under the line item 'Currency translation reserves' included under the line item 'Other reserves.'

The Cofina Group, on a transaction-by-transaction basis (for each business combination), chooses to measure any non-controlling interest in the acquired company either at fair value or in the proportional part of non-controlling interests in the acquired company's identifiable net assets. Until 1 January 2010, non-controlling interests were valued solely in accordance with the fair-value proportion of acquired assets and liabilities.

The amount of future contingent payments is recognised as a liability when corporate combination occurs according to its fair value. Any change to the initially recognised amount is recorded against the amount of Goodwill, but only if this occurs within the measuring period (12 months after the acquisition date) and if this is related to facts and circumstances that existed on the acquisition date. Otherwise, it has to be recorded against the income statement, unless said contingent payment is categorised as equity, in which case it should not be remeasured, and only at the time of the settlement thereof will the impact on equity be recognised.

Transactions involving the purchase or sale of interests in entities already controlled, without this resulting in a loss of control, are treated as transactions between holders of capital affecting only the equity line items, without impacting the line item 'Goodwill' or the income statement.

When business is combined in stages, the fair value on the previous acquisition date of interests held is remeasured to fair value on the date when control is gained, against the results of the period when control is achieved, thus affecting the determining of Goodwill or purchase price allocation.

At the time when a sales transaction generates a loss of control, that entity's assets and liabilities have to be derecognised, and any interest withheld at the disposed entity shall be remeasured at fair value, and any loss or gain resulting from this disposal is recorded in the income statement.

The Group annually tests for the existence of Goodwill impairment. The recoverable amounts of the cash flow-generating units are determined based on the calculation of values in use. These calculations call for the use of assumptions that are based on estimates of future circumstances whose occurrence could be different from the estimate. Goodwill impairment losses cannot be reversed.

d) Conversion of financial statements of subsidiaries expressed in foreign currencies

Assets and liabilities in the financial statements of foreign entities included in the consolidation are translated into Euros at the official exchange rate at the balance sheet date. Expenses and revenues, as well as cash flows, are translated at the average exchange rate of the period. The resulting currency exchange difference is recorded under the 'Currency translation reserves' is included in the equity item "Other reserves".

The Goodwill amount and fair-value adjustments resulting from the acquisition of foreign entities are treated as assets and liabilities of that entity and translated into Euros according to the applicable exchange rate at the balance sheet date.

(Amounts expressed in euro)

Whenever a share in a foreign entity is disposed of, the accumulated currency exchange difference is recognised in the income statement as a profit or loss in the disposal, if there is a loss of control, or transferred to non-controlling interests, if there is no loss of control.

As at 31 December 2020 and 2019, the Group had no foreign entities in the consolidation.

2.3 MAIN RECOGNITION AND MEASUREMENT CRITERIA

The main recognition and measurement criteria used by the Cofina Group in preparing its consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are recorded at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Group, if they can be controlled by the Group, and if their value can be reasonably measured.

Research costs incurred with new technical knowledge are recognised in the income account when incurred.

Development expenses for which the Group is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalised. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

Internal expenses associated with software maintenance and development are recorded as costs in the income statement when incurred, except when said costs are directly associated with projects for which future economic benefits are likely to be generated for the Group. In such situations, costs are capitalised as intangible assets.

After the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years).

b) Property, plant and equipment

Property, plant and equipment acquired until 1 January 2004 (date of transition to IFRS) are recorded at their 'deemed cost' which amounts to the acquisition cost, or revaluated acquisition cost in accordance with the accounting principles generally accepted in Portugal up to that date, net of accumulated amortisation and impairment losses.

Property, plant and equipment acquired after that date are recorded at acquisition cost, net of the corresponding depreciation as well as accumulated impairment losses.

After the date when the assets are available for use, amortisation is calculated using the straight-line method in accordance with the estimated useful life period for each group of assets.

Amortisation rates used correspond to the following estimated useful life periods:

	Years
Buildings and other edifications	10
Machinery and equipment	2 to 15
Vehicles	2 to 10
Office equipment	2 to 10
Other tangible assets	3 to 10

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of tangible fixed assets are recorded as an expense in the period when they are incurred.

Property, plant and equipment in progress represent property, plant and equipment still under construction, and are recorded at acquisition cost net of any impairment losses. These assets are depreciated from the moment the underlying assets are ready to be used.

Gains or losses resulting from the sale or write-off of property, plant or equipment are calculated as the difference between the selling price and the asset's net book value at the disposal or write-off date, and are recorded in the income statement under "Other income" or "Other expenses".

c) Right of use

At the start of every agreement, the Group assesses whether the agreement is, or contains, a lease. That is, whether the right of use of a specific asset or assets is being transferred for a certain period of time in exchange for a payment.

The Group as lessee

The Group applies the same recognition and measurement method to every lease, except for short-term leases and leases associated with low-value assets. The Group recognises a liability related to lease payments and an asset identified as a right of use of the underlying asset.

(i) Right of use assets

On the lease start date (i.e., the date from which the asset is available for use), the Group recognises an asset regarding the right of use. "Right of use assets" are measured at cost, net of depreciations and accumulated impairment losses, adjusted by remeasuring the lease liability. The cost comprises the initial value of the lease liability adjusted by any lease payments made on or prior to the start date, in addition to any initial direct costs incurred, as well as a cost estimate for dismantling and removing the underlying asset (if applicable), net of any incentive granted (if applicable).

The right of use asset is depreciated using the straight-line method, based on the lease term.

If ownership of the asset is transferred to the Group at the end of the lease period, or if the cost includes a purchase option, depreciation is calculated by taking into account the asset's estimated useful life.

Right of use assets are also subject to impairment losses.

(ii) Lease liabilities

On the lease start date, the Group recognises a liability measured at the present amount of the lease payments to be made throughout the agreement. Lease payments included in the measurement of lease liabilities include fixed payments, deducted from any incentives already received (if applicable) and variable payments associated with an index or rate. Where applicable, payments also include the cost of exercising a purchase option, which shall be exercised by the Group with reasonable certainty, and payments of penalties for ending the agreement, if the lease terms reflect the Group's exercising option.

The lease liability is measured at amortised cost, using the effective interest method, being remeasured when changes in future payments derived from a change in the rate or index are verified, as well as possible modifications of the lease agreements.

Variable payments not associated with any indexes or rates are recognised as expenses in the period when the event or condition leading to the payment occurs.

To calculate the present amount of future lease payments, the Group uses its incremental interest rate on the lease start date, since the interest rate implicit in the agreement cannot be readily determined. After that date, the lease liability amount is increased by adding interest and reduced by lease payments made. In addition, the amount is remeasured in the event of a change in the terms of the agreement, in lease amounts (e.g., changes in future payments caused by a change to an index or rate used in determining such payments) or a change in the assessment of a purchase option associated with the underlying asset.

(iii) Short-term leases and low value leases

The Group applies the recognition exemption to its assets’ short-term leases (i.e., leases lasting up to 12 months and not containing a purchase option). The Group also applies the recognition exemption to leases of assets deemed to be of low value. Payments of short-term and low value leases are recognised as an expense in the fiscal year, throughout the lease period.

d) Impairment of non-current assets, except Goodwill

The Group's asset impairment is assessed on the date of every statement of financial position and whenever there is an event or change in circumstances indicating that the amount for which the asset is recorded might not be recoverable.

Whenever the carrying amount for which the asset is recorded is higher than its recoverable amount, an impairment loss is recognised and recorded in the income statement under the line item 'Provisions and impairment losses.'

The recoverable amount is either the net sales price or the value in use, whichever is higher. The net sales price is the amount that would be obtained from the asset's disposal, in a transaction between independent knowledgeable entities, net of the costs directly attributable to the disposal. The use value is the present value of estimated future cash flows that are expected to arise from the continuous use of the asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each asset individually or, if not possible, for the cash-generating unit to which the asset belongs.

When impairment losses recognised in previous fiscal years no longer exist, they undergo a reversal. The reversal of impairment losses is recognised in the income statement under "Provisions and impairment losses". This reversal is made to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment charge had been recognised.

e) Borrowing costs

Financial expenses related to loans are generally recognised as an expense in the income statement on an accrual basis.

Financial expenses on loans directly related to the acquisition, construction or production of property, plant and equipment are capitalised as part of the asset's cost. The capitalisation of these expenses starts after the beginning of the preparation of the asset's construction or development activities and is interrupted when those assets are available for use, at the end of the asset's construction or when the project in question is suspended.

There were no financial expenses capitalised on 31 December 2020 and 2019.

f) Inventories

The goods and raw materials, subsidiary and consumable, are valued at average acquisition cost, net of quantity discounts granted by suppliers, which is lower than the corresponding market value.

Differences between the cost and the respective realisation value of the inventories, should it be lower than the cost, are recorded as expenses under "Provisions and impairment losses".

g) Provisions

Provisions are recognised when, and only when, the Group (i) has a present obligation (legal or implicit) obligation resulting from a past event, (ii) it is likely that, to resolve this obligation an outflow of resources occurs, and (iii) the obligation's amount might be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

Provisions for restructuring costs are recognised by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the parties involved.

When a provision is determined taking into consideration the cash flows required to settle such an obligation, it is recorded at its present value.

h) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when it becomes part of the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (which are not financial assets and liabilities measured at fair value through income statement) are added to or deducted from the fair value of the financial asset or liability, as appropriate, in the initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognised at fair value through income statement are recognised immediately in the consolidated income account.

Financial assets

All purchases and sales of financial assets are recognised at the signature date of the respective purchase and sale contracts, regardless of the settlement date thereof. All recognised financial assets are subsequently measured at amortised cost or at their fair value, depending on the business model adopted by the Group and the characteristics of its contractual cash flows.

Initially, assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The initial classification of financial assets depends on the contractual characteristics of the cash flows and the business model adopted by the Group to manage them. Except for trade receivables that do not have a significant financial component and for which the Group adopts the practical expedient, the Group initially measures a financial asset at fair value plus transaction costs, if an asset is not classified at fair value through profit or loss.

Trade receivables that do not have a significant financial component and for which the Group adopts the practical expedient are measured at the transaction price calculated in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it must provide cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding. This assessment, known as the "cash flows that are solely payments of principal and interest" test, is performed for each financial instrument.

The business model established for managing financial assets concerns the way financial assets are managed by the Group with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets or both.

Classification of financial assets

(i) Financial assets measured at amortised cost (debt instruments and receivables)

Fixed income debt instruments and receivables that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held taking into account a business model whose objective is to preserve it in order to receive its contractual cash flows; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the corresponding interest during its life.

For financial assets that are not acquired or originated with impairment (i.e. assets impaired on initial recognition), the effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured on initial recognition net of principal repayments plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted for any impairment losses.

Interest-related revenue is recognised in the consolidated income statement under the line item 'Financial income', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through income statement. Interest revenue is calculated by applying the effective interest rate to the financial asset's gross carrying amount.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in the income account when the asset is derecognised, modified or becomes impaired.

(ii) Financial assets at fair value through other comprehensive income (debt instruments)

Debt instruments and receivables that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held taking into account a business model whose objective provides for both receiving its contractual cash flows and its disposal; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

In the case of debt instruments measured at fair value through other comprehensive income, the interest earned, exchange rate differences and impairment losses and reversals are recorded in the income account and calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recorded in other comprehensive income.

Upon derecognition, changes in fair value accumulated under other comprehensive income are transferred (recycled) to profit or loss.

There were no financial assets in these conditions as at 31 December 2020 and 2019.

(iii) Financial assets at fair value through other comprehensive income (capital instruments)

In the initial recognition, the Group can make an irrevocable choice (on a financial-instrument-by- financial-instrument basis) to state certain investments under equity instruments (shares) at fair value through other comprehensive income when these fulfil the definition of capital provided for under IAS 32 Financial instruments: Presentation and not held for trading. Classification is determined on an instrument-by- instrument basis.

The fair-value designation through other comprehensive income is not permitted if the investment is held for trading purposes or when resulting from a contingent consideration recognised as part of a business combination.

A capital instrument is held for trading if:
- it is acquired chiefly for the purpose of short-term disposal;
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction expenses. Subsequently, they are measured at their fair value with gains and losses arising from their change, as recognised under other comprehensive income. At the time of its disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement, but, rather, merely transferred to the line item 'Retained Earnings'.

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the consolidated income statement when they are attributed / resolved on, unless the same clearly represent a recovery on the part of the investment cost. Dividends are recorded in the consolidated income statement under the line item 'Financial income.'

In the first application of IFRS 9, the Group designated investments in equity instruments that were not held for trading as stated at fair value through profit or loss.

(iv) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through the income statement. These financial assets include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value.

Financial assets recorded at fair value through the income statement are measured at fair value obtained at the end of each reporting period. The corresponding gains or losses are recognised in the consolidated income statement, except if they are part of a hedging relationship.

Financial asset impairment

The Group recognises an adjustment for expected credit losses for all debt instruments not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due and all cash flows that the Group expects to receive, discounted at a rate close to that of the original effective interest rate. The expected cash flows include cash flows from the disposal of collateral held or any other credit guarantees that are an integral part of the contractual terms and conditions.

Expected cash losses are recognised in two stages: (i) for situations where there has not been a significant increase in credit risk since initial recognition, expected credit losses are those that could result from default events that may occur within the subsequent 12 months; (ii) for situations where there has been a significant increase in credit risk since initial recognition, an impairment loss is calculated for all expected credit losses throughout the asset's life, regardless of when default occurred.

For trade receivables and assets associated with contracts with customers, the Group applies a simplified approach when calculating expected credit losses.

The Group therefore does not monitor changes to credit risk, but instead recognises the impairment loss based on the expected credit loss throughout the asset's life, at each reporting date. The Group has established an impairment matrix based on the credits previously lost, adjusted for specific forward-looking factors specific to debtors and the economic environment.

The Group considers a financial asset to be in default when it is more than 180 days past due. In certain cases, the Group may also consider that a financial asset is in default when internal and external information indicates the Group is unlikely to receive the full amount it is owed without having to call its guarantees. In addition, the Group maintains impairments recognized in previous years as a result of specific past events and based on specific balances analyzed on a case-by-case basis.

A financial asset is derecognised when there is no reasonable expectation of recovering contractual cash flows.

Derecognition of financial assets

A financial asset (or, where applicable, a part of the financial asset or of a group of financial assets) is derecognised (i.e., removed from the Statement of Financial Position) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Group transferred its contractual rights to receive cash flows resulting from the financial asset or undertook an obligation to pay the cash flows received in full within a short period under an agreement in which the Group i) has no obligation to pay any amounts to final recipients unless it receives equivalent amounts resulting from the original asset; ii) is prohibited by the terms of the transfer agreement to sell or pledge the original asset other than as a guarantee to the final recipients due to the obligation to pay them cash flows; and iii) the Group has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Group substantially transferred all of the asset's risks and benefits, or the Group did not substantially transfer or retain all the assets and benefits of the asset but has transferred control over the asset.

When the Group transfers its rights to receive cash flows from an asset or is party to an agreement that may allow derecognition, it assesses whether, and to what extent, the risks and benefits associated with the ownership of the asset have been retained.

When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset has not been transferred, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Group also recognises the corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations retained by the Group.

If the Group's continuing involvement takes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lowest between the asset's original book value and the maximum amount of consideration received that the Group might pay.

Subsequently, customer balances represented by discounted bills but not due and receivables transferred in factoring at the date of each statement of financial position, except for "factoring without recourse" transactions (and for which the risks and benefits inherent to these receivables are unequivocally transferred), are recognised in the Group's financial statements up to the time they are received.

(v) Financial liabilities and equity instruments

Classification as financial liability or as equity instrument

Financial liabilities and equity instruments are classified as liability or as equity according to the transaction's contractual substance.

Equity

The Group considered equity instruments to be those where the transaction's contractual support shows that the Group holds a residual interest in a set of assets after deducting a set of liabilities.

The equity instruments issued by the Group are recognised at the amount received, net of costs directly attributable to their issue.

The repurchase of equity instruments issued by the Group (own shares) is accounted for at its acquisition cost as a deduction from equity. Gains or losses inherent to disposal of own shares are recorded under the line item 'Other reserves.'

Financial liabilities

After initial recognition, every financial liability is subsequently measured at amortised cost or at fair value through income statement.

Financial liabilities are recorded at fair value through profit or loss when:
- the financial liability results from a contingent consideration arising from a business combination;
- when the liability is held for trading; or
- when the liability is designated to be recorded at fair value through profit or loss.

A financial liability is classified as held for trading if:
- it is acquired chiefly for the purpose of short-term disposal; or
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Group jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Financial liabilities recorded at fair value through consolidated income statement are measured at their fair value with the corresponding gains or losses arising from their variation, as recognised in the consolidated income statement, except if assigned to hedging transactions.

Financial liabilities subsequently measured at amortised cost

Financial liabilities not designated for recording at fair value through income statement are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the corresponding interest during its life.

The effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

Types of financial liabilities

Loans in the form of commercial paper issues are categorised as non-current liabilities when they are guaranteed to be placed for at least one year, and the Group's Board of Directors intends to use this source of funding also for at least one year.

Following their initial recognition, loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recorded in the income account when liabilities are derecognised and through amortisation resulting from the effective interest method. The amortised cost is calculated taking into account any acquisition discount or premium and the fees and other costs that are an integral part of the effective interest rate. The effect of effective interest is recorded under financial costs in the income account.

Other financial liabilities basically refer to factoring transactions and lease liabilities, which are initially recorded at their fair value. Following their initial recognition, these financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are settled, cancelled or have expired.

The difference between the derecognised financial liability's carrying amount and the consideration paid or payable is recognised in the consolidated income statement.

When the Group and a given creditor exchange a debt instrument for another containing substantially different terms, said exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

Likewise, the Group accounts for substantial modifications to the terms of an existing liability, or to a part thereof, as an extinction of the original financial liability and the recognition of a new financial liability.

If the modification is not substantial, the difference between: (i) the liability's carrying amount prior to modification; and (ii) the present value of future cash flows after modification is recognised in the consolidated income statement as a modification gain or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the corresponding net amount is shown under the consolidated statement of financial position if there is a present right of mandatory fulfilment to offset the recognised amounts and with the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

Derivative instruments and hedging accounting

When deemed relevant, the Group uses financial derivative instruments, such as forward exchange rate contracts and interest rate swaps to hedge its foreign exchange and interest risks, respectively.

Such derivatives are initially recorded at fair value at the date they are contracted and are subsequently measured at fair value. Changes in the fair value of these instruments are recorded in equity under "Hedging reserves" and then recognised in the income account over the same period in which the hedged instrument affects profit or loss.

Derivatives are presented in assets when their fair value is positive, and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge, when the purpose is to hedge exposure to changes in the fair value of a recorded asset or liability or an unrecorded Group commitment.
- Cash flow hedge, when the purpose is to hedge exposure to cash flow variability arising from a specific risk associated with a recorded asset or liability, in whole or in part, or a highly probable transaction or the foreign exchange risk associated with an unrecorded Group commitment.

At the beginning of the hedging relationship, the Group formally designates and documents the hedging relationship for which it intends to apply hedge accounting, as well as the managerial and strategic purpose of that hedge.

These documents include the identification of the hedging instrument, the hedged item or transaction, the nature of the risk to be hedged, and how the Group assesses whether the hedging relationship complies with the hedge accounting requirements (including an analysis of the sources of hedging ineffectiveness and how it determines the hedge rate). The hedging relationship is eligible for hedge accounting if it meets all of the following hedge effectiveness requirements:

(i) There is an economic relationship between the hedged item and the hedging instrument;
(ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and
(iii) The hedge ratio of the hedging relationship is the same as that resulting from the portion of the hedged item that an entity is actually hedging and the portion of the hedging instrument that the entity actually uses to hedge that portion of the hedged item.

Hedging relationships that meet the above eligibility criteria are accounted for as follows:

<u>Fair value hedge</u>

The change in the fair value of the hedging instrument is recorded in the income account. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recorded in the income account.

To hedge the fair value of items measured at amortised cost, any adjustment to the book value is amortised in the income account over the remaining hedging period using the effective interest method. Amortisation using the effective interest method starts when there is an adjustment and never after the moment when the hedged item ceases to be adjusted by changes in fair value attributable to the risk that is being hedged.

If the hedged item is derecognised, the fair value to be amortised is immediately recorded in the income account.

When an unrecorded commitment is designated as a hedged item, subsequent accumulated changes in the fair value of the Group's commitment attributable to the hedged risk are recognised as an asset or liability and the corresponding gain or loss is recorded in the income account.

<u>Cash flow hedge</u>

The effective portion of the gain or loss on the hedging instrument is recognised as other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the values between the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

The Group uses forward exchange contracts to hedge exposure to foreign exchange risk in expected transactions and commitments undertaken. The ineffective portion related to exchange contracts is recognised in the income account.

The Group designates only the sight element of forward contracts as a hedging instrument. The forward element is recognised under other comprehensive income and accumulated in a separate equity component.

Cumulative amounts under other comprehensive income are accounted for based on the nature of the corresponding hedging relationship. If the hedging relationship subsequently results in the registration of a non-financial item, the cumulative amount is removed from the separate equity component and included in the initial cost or book value of the hedged asset or liability. This is not a reclassification adjustment and should not be recorded under other comprehensive income for the period. This also applies when an expected transaction covered by a non-financial asset or a non-financial liability becomes a Group commitment subject to hedge accounting.

For all other cash flow hedges, the cumulative amount under other comprehensive income is reclassified to the income account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the income account.

If the cash flow hedge accounting is interrupted, the cumulative amount under other comprehensive income shall remain if hedged future cash flows are still expected to occur. Otherwise, the cumulative amount is immediately reclassified to the income account as a reclassification adjustment. After the interruption, as soon as the hedged cash flows occur, any cumulative amounts remaining under other comprehensive income should be accounted for in accordance with the nature of the underlying transaction as described above.

During the 2020 and 2019 periods, no derivative financial instruments were contracted to hedge interest rate or exchange rate risks.

i) Cash and cash equivalents

The amounts included under the line item 'Cash and cash equivalents' correspond to cash amounts, bank deposits, term deposits, and other treasury applications, maturing in less than three months, and are subject to insignificant risk of change in value.

In terms of statement of cash-flows, the line item 'Cash and cash equivalents' also comprises bank overdrafts included under the current liability line item 'Bank loans.'

j) Statement of cash flows

The statement of cash-flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is categorised under operating (which include receipts from customers, payments to suppliers, payments to personnel and others related to operating activities), financing (which include payments and receipts related to borrowings, lease liabilities and dividend payments) and investment activities (which include acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of property, plant and equipment).

k) Contingent assets and liabilities

Contingent liabilities are defined by the Group as: (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not under full control of the Group, or (ii) present obligations arising from past events but that are not recognised because it is unlikely that a cash flow affecting economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Group's financial statements and are disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the control of the Group.

Contingent assets are not recognised in the Group's financial statements being disclosed only when a future economic benefit is likely to occur.

l) Income tax

Income tax for the period is calculated based on the taxable results of the companies included in the consolidation and considers deferred taxation.

Current income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the tax regulations in force.

Most of the subsidiaries included in the Cofina Group's scope of consolidation using the full consolidation method, and which are based in Portugal, are taxed under the special taxation regime for groups, pursuant to art. 69 of the Portuguese Corporate Income Tax Code. (“Código do Imposto sobre o Rendimento de Pessoas Coletivas”).

The Group recognises the gain with tax incentives to investment in the form of tax breaks in accordance with the criteria set forth under 'IAS 12 – Income tax' for recognising gains with tax credits. This way, the gain is recognised at the time when the right to its use is obtained, while recognising a 'deferred tax asset' if all of those tax credits cannot be used in the period and if, in the future, the company is expected to manage sufficient results to allow for their use.

Deferred taxes are calculated using the financial position statement liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or substantially in force at the expected date of reversal of temporary differences.

The measurement of deferred tax assets and liabilities:
- It is conducted in accordance with the expected rates to be applied in the period the asset is realised or the liability is settled, based on the tax rates approved on the date of the statement of financial position; and
- It reflects the tax consequences arising from the way the Group expects, on the date of the statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period, a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred taxes are not recognised in respect to temporary differences associated with investments in associates, since the following conditions are simultaneously considered to be met:
- The Group is able to control the timing of the temporary difference reversal; and
- It is likely that the temporary differences will not be reversed in the foreseeable future.

Deferred taxes are recorded as expenses or income for the period, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

In accordance with IFRIC 23 - Uncertainties in the treatment of income taxes, the Cofina Group presents uncertain tax positions related to income taxes under the line Current income taxes or Deferred taxes.

m) Revenue

Revenue is measured in accordance with the retribution specified in the agreements established with customers and excludes any third party amount received. This way, the Group recognises revenue when it transfers control over a given asset or service to the customer.

The Group's sources of revenue are detailed in Note 25. Sales, Services Rendered and Other Income.

The Group recognises revenue according to IFRS 15, which sets forth that an entity recognises revenue in order to reflect the transfer of goods and services contracted by customers, in the retribution amount to which the entity expects to be entitled to receive as consideration for delivery of said goods or services, based on the 5-step model below:
1. contract identification with a client;
2. performance obligation identification;
3. pricing of the transaction;
4. allocation of the transaction price to performance obligation; and
5. recognition of revenue when or as the entity meets a performance obligation.

Revenue is recognised net of bonuses, discounts and taxes (example: commercial discounts and quantity discounts) and refers to the consideration received or receivable of the goods and services sold in line with the Group's aforementioned types of business.

The sales of magazines and newspapers as well as of alternative marketing products incorporate a unique performance obligation that is fulfilled when publications are made available on newsstands or on the digital platform.

The revenue resulting from the subscription of magazines and newspapers is deferred over the subscription period (usually one year or less).

The services rendered related to the sale of advertising space in the Group's publications incorporates a single performance obligation that is fulfilled at the time of publication of the advertisement.

The performance obligation associated with television broadcasting rights is met in the broadcasting period by the operator, which is the criterion currently used by the Group to recognise the revenue.

Finally, the performance obligation associated with the graphic printing activity, exercised by one of the subsidiaries, is fully complied with at the time the service is provided.

For each contract, the Group assesses whether it contains other commitment that are separate performance obligations and to which a portion of the transaction price should be allocated (for example, guarantees and loyalty credits). When determining the transaction price, the Group takes into account possible variable remunerations, the existence or not of a significant financing component, non-monetary receivables and the possibility of there being remunerations payable to the customer.

(i) Variable remuneration

If the remuneration provided for in a contract includes a variable component, the Group estimates the amount that it considers to be entitled to receive in exchange for the transfer of the goods to the customer. The variable component is estimated at the beginning of the contract and is restricted in case of uncertainty until it is highly probable that a significant reversal of recognised revenue will not occur when the uncertainty associated with the variable remuneration component is finally resolved.

Right of return

Some contracts, namely the contract with the company VASP – Sociedade de Transportes e Distribuições, Lda., grant the customer the right to return the product within a certain period of time. Based on the historical information, the Group estimates the quantity of goods that will not be returned.

The requirements of IFRS 15 regarding the restriction of the estimated variable remuneration amounts are also applicable to determine the value of the returns to be considered in the transaction price.

Quantity discounts

The Group offers retrospective volume discounts to certain customers when a certain volume of advertisement investment made in a certain period of time exceeds a certain limit provided for in the contract. Discounts are recorded as credit in the customer's receivables. In order to estimate the variable remuneration associated with the expected amount of quantity discounts granted, the Group uses historical data relating to each customer.

IFRS 15 requirements regarding the restriction of the estimated variable remuneration amounts are also applicable, and the Group records a liability related to the amount of discounts to be granted.

(ii) Significant financial component

Using the practical expedient provided for in IFRS 15, the Group does not adjust the remuneration amount to the financial effect when it has the initial expectation that the period between the transfer of the good or service to the customer and the moment when the customer pays for that good or service is less than one year.

The same happens when the Group receives short-term advances from customers - in this case, the amount of the remuneration is also not adjusted to the financial effect.

In cases where the Group receives long-term advances from its customers, the transaction price of those contracts is discounted using a rate that reflects what would happen in the autonomous financing transaction between the Group and its customers at the beginning of the contract, in order to take into account the significant financial component.

Assets associated with contracts with customers

A customer agreement asset is a right to receive a remuneration in exchange for goods or services transferred to the customer. If the Group delivers the goods or provides the services to a customer before the customer pays the remuneration or prior to the remuneration falling due, the contractual asset corresponds to the conditional remuneration amount.

Trade receivables

A receivable represents the Group's unconditional right (i.e., it depends only on the passing of time until the remuneration falls due) to receive the remuneration.

Liabilities associated with contracts with customers

A customer agreement liability is the obligation to transfer goods or services for which the Group has received (or is entitled to receive) remuneration from a customer. If the customer pays the remuneration before the Group transfers the goods or services, a contractual liability is recorded when payment is made or when it falls due (whichever happens first). Contractual liabilities are recognised as revenue when the Group fulfils its contractual performance obligations.

Assets and liabilities related to rights of return

Assets related to the right to return correspond to the Group's right to recover the goods estimated to be returned by its customers. The asset is measured at its previous inventory cost, net of estimated costs to recover the assets, including potential losses in value of the returned assets. The Group regularly updates the measurement of assets in these circumstances, reviewing the estimated value of returns as well as additional devaluations of returned goods.

A liability related to the right to return is the obligation to fully or partially reimburse the remuneration received (or receivable) from the customer and is measured at the amount that the Group expects to reimburse the customer.

The Group updates the estimate of liabilities to be reimbursed (and the corresponding change in transaction prices) at the end of each reporting period - see considerations on variable remuneration above.

n) Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the line items 'Other current assets', 'Other current liabilities', 'Other non-current assets', and 'Other non-current liabilities.'.

o) Balances and transactions expressed in foreign currency

All assets and liabilities expressed in foreign currency were converted to Euros using official currency exchange rates in force on the date of the statement of financial position.

Favourable and unfavourable currency exchange differences originated by the differences between currency exchange rates applicable on the transaction date and those applicable on the collection date, payments or on the date of the statement of financial position, of those same transactions, are recorded as income and expenses in the consolidated income statement for the period, except those regarding non-monetary amounts whose change in fair value is recorded directly in equity.

p) Subsequent events

The events occurring after the date of the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Group's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the Notes to the financial statements.

q) Information by segments

In each period, the Group identifies the most adequate segment division taking into consideration the business areas in which the Group is present. Operating segment is a group of assets and operations of the Group whose financial information is used in the decision-making process developed by Group management.

The operating segments are presented in these financial statements in the same way as they are presented internally in the analysis of the evolution of the Group's activity.

The report's accounting policies by segments are those consistently used within the Group. Intersegmental sales and service provisions are all shown at market prices, and all these are eliminated on the consolidation process.

The Cofina Group's activities currently focus on the Press and Television segments. Information on revenue from the identified business segments is disclosed in Note 32.

r) Assets held for sale and discontinued operations

This category includes assets or groups of assets whose corresponding value is realisable through a sale transaction or, jointly, as a group in a single transaction, and liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at either the corresponding book value or the fair value net of selling costs, whichever is lower.

In order for this situation to occur, the sale needs to be highly likely (expected to be completed within 12 months), and the asset needs to be available for immediate sale under current conditions; moreover, the Group needs to have committed to said sale.

Amortization of assets under these conditions ceases from the moment when they are categorised as held for sale and are shown as current in appropriate lines for assets, liabilities and equity. A discontinued operating facility is a component (operating facilities and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, of the rest of the entity) of an entity that either was disposed of or is categorised as held for sale, and:

(i) represents a major business line or separate geographical area of operations;
(ii) it is an integral part of a single coordinated plan for disposing of an important business line or separate geographical area of operations; or
(iii) it is a subsidiary acquired solely for resale purposes.

The results of discontinued operating facilities are given as a single amount in the income statement, comprising gains or losses after taxes of the discontinued operating facilities, plus gains or losses after taxes recognised in the fair-value measurement net of selling costs or in the disposal of assets or of one or more group for disposal that constitute the discontinued operating facility.

Balances and transactions between continued operations and discontinued operations are eliminated to the extent they represent operations no longer to be carried out by the Group.

As of 31 December, 2020 and 2019, there were no assets held for sale and discontinued operations.

2.4 JUDGEMENTS AND ESTIMATES

In preparing the consolidated financial statements, in accordance with the accounting standards in force (Note 2.1), the Group's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses incurred in relation to the reported periods. All of the estimates and assumptions by the Board of Directors were carried out based on their existing best knowledge, on the date of approval of financial statements, events, and ongoing transactions.

The main value judgements and most significant estimates conducted and used in preparing consolidated financial statements include:

a) Impairment tests on Goodwill, property, plant and equipment and intangible fixed assets, as well as financial investments
Impairment analyses require determining fair value and / or the use value of the assets in question (or of some cash-generating units). This process calls for a high number of relevant judgements, namely estimating future cash flows associated with assets or with the corresponding cash-generating units and determining an appropriate discount rate for obtaining the present value of the aforementioned cash flows. In this regard, the Group once again established the requirement calling for use of the maximum possible amount of observable market data. It further established calculation monitoring mechanisms based on the critical challenge of reasonability of assumptions used, their coherence and consistency (in similar situations).
As of 31 December, 2020, an analysis was also carried out regarding the recoverability of the collateral included in the item “Other financial investments”. For this analysis, the Board of Directors took into account all the information available, current and known at the time, as well as the support of Grupo Cofina's legal advisors.

b) Provisions
The outcome of ongoing legal and tax proceedings, as well as the respective need to set up provisions, is estimated based on the opinion of the Group's lawyers/legal advisors. The Group's lawyers/legal advisors have the technical skills and detailed knowledge of the proceedings that allow them to deal with the uncertainty inherent to the outcome of proceedings of this nature.

c) Calculation of the incremental interest rate in the lease agreements
As mentioned in Note 2.3 c), the Group uses its interest rate incremental to the lease start date, since the interest rate implicit in the contract is not readily determinable. Changes in this assumption may imply valuations / devaluations of these assets and liabilities.

d) Determining impairment losses in receivables
Impairment losses in receivables are determined as shown under Note 2.3 h). This way, determining impairment through individual analysis amounts to the Group’s judgement regarding the economic and financial situation of its customers and to its estimate on the value attributed to any existing guarantees, with the subsequent impact on expected future cash flows. On the other hand, expected impairment losses in credit granted are determined considering a set of historical information and assumptions, which might not be representative of the future uncollectability from the Group’s debtors.

e) Useful life of property, plant and equipment and of intangible fixed assets
The Group revises the estimated useful lives of its tangible and intangible assets on each reporting date. Assets’ useful lives depend on several factors related both to their use and to the Group’s strategic decisions, and even to the economic environment of the various companies included in the scope of consolidation.

Estimates and assumptions were determined based on the best available information on the date when consolidated financial statements are prepared and on the basis of the best knowledge and on experience with past and/or current events. However, there are situations that could occur in subsequent periods which, while not foreseeable on that date, were not considered in those estimates. For this reason and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates. Changes to those estimates, which occur subsequent to the date of the consolidated financial statements, will be corrected in the profit-and-loss statement on a prospective basis, as provided for under IAS 8 – Accounting Policies, Changes to Accounting Estimates and Errors.

2.5 CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 2.1.

During the period, there were no voluntary changes in accounting policies. Likewise, no material errors were recognised in relation to previous periods.

3. FINANCIAL RISK MANAGEMENT

The Cofina Group is basically exposed to: (a) market risk; (b) liquidity risk; (c) credit risk; and (d) capital risk. The main objective of the Board of Directors in terms of risk management consists of reducing these risks to a level deemed acceptable for carrying on the Group’s business. The risk management policy’s guiding principles are outlined by Cofina’s

Board of Directors, which determines acceptable risk limits. The operational implementation of the risk management policy is carried out by the Board of Directors and by the Management at each participated company.

a) Market risk

Exchange rate risk and interest rate risk are of particular importance in market risk management.

a. Exchange rate

The impact of changes in exchange rates on the financial statements is reduced, as most of the operating flows are contracted in Euros. Accordingly, the Group's Board of Directors believes that any changes in the exchange rate will not have a significant effect on the consolidated financial statements.

Occasionally and whenever necessary, the Group seeks to hedge its exposure to exchange rate variability by using derivative financial instruments, considering possible transactions with non-resident entities and established in a currency other than the Euro, in which exchange rate variations may have a relevant impact on the Group's performance, whenever applicable and considered necessary to reduce the volatility of its results.

No derivatives instruments were contracted to hedge exchange rate risks during the 2020 and 2019 periods.

b. Interest rate risk

Interest rate risk is essentially related to the Group's debt level indexed to variable rates, which could expose the cost of debt to a volatility risk.

The Group, whenever necessary, uses derivative instruments or similar transactions for the purpose of hedging interest rate risks deemed significant. Three principles are used in selecting and determining interest rate hedging instruments:

- For every derivative or hedging instrument used for protecting against risk associated with a given financing, there was an overlap of the dates of interest flows paid in the hedged financing and the settlement dates under the hedging instruments;

- Perfect equivalence between the basic rates: the indexing used in the derivative or hedging instrument should be the same as that which applies to the financing/transaction being hedged; and

- Since the start of the transaction, the maximum indebtedness cost, resulting from the hedging operation performed, is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting interest rates are within the cost of the funds considered in the Group's business plan.

Since the Cofina Group's overall indebtedness is indexed at variable rates, interest rate swaps are used, when such is deemed necessary, as a way to protect against future cash flow changes associated with interest payments. The economic effect of the interest rate swaps put under contract consists of taking the corresponding loans associated with variable rates and converting them to fixed rates. Under these agreements, the Group agrees with third parties (Banks) on the exchange, in pre-set time periods, of the difference between the amount of interest calculated at the fixed rate under contract and at the variable rate of the reset time, in reference to the corresponding notional amounts agreed upon.

The hedging instrument counterparties are limited to credit institutions of high credit quality. It is the Group's policy to favour putting these instruments under contract with banking entities that are part of its financing operations. For the purpose of determining the counterparty in one-time operations, the Cofina Group asks for propositions and indicative prices to be submitted to a representative number of banks so as to ensure adequate competitiveness for these operations.

In determining fair value of hedging operations, the Cofina Group uses certain methods, such as option assessment models and future cash-flow updating models, while using certain assumptions based on the conditions of prevailing market interest rates on the date of the consolidated statement of financial position. Comparative quotes from financial institutions, for specific or similar instruments, are used as an assessment benchmark.

(Amounts expressed in euro)

The Cofina Group's Board of Directors approves the terms and conditions of financing deemed material for the Group. As such, it examines the debt structure, the inherent risks and the different existing options in the market, namely regarding the type of interest rate (fixed/variable).

During the 2020 and 2019 periods, no derivatives were contracted to hedge interest rate or foreign exchange rate risks.

In the periods ended 31 December 2020 and 2019, the Group's sensitivity to changes in the interest rate benchmark of 1 percentage point more or less, measured as the change in the financial results, is detailed as follows:

	31.12.2020	31.12.2019
Interest expenses and bank commissions (Note 28)	1,419,207	1,375,877
A 1 p.p. decrease in the interest rate applied to the entire debt	(554,326)	(520,127)
A 1 p.p. increase in the interest rate applied to the entire debt	554,326	520,127

The sensitivity analysis above was calculated based on the exposure to the existing interest rate on the date ending each period. This analysis' basic assumption was that the financing structure (remunerated assets and liabilities) remained stable throughout the year and similar to that shown at the end of every period, with the rest remaining constant.

b) <u>Liquidity Risk</u>

The main objective of the liquidity risk management policy is to ensure that the Group has the capacity to settle or meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties within the stipulated time frame.

The Group defines as an active policy (i) to maintain a sufficient level of free and immediately available resources to meet the necessary payments upon maturity, (ii) to limit the probability of default on the repayment of all its investments and loans by negotiating the extent of the contractual clauses, and (iii) to minimise the opportunity cost of holding excess liquidity in the short term.

The Group also seeks to make the due dates of assets and liabilities compatible, by streamlining the management of their maturities.

As at 31 December 2020, the consolidated financial statements show that current assets are approximately EUR 51 million lower than current liabilities (EUR 57 million as at 31 December 2019). However, the Group's Board of Directors believes that, based on the available credit lines (Note 19) in the amount of approximately EUR 15.1 million (EUR 22 million as at 31 December 2019), as well as on an expected release of operating cash flows in the next period, this imbalance is duly considered.

We refer to information included in note 19. Bank loans and Other loans.

c) <u>Credit risk</u>

The Group's exposure to credit risk is mostly associated with accounts receivable arising from its operating and treasury activity. Credit risk refers to the risk of a counterparty defaulting on its contractual obligations, resulting in a loss for the Group.

The credit risk assessment is carried out on a regular basis, taking into account the economic conditions at any given time and the specific credit position of each of the companies, adopting corrective procedures where appropriate.

The Group has no significant credit risk concentrated on any particular customer or group of customers or with similar characteristics, as accounts receivable are divided between a large number of customers.

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(Amounts expressed in euro)

d) Capital risk

Cofina Group's capital structure, determined by the proportion between equity and net debt, is managed so as to make sure its operating activities continue and it carries on its business, while maximising shareholder return and optimising financing expenses.

The Group periodically monitors its capital structure, identifying risks, opportunities and necessary adjustment measures aimed at achieving the aforementioned goals.

As at 31 December 2020 and 2019, the Cofina Group presented a gearing ratio of 89% and 75%, respectively.

Gearing ratio = total equity / net debt, where net debt is the algebraic sum of the following items of the consolidated statement of financial position: other loans; bank loans; refundable incentives; lease liability and (-) Cash and cash equivalents.

4. INVESTMENTS

4.1 INVESTMENTS IN SUBSIDIARIES INCLUDED IN CONSOLIDATION

The companies included in the consolidation by the full consolidation method, respective registered offices, proportion of capital held and main activity as at 31 December 2020 and 2019 are detailed as follows:

Designation	Headquarters	Percentage participation held		Activity
		2020	2019	
Parent company:				
Cofina, SGPS, S.A.	Porto			Investment management
Cofina Media Group				
Cofina Media, S.A. ("Cofina Media")	Lisboa	100.00%	100.00%	Newspapers and magazines publication, television broadcast, production and creation of websites for online business development, events promotion and organization
Grafedisport – Impressão e Artes Gráficas, S.A. ("Grafedisport")	Lisboa	100.00%	100.00%	Newspapers print

These companies were included in Cofina Group's consolidated financial statements using the full consolidation method, as disclosed in Note 2.2 a).

4.2 IINVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Joint ventures and associates, corresponding registered offices, proportion of capital held, business conducted and financial position as at 31 December 2020 and 2019 are detailed as follows:

(Amounts expressed in euro)

Designation	Headquarters	Percentage participation held 2020	Percentage participation held 2019	Activity
VASP – Sociedade de Transportes e Distribuições, Lda. ("VASP")	Lisboa	33.33%	33.33%	Publications distribution
Mercados Globais – Publicação de Conteúdos, Lda. ("Mercados Globais").	V.N. Gaia	50%	50%	Management services and promotion of a financial forum on the internet
A Nossa Aposta – Jogos e Apostas Online, S.A. ("A Nossa Aposta").	Lisboa	40%	40%	Online gambling and betting activity

Joint ventures and associates were included in Cofina Group's consolidated financial statements using the equity method, as disclosed in Note 2.2 b).

As at 31 December 2020 and 2019, the summarised financial information of the Group's joint ventures and associates is detailed as follows:

	31.12.2020			31.12.2019		
	VASP (a)	A Nossa Aposta (a)	Mercados Globais (a)	VASP	A Nossa Aposta	Mercados Globais
Non-current assets	15,393,274	153,560	—	14,333,884	260,939	—
Current assets	25,149,316	986,819	10,358	24,808,287	1,179,945	13,348
Non-current liabilities	2,200,142	—	—	154,330	—	—
Current liabilities	31,609,369	741,128	2,643	29,976,799	898,605	1,591
Equity	6,733,079	399,251	7,715	9,011,042	542,279	11,757

	31.12.2020			31.12.2019		
	VASP (a)	A Nossa Aposta (a)	Mercados Globais (a)	VASP	A Nossa Aposta	Mercados Globais
Turnover	185,237,931	4,518,956	38,400	215,417,602	5,134,514	38,400
Other operating income	281,841	—	—	287,229	—	—
Operating expenses	(187,138,508)	(4,535,079)	(38,656)	(214,697,756)	(4,630,654)	(35,936)
Depreciation and amortisation expenses	(1,092,646)	(126,496)	—	(869,518)	(123,859)	—
Financial expenses	(196,094)	(408)	—	(93,422)	(562)	—
Income tax	551,133	—	—	(93,736)	—	—
Net income for the year	(2,356,343)	(143,027)	(256)	(49,601)	379,439	2,464

(a) The indicators presented are based on unaudited provisional financial statements.

During the periods ended 31 December 2020 and 2019, operations in the amount of the investments in joint ventures and associates were as follows:

	31.12.2020				31.12.2019			
	VASP	A Nossa Aposta	Mercados Globais	Total	VASP	A Nossa Aposta	Mercados Globais	Total
Investments in joint ventures and associates								
Balance as at 1 January	3,003,681	216,911	5,879	3,226,471	3,023,740	405,135	6,015	3,434,890
Equity method								
Effect on gains and losses regarding joint ventures and associates (Note 28)	(759,321)	(57,211)	(2,021)	(818,553)	(20,059)	(188,224)	(136)	(208,419)
Other	—	—	—	—	—	—	—	—
Closing balance	2,244,360	159,700	3,858	2,407,918	3,003,681	216,911	5,879	3,226,471

Among the preliminary financial statements considered in determining the effect of applying the equity method and the approved and audited financial statements of the associate VASP with reference to December 31, 2019, it was determined in the Group's share in the associate's net results, a positive differential in the amount of 26,126 euros, which, given its immateriality, was recognized in the income statement for the year 2020.

(Amounts expressed in euro)

As at 31 December 2020 and 2019, the net book value of the Group's investment in joint ventures and associates is detailed as follows:

	31.12.2020			31.12.2019		
	VASP	A Nossa Aposta	Mercados Globais	VASP	A Nossa Aposta	Mercados Globais
Equity	6,733,079	399,251	7,715	9,011,042	542,279	11,757
Percentage of share capital held	33.33 %	40.00 %	50.00 %	33.33 %	40.00 %	50.00 %
Group's share in equity	2,244,360	159,700	3,858	3,003,681	216,911	5,879
Other	—	—	—	—	—	—
Goodwill included in the net book value of the investment	—	—	—	—	—	—
	2,244,360	159,700	3,858	3,003,681	216,911	5,879

4.3 OTHER FINANCIAL INVESTMENTS

As at 31 December 2020 and 2019, the Group had other financial investments corresponding to minority shareholdings in unlisted companies for which impairment losses were recorded on those dates, in the amount of EUR 5,510. As at 31 December 2020 and 2019, the total amount of financial investments for which impairment losses were recorded amounted to EUR 171,754 (Note 20).

As at 31 December 2019, "Other investments" also includes a guarantee in the amount of EUR 10 million relating to a purchase and sale contract entered into on 20 September 2019 with Promotora de Informaciones, S.A. for acquisition of 100% of the share capital and voting rights of Vertix, SGPS, S.A. and, indirectly, of 94.69% of the share capital and voting rights of Grupo Media Capital, SGPS, S.A. (Note 37.1). This escrow account is managed by a financial institution.

On April 15, 2020, Cofina Group announced to the market about a notification from Arbitration Request ("Request") submitted by Promotora de Informaciones, S.A. ("Prisa") at Câmara do Comércio e Indústria Portuguesa (CCIP), claiming the right to be delivered, by the Escrow Agent (Banco BPI, S.A.), the 10 million Euro amount deposited there as a down payment. Currently, the mentioned amount is deposited in the Escrow Account at Banco BPI, S.A..

Cofina understands that Prisa's requests have no basis whatsoever and submitted its response within the scope of the referred arbitration proceedings. Therefore, it is understanding of the Board of Directors, based on the available, current and up to date information, supported by the legal advisors, that the amount will be recovered by Cofina Group, so the Group has not recorded any provision against the Group's assets.

At the present date, the arbitration proceeding is following its normal procedures.

5. GOODWILL

During the periods ended 31 December 2020 and 2019, the movement that occurred in Goodwill and corresponding impairment losses were detailed as follows:

	31.12.2020	31.12.2019
Newspapers	80,981,916	82,875,916
Newspapers - Portugal	80,067,457	80,969,457
Graphic printing	914,459	1,906,459
Magazines	1,101,264	1,101,264
	82,083,180	83,977,180

Since the period ended 31 December 2014, and following an internal reorganisation process of the Cofina Group, which culminated in the mergers concluded in the 2015 period, several subsidiaries were merged into Cofina Media, S.A. Goodwill is allocated to cash-generating units. These cash-generating units are the smallest identifiable group of cash inflow-generating assets and are largely independent of cash inflows from other assets or groups of assets.

(Amounts expressed in euro)

Therefore, on 31 December 2020 and 2019, Goodwill is detailed as follows:

i. Magazines: constituted mainly by the subsidiary, meantime merged with Cofina Media, S.A. - Edirevistas – Sociedade Editorial, S.A. whose main publication refers to "TV Guia";

ii. Newspapers-Portugal: Constituted mainly by the companies, meantime merged with Cofina Media, S.A. - Presselivre – Imprensa Livre, S.A., whose main publications refer to the newspapers “Correio da Manhã”, and magazine “Sábado”;

iii. Graphic printing: constituted by "Grafedisport – Impressão e Artes Gráficas, S.A.", which provides graphic printing services for the media sector.

This way, as at 31 December 2020 and 2019, the net value of the "Goodwill" caption was detailed as follows:

	31.12.2020	31.12.2019
Gross value:		
Opening balance	91,972,490	91,972,490
Closing balance	91,972,490	91,972,490
Accumulated impairment losses:		
Opening balance	7,995,310	7,995,310
Impairment losses (Note 20)	1,894,000	—
Closing balance	9,889,310	7,995,310
Net value	82,083,180	83,977,180

During the period ended 31 December 2020, the variation in "Goodwill" is due to the impairment loss recorded in the Newspapers-Portugal and Graphic printing Goodwill, in the amount of 902,000 Euro and 992,000 Euro, respectively (Note 20).

Goodwill impairment tests are performed annually and whenever an event or a change in circumstances is identified as showing that the amount at which the asset is recorded may not be recovered. Whenever the amount at which the asset is recorded is higher than its recoverable amount, an impairment loss is recognised. The recoverable amount is either the net sale price or the value in use, whichever is higher.

Goodwill impairment tests are performed using the discounted cash flow method, considering five-year financial cash flow projections for each cash-generating unit and the year of perpetuity from the fifth year onward.

Financial projections are prepared based on 'cash-generating units' activity development assumptions which the Board of Directors believes to be consistent with historical data and market trends, reasonable and prudent, and reflect their outlook. When possible, market data from external entities was also taken into account and was compared with the Group's historical data and experience.

As disclosed in Note 2.4 a), the relevant assumption relates to determining the discount rate. The discount rate used reflects Cofina Group's level of indebtedness and cost of debt capital (considering that it is common), as well as the level of risk and profitability expected by the market. In determining the discount rate, it is also important to note that the interest rate for Portuguese 10-year bonds is used as a reference for the component relating to the interest rate of a risk-free asset. The discount rates used also include a market premium risk.

Inflation and perpetuity growth rates are estimated based on an analysis of the market potential of each cash-generating unit and on the Group's expectations for future price and business development.

Compared to 31 December, 2019, the main changes in the assumptions used in determining the recoverable value of the various cash-generating units are related to the discount rate, which went from 7.04% on 31 December, 2019 to 7.35 % on 31 December, 2020, and on the perpetuity growth rate, which went from 2% on 31 December, 2019 to 1.5% on 31 December, 2020. Regarding the assumptions of activity, we continue to project a reduction in circulation revenue and a gradual resumption of pre-covid activity over the projection periods.

Impairment tests for the period ended 31 December 2020:

Newspapers - Portugal:

The recoverable value of this cash-generating unit was determined considering the financial projections of newspapers sold in Portugal for a period of five years, a discount rate of 7.35% (7.04% on 31 December 2019) and a perpetuity growth rate of 1.5% (2.0% on 31 December 2019).

The main activity assumptions considered were:

- Circulation: a negative 3% compound growth rate in newspaper circulation (number of units sold) was estimated;

- Sales: a negative 1% compound growth rate was considered;

- Services rendered of advertising and alternative marketing revenue: a 3.6% compound growth rate was considered;

- *Portfolio*: current newspaper publications (Correio da Manhã and Sábado magazine) are expected to be maintained.

According to the sensitivity analysis performed, (i) a 0.2 p.p. increase in the discount rate assumption throughout the years of the projections; (ii) a 0.2 p.p. reduction in the perpetuity growth rate assumption; and (iii) a 0.5 p.p. reduction in the sales compound growth rate, would imply the recording of an additional impairment loss.

Graphic printing:

The recoverable value of this cash-generating unit was determined considering the financial projections of newspapers sold in Portugal for a period of five years, a discount rate of 7.35% (7.04% on 31 December 2019) and a perpetuity growth rate of 1.5% (2.0% on 31 December 2019).

The main activity assumptions considered were:

- Turnover: a 0.3% negative sales and service provision compound growth rate was estimated.

According to the sensitivity analysis performed, (i) a 0.2 p.p. increase in the discount rate assumption throughout the years of the projections; (ii) a 0.2 p.p. reduction in the perpetuity growth rate assumption; and (iii) a 0.5 p.p. reduction in the sales compound growth rate, would imply the recording of an additional impairment loss.

Magazines:

The recoverable value of this cash-generating unit was determined considering the financial projections of newspapers sold in Portugal for a period of five years, a discount rate of 7.35% (7.04% on 31 December 2019) and a perpetuity growth rate of 1.5% (2.0% on 31 December 2019).

The main activity assumptions considered were:

- Circulation: a negative 4% compound growth rate in newspaper circulation (number of units sold) was estimated;

- Sales: a negative 3% compound growth rate was considered;

- Services rendered of advertising and alternative marketing revenue: a 3.7% compound growth rate was considered;

- *Portfolio:* current magazine publications (TV Guia, Máxima and Flash, the last two currently only digital) are expected to be maintained.

From the analysis performed, the Group concluded that there was a comfortable margin in relation to the point at which Goodwill would be at risk of impairment.

(Amounts expressed in euro)

The aforementioned assumptions were quantified based on historical data as well as on the experience of the Group's Board of Directors. However, unforeseeable political, economic or legal phenomena may impact these assumptions.

As a result of the impairment analysis carried out, based on the aforementioned methodologies and assumptions, the Board of Directors concluded that there are no additional impairment losses to be recognised. The Board of Directors believes that the effect of possible deviations that may occur in the main assumptions underlying the recoverable amount of cash-generating units will not, in all materially relevant aspects, lead to an impairment of the corresponding Goodwill.

6. PROPERTY, PLANT AND EQUIPMENT

During the periods ended 31 December 2020 and 2019, the movement occurred in the value of property, plant and equipment, as well as in the corresponding amortisation and accumulated impairment losses, are detailed as follows:

	2020							
	Asset gross value							
	Land and natural resources	Building and other edifications	Machinery and equipment	Vehicles	Office equipment	Other tangible assets	Property, plant and equipment in progress	Total
Opening balance	32,032	4,954,314	23,964,460	676,924	8,642,810	1,499,145	136,199	39,905,884
Additions	—	—	336,040	38,075	68,868	—	59,993	502,976
Disposals	—	—	(8,902)	(66,613)	(255)	(25,400)	—	(101,170)
Transfers and write-offs	—	1,861	147,332	—	—	—	(1,861)	147,332
Closing balance	32,032	4,956,175	24,438,930	648,386	8,711,423	1,473,745	194,331	40,455,022

	2020							
	Accumulated amortisation and impairment losses							
	Land and natural resources	Building and other edifications	Machinery and equipment	Vehicles	Office equipment	Other tangible assets	Property, plant and equipment in progress	Total
Opening balance	—	3,854,262	22,824,099	630,473	8,515,007	1,453,786	—	37,277,627
Additions	—	458,353	479,550	27,452	53,917	28,112	—	1,047,384
Disposals	—	—	(4,155)	(66,613)	(255)	(25,400)	—	(96,423)
Transfers and write-offs	—	—	147,332	—	—	—	—	147,332
Closing balance	—	4,312,615	23,446,826	591,312	8,568,669	1,456,498	—	38,375,920
	32,032	643,560	992,104	57,074	142,754	17,247	194,331	2,079,102

	2019							
	Asset gross value							
	Land and natural resources	Building and other edifications	Machinery and equipment	Vehicles	Office equipment	Other tangible assets	Property, plant and equipment in progress	Total
Opening balance	48,994	4,581,792	23,005,436	660,239	8,581,557	1,572,749	745,729	39,196,496
Additions	—	6,800	171,147	54,381	22,936	14,614	974,787	1,244,665
Disposals	(16,962)	(50,886)	(8,102)	(37,696)	—	(88,218)	—	(201,864)
Transfers and write-offs	—	416,608	795,979	—	38,317	—	(1,584,317)	(333,413)
Closing balance	32,032	4,954,314	23,964,460	676,924	8,642,810	1,499,145	136,199	39,905,884

	2019							
	Accumulated amortisation and impairment losses							
	Land and natural resources	Building and other edifications	Machinery and equipment	Vehicles	Office equipment	Other tangible assets	Property, plant and equipment in progress	Total
Opening balance	—	3,424,201	22,420,183	650,235	8,450,389	1,503,601	—	36,448,609
Additions	—	458,557	696,320	17,934	64,618	35,557	—	1,272,986
Disposals	—	(28,496)	(8,102)	(37,696)	—	(85,372)	—	(159,666)
Transfers and write-offs	—	—	(284,302)	—	—	—	—	(284,302)
Closing balance	—	3,854,262	22,824,099	630,473	8,515,007	1,453,786	—	37,277,627
	32,032	1,100,052	1,140,361	46,451	127,803	45,359	136,199	2,628,257

The "Transfers and write-offs" caption includes, as at 31 December, 2019, the reclassification to the "Right of use assets" caption of the net amount of EUR 49,111, which corresponds to the carrying amount of assets under financial lease agreements disclosed on 31 December 2018.

Equipment disposals in the period basically concern assets that were almost entirely depreciated.

(Amounts expressed in euro)

There were no property, plant and equipment pledged as collateral for loans nor were there any capitalised financial expenses as at 31 December 2020 and 2019.

7. RIGHT OF USE

7.1. RIGHT OF USE ASSETS

During the period ended 31 December 2020 and 2019, the movement that occurred in the amount of right of use assets, as well as the corresponding amortisation, was detailed as follows:

	2020			
	Asset gross value			
	Buildings and other edifications	Vehicles	Plant and equipment	Total
Opening balance as at 1 January	12,861,090	736,544	885,287	14,482,921
Additions	70,534	135,223	—	205,757
Reclassifications	—	—	(186,082)	(186,082)
Reductions	(55,533)	(39,374)	(147,332)	(242,239)
Closing balance	12,876,091	832,393	551,873	14,260,357

	2020			
	Accumulated amortisation			
	Buildings and other edifications	Vehicles	Plant and equipment	Total
Opening balance as at 1 January	2,717,690	248,449	331,289	3,297,428
Additions	1,580,639	266,276	183,959	2,030,874
Reclassifications	—	—	—	—
Reductions	—	(37,649)	(147,332)	(184,981)
Closing balance	4,298,329	477,076	367,916	5,143,321
	8,577,762	355,317	183,957	9,117,036

	2019			
	Asset gross value			
	Buildings and other edifications	Vehicles	Plant and equipment	Total
Opening balance as at 1 January	12,721,972	573,797	—	13,295,769
Additions	139,118	193,492	551,873	884,483
Reclassifications	—	—	333,414	333,414
Reductions	—	(30,745)	—	(30,745)
Closing balance	12,861,090	736,544	885,287	14,482,921

(Amounts expressed in euro)

	2019			
	Accumulated amortisation			
	Buildings and other edifications	Vehicles	Plant and equipment	Total
Opening balance as at 1 January	1,151,318	—	—	1,151,318
Additions	1,566,372	276,608	46,986	1,889,966
Reclassifications	—	—	284,303	284,303
Reductions	—	(28,159)	—	(28,159)
Closing balance	2,717,690	248,449	331,289	3,297,428
	10,143,400	488,095	553,998	11,185,493

The line item "Buildings and other edifications" basically concerns lease agreements for the head office building of Cofina Media, S.A., in Lisbon.

The line item "Vehicles" concerns vehicle lease agreements for periods ranging between 4 and 5 years.

7.2. LEASE LIABILITIES

During the period ended 31 December 2020 and 2019, the movement that occurred in lease liabilities was detailed as follows:

	31.12.2020	31.12.2019
Opening balance as at 1 January	13,080,367	13,880,035
Financial Leases	—	70,343
Additions	205,757	884,483
Decreases	(57,259)	—
Accrued interest	685,923	779,951
Payments	(2,658,807)	(2,534,445)
Closing balance as at 31 December	11,255,981	13,080,367

In addition, the following amounts were recognised in 2020 and 2019 as expenses related to right of use assets:

	31.12.2020	31.12.2019
Depreciation of right of use assets	2,030,874	1,889,966
Interest expenses related to lease liabilities	685,923	779,951
Expenses related to short-term liabilities	84,480	109,170
Total amount recognised in the income statement	2,801,277	2,779,087

The maturity of the Lease Liabilities is detailed as follows:

	31.12.2020					
	2021	2022	2023	2024	>2024	Total (nominal value)
Lease liabilities	1,902,978	1,652,235	1,405,277	1,447,581	4,847,911	11,255,982
	1,902,978	1,652,235	1,405,277	1,447,581	4,847,911	11,255,982

	31.12.2019					
	2020	2021	2022	2023	>2023	Total (nominal value)
Lease liabilities	2,130,774	1,780,534	1,541,749	1,369,890	6,257,420	13,080,367
	2,130,774	1,780,534	1,541,749	1,369,890	6,257,420	13,080,367

(Amounts expressed in euro)

8. INTANGIBLE ASSETS

During the periods ended 31 December 2020 and 2019, the movements that occurred in the value of intangible assets, as well as in the corresponding depreciation and accumulated impairment losses, were detailed as follows:

	2020				
	Asset gross value				
	Industrial property and other rights	Other intangible assets	Software	Intangible assets in progress	Total
Opening balance	760,599	370,090	5,955,463	79,395	7,165,547
Additions	—	—	170,629	149,186	319,815
Transfers and write-offs	—	—	125,768	(125,768)	—
Closing balance	760,599	370,090	6,251,860	102,813	7,485,362

	2020				
	Accumulated depreciation				
	Industrial property and other rights	Other intangible assets	Software	Intangible assets in progress	Total
Opening balance	760,599	370,090	5,740,831	—	6,871,520
Additions	—	—	336,401	—	336,401
Transfers and write-offs	—	—	—	—	—
Closing balance	760,599	370,090	6,077,232	—	7,207,921
	—	—	174,628	102,813	277,441

	2019				
	Asset gross value				
	Industrial property and other rights	Other intangible assets	Software	Intangible assets in progress	Total
Opening balance	760,599	370,090	5,490,754	118,512	6,739,955
Additions	—	—	247,371	178,221	425,592
Transfers and write-offs	—	—	217,338	(217,338)	—
Closing balance	760,599	370,090	5,955,463	79,395	7,165,547

	2019				
	Accumulated depreciation				
	Industrial property and other rights	Other intangible assets	Software	Intangible assets in progress	Total
Opening balance	760,599	370,090	5,309,735	—	6,440,424
Additions	—	—	431,096	—	431,096
Transfers and write-offs	—	—	—	—	—
Closing balance	760,599	370,090	5,740,831	—	6,871,520
	—	—	214,632	79,395	294,027

The main investments made during the periods ended 31 December 2019 are related to SAP licences and other computer applications used by the Group.

(Amounts expressed in euro)

9. CLASSES OF FINANCIAL INSTRUMENTS

In accordance with the policies disclosed in Note 2.3 h), financial instruments were detailed as follows:

Financial assets

31 December 2020	Financial assets recorded at amortised cost	Total
Non-current assets		
Other non-current assets	85,638	85,638
	85,638	85,638
Current assets		
Trade receivables	5,238,047	5,238,047
Assets associated with contracts with customers	3,130,363	3,130,363
Other receivables	62,977	62,977
Other current assets	4,443	4,443
Cash and cash equivalents	15,347,683	15,347,683
	23,783,513	23,783,513
	23,869,151	23,869,151

31 December 2019	Financial assets recorded at amortised cost	Total
Non-current assets		
Other non-current assets	66,252	66,252
	66,252	66,252
Current assets		
Trade receivables	6,294,057	6,294,057
Assets associated with contracts with customers	4,355,623	4,355,623
Other receivables	146,497	146,497
Other current assets	50,604	50,604
Cash and cash equivalents	7,122,371	7,122,371
	17,969,152	17,969,152
	18,035,404	18,035,404

(Amounts expressed in euro)

Financial liabilities

31 December 2020	Financial liabilities recorded at amortised cost	Total
Non-current liabilities		
Lease liabilities	9,353,004	9,353,004
	9,353,004	9,353,004
Currents liabilities		
Bank loans	3,432,605	3,432,605
Other loans	51,848,141	51,848,141
Lease liabilities	1,902,978	1,902,978
Trade payables	5,615,823	5,615,823
Liabilities associated with contracts with customers	2,257,761	2,257,761
Other payables	729,104	729,104
Other current liabilities	5,220,504	5,220,504
	71,006,916	71,006,916
	80,359,920	80,359,920

31 December 2019	Financial liabilities recorded at amortised cost	Total
Non-current liabilities		
Lease liabilities	10,949,593	10,949,593
	10,949,593	10,949,593
Currents liabilities		
Bank loans	12,671	12,671
Other loans	52,074,236	52,074,236
Lease liabilities	2,130,774	2,130,774
Trade payables	8,336,586	8,336,586
Liabilities associated with contracts with customers	3,282,531	3,282,531
Other payables	457,962	457,962
Other current liabilities	5,381,475	5,381,475
	71,676,235	71,676,235
	82,625,828	82,625,828

10. CURRENT AND DEFERRED TAXES

According to current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when inspections, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Group’s tax returns since 2017 may still be subject to review.

The Group's Board of Directors considers that any corrections resulting from reviews/inspections by the tax authorities to those tax returns will not have a material effect on the financial statements as at 31 December 2020 and 2019.

(Amounts expressed in euro)

Cofina SGPS, S.A. is the dominant company of the special taxation regime for groups. These companies are taxed under the special taxation regime for groups, which include Cofina, Cofina Media and Grafedisport.

As of 31 December, 2020, the tax rate to be used by companies in Portugal for calculating deferred tax assets relating to tax losses is 21%. In the case of positive or negative temporary differences originating in Portuguese companies, the rate to be used is 22.5%, plus the municipal surtax rate in the companies where payment is expected in the expected reversal periods of the associated deferred taxes. Additionally, in accordance with the legislation in force in Portugal during the period ended 31 December 2020, the state surtax corresponded to the application of an additional 3% rate on taxable income between EUR 1.5 and 7.5 million, 5% on taxable income between EUR 7.5 and 35 million and 9% on taxable income above EUR 35 million.

Deferred taxes

The changes occurred in deferred tax assets and liabilities in the periods ended 31 December 2020 and 2019 were detailed as follows:

	Deferred tax assets	
	2020	2019
Opening balance	763,981	595,271
Effects on the income statement:		
Increase/(Reduction) of provisions not accepted for tax purposes	77,126	(255,766)
Right of use assets	—	33,969
Effects on equity:		
Right of use assets	—	390,507
Closing balance	841,107	763,981

As at 31 December 2020 and 2019, there are no situations generating deferred tax liabilities.

Deferred tax assets as at 31 December 2020 and 2019, according to the temporary differences generating them, are detailed as follows:

	31.12.2020	31.12.2019
Provisions and impairment losses of assets not accepted for tax purposes	416,631	339,505
Right of use assets	424,476	424,476
	841,107	763,981

Current taxes

Income tax recognised in the income statement for the periods ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Current tax	2,171,186	3,084,433
Deferred tax	(77,126)	221,797
	2,094,060	3,306,230

(Amounts expressed in euro)

The reconciliation of the profit before income tax for the periods ended 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Profit before income tax	3,683,015	10,455,680
Tax rate	22.50%	22.50%
	828,678	2,352,528
Under/(over) Income tax estimates	(96,350)	(102,228)
Provisions for tax claims	200,000	200,000
State surtax	264,227	485,123
Autonomous taxes	175,871	210,690
Results related to investments	184,174	46,894
Goodwill impairment	426,150	—
Provision constitution/reversal	122,216	(30,618)
Other effects	(10,906)	143,841
Income tax	2,094,060	3,306,230

11. INVENTORIES

As at 31 December 2020 and 2019, the amount recorded under the line item 'Inventories' is detailed as follows:

	31.12.2020	31.12.2019
Raw materials, subsidiaries and consumables	1,068,311	1,498,111
Accumulated impairment losses in inventories (Note 20)	(48,037)	(48,037)
	1,020,274	1,450,074

Inventories correspond mostly to paper used for printing newspapers and magazines.

The cost of sales of the periods ended 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Initial inventories	1,498,111	1,397,832
Purchases	5,645,287	9,569,783
Final inventories	(1,068,311)	(1,498,111)
	6,075,087	9,469,504

12. TRADE RECEIVABELS

As at 31 December 2020 and 2019, this line item was composed of the following:

	31.12.2020	31.12.2019
Trade receivables, current account	5,238,047	6,355,336
Trade receivables, bad debt	314,214	274,555
	5,552,261	6,629,891
Accumulated impairment losses (Note 20)	(314,214)	(335,834)
	5,238,047	6,294,057

The Group's exposure to credit risk is firstly attributable to accounts receivable from its operating activity. The amounts shown in the consolidated statement of financial position are net of the accumulated impairment losses that were estimated by the Group.

The Board of Directors believes that the book values receivable are close to their fair value, since these accounts' receivable do not pay interests and the discount effect is deemed immaterial.

(Amounts expressed in euro)

As of 31 December 2020 and 2019, the age of gross impairment trade receivables can be detailed (by segments) as follows:

	Trade receivables					
	31.12.2020			31.12.2019		
	Press	TV	Total	Press	TV	Total
Not overdue	3,220,192	894,030	4,114,222	4,050,275	877,450	4,927,725
Overdue						
0 - 90 days	840,751	163,441	1,004,192	1,075,334	236,307	1,311,641
90 - 180 days	7,145	6,214	13,359	35,905	14,146	50,051
180 - 360 days	142,615	23,814	166,429	104,098	6,140	110,238
+ 360 days	182,272	—	182,272	157,106	—	157,106
	1,172,783	193,469	1,366,252	1,372,443	256,593	1,629,036
Exchange balance						
Without impairment	71,607	180	71,787	72,950	180	73,130
Total	4,464,582	1,087,679	5,552,261	5,495,668	1,134,223	6,629,891

The "Exchanges balances" caption corresponds to amounts receivable under the exchange regime, for which there are also payables recorded in the "Trade payables" caption (Note 21).

As at 31 December 2020, impairment losses in the amount of 314,214 euros are fully allocated to the balance of customers older than 180 days.

The Board of Directors considers that overdue accounts receivable without impairment shall be realised in their entirety, considering the history of uncollectability and the characteristics of the counterparties. In addition, from 1 January 2018 on, with the adoption of IFRS 9, the Group started calculating expected impairment losses for its accounts receivable in accordance with the criteria disclosed in Note 2.3. h).

The average term of credit granted to customers varies according to the type of sale / service rendered. In accordance with the procedure agreed upon with the distribution company, amounts regarding the distribution of publications are collected upon the invoice date. Regarding the services rendered (mostly advertising) a credit period of between 15 and 60 days is granted (these terms remained unchanged when compared to the 2019 period). The Group does not charge any interest while set payment terms are being complied with. Upon expiry of said terms, contractually set interest is charged, in accordance with the legislation in force and as applicable to each situation. This will tend to occur only in extreme situations.

13. ASSETS ASSOCIATED WITH CONTRACTS WITH CUSTOMERS

This line item is detailed as follows as at 31 December 2020 and 2019:

	31.12.2020	31.12.2019
Assets associated with contracts with customers		
Publications (newspapers and magazines) to be invoiced	3,124,548	3,457,700
CMTV	5,815	897,923
	3,130,363	4,355,623

Sales of magazines and newspapers are recorded in the period in which the publications are distributed, newspapers being daily and magazines weekly, monthly or bimonthly. Amounts not yet invoiced are recorded under the "Publications (newspapers and magazines) to be invoiced" caption.

The "CMTV" caption regards the amount to be invoiced associated with broadcasting rights of the CMTV television channel.

(Amounts expressed in euro)

14. STATE AND OTHER PUBLIC ENTITIES

Asset and liabilities balances with the State and Other Public Entities as at 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Debit balances:		
Value Added Tax	—	—
Other taxes	240,692	1,000
Total other taxes (Note 15)	240,692	1,000
Credit balances:		
Income tax	3,864,845	3,656,326
Total income tax	3,864,845	3,656,326
Value Added Tax	810,066	1,273,477
Personal income tax	526,871	449,372
Social security contributions	479,785	508,946
TV exhibition tax	62,332	58,560
Stamp duty	1,629	3,899
Other taxes	5,942	5,873
Total other taxes (Note 23)	1,886,625	2,300,127

As at 31 December 2020 and 2019, the credit balances "Income tax" caption includes the estimated income tax (Note 10), net of payments on account and additional payments on account made by the Group, as well as tax withholdings made by third parties in the amounts of EUR 164,845 and EUR 156,326, respectively.

As at 31 December 2020 and 2019, and following the adoption of IFRIC 23, the "Income tax" caption also includes the reclassifications amount of EUR 3.7 million (2019: EUR 3.5 million), that concern the following tax processes:

2007 Corporate income tax proceedings

As at 31 December 2020 and 2019, disputes were ongoing with the Portuguese Tax and Customs Authorities (AT) as a result of an inspection of the 2007 period concerning Corporate Income Tax, the amount of which initially disputed by the tax authorities was EUR 17.9 million. These amounts are the result of two corrections made by the AT: one concerning non-acceptance of a capital loss generated with the liquidation of a subsidiary, and another concerning non-acceptance of the deduction of part of the dividends paid out by a subsidiary.

Under the Special Arrangement for the Settlement of Tax and Social Security Debts ("RERD"), approved by Decree-Law 151-A/2013, of 31 October, in the period ended 31 December 2013 the Group voluntarily paid an amount of EUR 2 million with the corresponding waiver of interest on arrears, compensatory interest and legal costs associated with the tax enforcement proceedings. Under the same arrangement, the Group asked the Portuguese Tax and Customs Authorities to offset part of the enforced amounts relating to said audit with credits the AT owes to the Group (related to administrative claims and legal challenges associated with corporate income tax). During the 2014 period, this request was approved in the amount of approximately EUR 5.7 million, of which EUR 2,346,895 were allocated to said settlement.

As part of the acceptance of the Special Programme for Reducing Indebtedness to the State ("PERES"), approved by Decree-Law 67/2016 of 3 November, in the period ended 31 December 2016, the Group paid an additional amount of EUR 3,614,561 with the corresponding reduction of interest on arrears, compensatory interest and legal costs associated with tax enforcement proceedings.

Therefore, the contingency amount carried forward relating to the aforementioned tax enforcement proceedings, as at 31 December 2020 and 2019, is of approximately EUR 13.5 million, of which around EUR 3 million are related to the correction of the aforementioned capital loss and EUR 10.5 million are related to the correction of dividends paid. The reconciliation between the initial and current contingencies is detailed as follows:

(Amounts expressed in euro)

	2007 Corporate income tax
Initial contingency	17,878,819
Compensatory interest/interest on arrears/legal costs	3,670,237
Payments/offset	(7,961,456)
	13,587,600

Within the scope of the reassessment of tax contingencies, the Board of Directors, advised by its legal and tax advisers, considers it likely that (i) a favourable decision will be taken on the "Dividends" component and (ii) the "Capital loss" component will be rejected. As such, a provision was recorded in the amount of approximately EUR 3 million for said component in the proceedings.

During the last quarter of 2019, the Group received notice from the Constitutional Court regarding the aforementioned capital loss generated from the liquidation of a subsidiary, informing it that the claim filed by the Group had been denied, confirming the court's decision against the Cofina Group. To date, the Group has not received notice from the Portuguese Tax and Customs Authorities to satisfy the judgement.

The Group is still in litigation with the Portuguese Tax and Customs Authorities concerning tax disputes related to the "Dividends" component.

15. OTHER RECEIVABLES

As at 31 December 2020 and 2019, this line item is detailed as follows:

	31.12.2020		31.12.2019	
	Current	Non-current	Current	Non-current
Advances payments to suppliers	1,534	96,110	287,656	96,110
Receivables from the State and other public entities (Note 14)	240,692	—	1,000	—
Others	662,977	—	746,497	—
	905,203	96,110	1,035,153	96,110
Accumulated impairment losses and other receivables (Note 20)	(600,000)	(96,110)	(600,000)	(96,110)
	305,203	—	435,153	—

The non-current amount recorded under the "Advances payments to suppliers" caption refers to advances on account of printing services to be provided in future periods, whose maturity is extended until 2022. Since the Board of Directors considers that there is a risk of recovery of that amount, an impairment loss of that same amount was recorded in previous periods.

As at 31 December 2020 and 2019, the ageing of "Other receivables" balances net of impairment losses is detailed as follows:

	31.12.2020			31.12.2019		
	Advances to suppliers	Other debtors	Total	Advances to suppliers	Other debtors	Total
Not overdue	1,534	303,669	305,203	287,656	147,497	435,153
Overdue						
0 - 90 days	—	—	—	—	—	—
90 - 180 days	—	—	—	—	—	—
180 - 360 days	—	—	—	—	—	—
+ 360 days	—	—	—	—	—	—
	—	—	—	—	—	—
Total	1,534	303,669	305,203	287,656	147,497	435,153

The amounts presented in the consolidated statement of financial position are net of accumulated impairment losses estimated by the Group.

(Amounts expressed in euro)

16. OTHER CURRENT ASSETS

As at 31 December 2020 and 2019, the line item "Other current assets" caption is detailed as follows:

	31.12.2020	31.12.2019
Accrued income:		
Other accrued income	4,443	50,604
Deferred costs:		
Operating expenses paid in advance	272,746	476,751
Charges related to subsequent year editions	450,215	686,603
Other deferred costs	15,588	10,005
	742,992	1,223,963

17. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, the line item "Cash and cash equivalents" was detailed as follows:

	31.12.2020	31.12.2019
Cash	47,945	91,509
Bank deposits	15,299,738	7,030,862
Cash and bank balances on the statement of financial position	15,347,683	7,122,371
Bank overdrafts (Note 19)	(3,432,605)	(12,671)
Cash and bank balances in the statement of cash flows	11,915,078	7,109,700

18. SHARE CAPITAL AND RESERVES

Share capital

As at 31 December 2020, the Group's share capital was fully subscribed and paid up and consisted of 102,565,836 shares without nominal value. As of that date, Cofina, SGPS, S.A. and the Group's companies did not hold own shares of Cofina SGPS, S.A.

Share premiums

Share premiums correspond to amounts received from issuance or increases in capital. In accordance with the Portuguese commercial legislation, the amounts included in this caption follow the same regime as the "Legal reserve", i.e., the amounts are not distributable, unless in situations of insolvency, but can be used to absorb losses after the other reserves have been used, and for inclusion in the issued capital.

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'Legal reserve' until it represents at least 20% of the share capital. This reserve may not be distributed among shareholders, except in the event of liquidation of the Group but can be used for absorbing losses after the other reserves have been exhausted, or incorporated in capital.

Pursuant to Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of Cofina SGPS, S.A., prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU).

Other reserves

As at 31 December 2020 the "Other reserves" caption corresponds mainly to retained earnings from the Group's previous periods.

(Amounts expressed in euro)

Appropriation of Net Profits

Regarding the 2020 period, the Board of Directors proposed, in its annual report, that the individual net profit of Cofina, SGPS, S.A., in the amount of EUR 6,179,202 be fully transferred to Free Reserves.

19. BANK LOANS AND OTHER LOANS

As at 31 December 2020 and 2019, the line item line "Bank loans" and "Other loans" is detailed as follows:

	31.12.2020				31.12.2019			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bond loan	—	—	—	—	—	—	—	—
Commercial paper	51,848,141	—	52,000,000	—	52,074,236	—	52,000,000	—
	51,848,141	—	52,000,000	—	52,074,236	—	52,000,000	—

	31.12.2020				31.12.2019			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank overdrafts (Note 17)	3,432,605	—	3,432,605	—	12,671	—	12,671	—
	3,432,605	—	3,432,605	—	12,671	—	12,671	—

19.1 Bond loan

As at December 2019, the loan entitled "Cofina SGPS Bonds - 2013/2019" issued by Cofina SGPS, S.A. had been paid in full, the nominal value of which amounted to EUR 16,666,667.00.

19.2 Commercial paper

The liability caption "Commercial paper" corresponds to six commercial paper programmes with guaranteed subscription by the issuing banks, up to the maximum amounts of EUR 15,000,000, EUR 15.000.000, EUR 7,000,000, EUR 5,000,000, EUR 5,000,000, EUR 5,000,000, which bear interest at market rates. These programmes mature in September 2021, July 2022, November 2025, November 2021, September 2022 and September 2024, respectively.

As at 31 December 2020, the Cofina Group had Commercial Paper Programmes with Guaranteed Underwriting classified as a current liability. However, the maturity of most of the contracts underlying them extends beyond 31 December 2021 and, as such, the Group may renew the subscriptions, as it has done in recent periods. Exception to a programme of EUR 15 million, which matures on 30 September 2021 and another of EUR 5 million, with maturity as of 30 November 2021, which are currently being renewed.

Regarding the EUR 7 million Program, it presents an amortization profile that includes 4 successive annual amortizations of EUR 1 million (each, occurring on the last business day of November 2021, 2022, 2023 and 2024) and a final amortization of EUR 3 million to take place on 28 November 2025.

During the period ended 31 December 2020, these loans paid interest at Euribor-indexed rates plus spreads ranging between 0.825% and 1,750%, according to the nature and maturity thereof.

(Amounts expressed in euro)

As at 31 December 2020 and 2019, credit facilities used by the Group and the maximum amounts authorised were detailed as follows:

		31.12.2020		
Nature	Maturity	Balance authorised	Nominal balance used	Balance available
Cash pooling / Overdraft	n/a	10,500,000	3,432,605	7,067,395
Current account facility	n/a	8,000,000	—	8,000,000
Commercial paper	07/07/2022	15,000,000	15,000,000	—
Commercial paper	30/09/2021	15,000,000	15,000,000	—
Commercial paper	12/09/2024	5,000,000	5,000,000	—
Commercial paper	11/28/2025	7,000,000	7,000,000	—
Commercial paper	30/11/2021	5,000,000	5,000,000	—
Commercial paper	09/03/2022	5,000,000	5,000,000	—
		70,500,000	55,432,605	15,067,395

		31.12.2019		
Nature	Maturity	Balance authorised	Nominal balance used	Balance available
Cash pooling / Overdraft	n/a	13,500,000	12,671	13,487,329
Current account facility	n/a	8,000,000	—	8,000,000
Commercial paper	07/07/2022	15,000,000	15,000,000	—
Commercial paper	30/09/2021	15,000,000	15,000,000	—
Commercial paper	12/09/2024	5,000,000	5,000,000	—
Commercial paper	30/04/2020	7,000,000	7,000,000	—
Commercial paper	30/11/2021	5,000,000	5,000,000	—
Commercial paper	09/03/2022	5,000,000	5,000,000	—
		73,500,000	52,012,671	21,487,329

During the periods ended 31 December 2020 and 2019, the Group did not enter into default with any of the obtained loans.

19.3Change in indebtedness and maturities

As at 31 December 2020 and 2019, reconciliation of the change in gross debt with cash flows is detailed as follows:

	31.12.2020	31.12.2019
Balance as at 1 January	52,074,236	46,120,428
Payments of loans obtained	(230,242,667)	(96,166,667)
Receipts of loans obtained	229,649,262	101,973,097
Changes of loan issuance expenses	367,310	147,378
Change in debt	(226,095)	5,953,808
Balance as at 31 December	51,848,141	52,074,236

(Amounts expressed in euro)

20. PROVISIONS AND IMPAIRMENT LOSSES

The movements occurring under provisions and impairment losses during the periods ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020				
	Provisions	Impairment losses in investments (Note 4)	Impairment losses in Goodwill (Note 5)	Impairment losses in inventories (Note 11)	Impairment losses in other receivables (Notes 12 and 15)
Opening balance	650,000	171,754	7,995,310	48,037	1,031,944
Additions	509,000	—	1,894,000	—	—
Reversals	(200,000)	—	—	—	—
Reclassifications	—	—	—	—	—
Utilisations and transfers	—	—	—	—	(21,620)
Closing balance	959,000	171,754	9,889,310	48,037	1,010,324

	31.12.2019				
	Provisions	Impairment losses in investments (Note 4)	Impairment losses in Goodwill (Note 5)	Impairment losses in inventories (Note 11)	Impairment losses in other receivables (Notes 12 and 15)
Opening balance	4,535,000	171,754	7,995,310	48,037	1,622,189
Additions	400,000	—	—	—	328,024
Reversals	(785,000)	—	—	—	(653,261)
Reclassifications	(3,500,000)	—	—	—	—
Utilisations and transfers	—	—	—	—	(265,008)
Closing balance	650,000	171,754	7,995,310	48,037	1,031,944

Following the adoption of IFRIC 23, in the period ended 31 December 2019, the reclassifications movement corresponds to the reclassification of tax contingencies to Income Taxes (Note 14), in the amount of EUR 3.5 million.

As at 31 December 2020 and 2019, the reconciliation between the values recognised in the statement of financial position and in the income statement captions relating with provisions and impairment losses can be detailed as follows:

	31.12.2020			31.12.2019		
	Provisions	Goodwill	Total	Provisions	Trade receivables	Total
Provisions and impairment losses	190,000	1,894,000	2,084,000	(785,000)	(325,237)	(1,110,237)
Payroll expenses	119,000	—	119,000	200,000	—	200,000
Income tax	—	—	—	200,000	—	200,000
Total	309,000	1,894,000	2,203,000	(385,000)	(325,237)	(710,237)

As at 31 December 2020 and 2019, the "Provisions" caption can be detailed as follows:

	31.12.2020	31.12.2019
Provisions for indemnities and legal proceedings	959,000	650,000
	959,000	650,000

The "Provisions" caption includes provisions for indemnities and ongoing legal proceedings against the Group for which the outcome is uncertain, which corresponds to the best estimate made by the Board of Directors, supported by its legal advisors, of the impacts that might result from the currently ongoing legal proceedings.

(Amounts expressed in euro)

21. TRADE PAYABLES

As at 31 December 2020 and 2019, this caption could be presented, taking into account its maturity, as follows:

		Payable in			
	31.12.2020	No due date (a)	Less than 3 months	Between 3 and 6	More than 6 months
Trade payables	5,615,823	163,393	5,452,430	—	—
	5,615,823	163,393	5,452,430	—	—
		Payable in			
	31.12.2019	No due date (a)	Less than 3 months	Between 3 and 6	More than 6 months
Trade payables	8,336,586	353,672	7,982,914	—	—
	8,336,586	353,672	7,982,914	—	—

(a) Amounts included in the caption "No due date" relate to exchange transactions with entities that are also customers (Note 12). As such, there is no pre-determined settlement date.

22. LIABILITIES ASSOCIATED WITH CONTRACTS WITH CUSTOMERS

As at December 2020 and 2019, this line item is detailed as follows:

	31.12.2020	31.12.2019
Discounts granted	1,148,350	1,983,561
Commissions	644,559	782,031
Deferred income from advertising	464,852	516,939
	2,257,761	3,282,531

23. OTHER PAYABLES

As at December 2020 and 2019, the line item 'Other payables' can be detailed as follows

	31.12.2020	31.12.2019
Payables to the State and other public entities (Note 14)	1,886,625	2,300,127
Other debts:		
Payroll	52,703	67,741
Exchange with public entities	252,907	252,907
Other debts	423,494	137,314
	2,615,729	2,758,089

24. OTHER CURRENT LIABILITIES

As at December 2020 and 2019, the line item 'Other current liabilities' is detailed as follows

	31.12.2020	31.12.2019
Expense accruals:		
Wages and salaries payable	3,857,351	3,606,275
External suppliers and services	978,702	1,340,247
Other accrued expenses	384,451	434,953
Deferred income:		
Other deferred income	216,018	—
	5,436,522	5,381,475

25. SALES, SERVICES RENDERED AND OTHER INCOME

For the periods ended 31 December 2020 and 2019, "Sales" correspond mainly to newspapers and magazines sales, also including a small portion of income related to the sale of printing paper.

(Amounts expressed in euro)

The "Services rendered" corresponds basically to the sale of advertising spaces in the Group's publications, net of the discounts granted.

The "Other income" refers mostly to the sale of alternative marketing products, which are sold with the publications of the Cofina Group and broadcasting rights of CMTV TV channel.

26. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020 and 2019 the line item "External supplies and services" is detailed as follows:

	31.12.2020	31.12.2019
Advertising	8,130,322	12,733,837
Subcontracts	2,874,188	3,998,170
Specialised services	7,396,374	10,195,791
Travel and accommodation	719,085	1,168,309
Rents and leases	244,471	541,105
Fuel	132,579	187,701
Communication	661,482	748,181
Fees	3,806,976	2,927,745
Royalties	469,967	557,549
Representation costs	225,248	303,005
Other costs	1,812,740	2,074,731
	26,473,432	35,436,124

As of 31 December, 2020, the variation in the item "Fees" refers essentially to the expenses incurred by the Company in the process of acquiring 100% of the share capital and voting rights of Vertix, SGPS, S.A. and indirectly of 94.69 % of the share capital and voting rights of the Media Capital Group, SGPS, S.A..

27. PAYROLL EXPENSES

As at 31 December 2020 and 2019, the line item "Payroll expenses" is detailed as follows:

	31.12.2020	31.12.2019
Remunerations	20,094,283	21,154,881
Indemnities	1,096,807	948,631
Payroll expenses	4,333,931	4,588,156
Insurance	317,567	306,531
Social security contributions	56,882	34,441
Other payroll expenses	186,156	151,335
	26,085,626	27,183,975

During the fiscal years ended 31 December 2020 and 2019, the average number of staff employed in the companies included in the consolidation using the full consolidation method was 713 and 736, respectively.

(Amounts expressed in euro)

28. FINANCIAL RESULTS AND RESULTS REALTED TO INVESTMENTS

The financial income and expenses and the results related to investments, for the periods ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Results related to investments		
Application of the equity method - VASP (Note 4)	(759,321)	(20,059)
Application of the equity method - A Nossa Aposta (Note 4)	(57,211)	(188,224)
Application of the equity method - Mercados Globais (Note 4)	(2,021)	(136)
	(818,553)	(208,419)
Financial expenses		
Interest paid	624,979	888,814
Interest expenses related to lease liabilities	685,923	779,951
Bank commissions	794,228	487,063
Other financial expenses and losses	20,010	364,639
	2,125,140	2,520,467
Financial income		
Interest earned	—	6,782
	—	6,782

29. RELATED PARTIES

Commercial transactions

Subsidiary companies have relations with each other that are qualified as transactions with related parties. All these transactions are carried out at market prices.

During consolidation procedures, these transactions are eliminated since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as one single company.

The main balances with related parties as at 31 December 2020 and 2019 and the main transactions carried out during the periods ended at said date are detailed as follows:

(Amounts expressed in euro)

Transactions:

	31.12.2020		
	Sales (Note 25)	Services rendered (Note 25)	External supplies and services (Note 26)
VASP	37,624,943	—	223,371
A Nossa Aposta	—	3,347	—
Mercados Globais, S.A.	—	—	38,400
Other related parties	66,700	100,850	—
	37,691,643	104,197	261,771

	31.12.2019		
	Sales (Note 25)	Services rendered (Note 25)	External supplies and services (Note 26)
VASP	46,002,224	—	528,168
A Nossa Aposta	—	2,780	—
Mercados Globais, S.A.	—	—	38,400
Other related parties	88,231	136,315	—
	46,090,455	139,095	566,568

Balances:

	31.12.2020		
	Trade receivables (Note 12)	Trade payables (Note 21)	Assets associated with contracts with customers (Note 13)
VASP	104,498	75,918	3,018,692
A Nossa Aposta	6,831	—	—
Mercados Globais, S.A.	—	7,872	—
Other related parties	11,559	7,800	—
	122,888	91,590	3,018,692

	31.12.2019		
	Trade receivables (Note 12)	Trade payables (Note 21)	Assets associated with contracts with customers (Note 13)
VASP	48,050	138,462	3,457,700
A Nossa Aposta	4,995	—	—
Mercados Globais, S.A.	—	7,872	—
Other related parties	17,460	—	—
	70,505	146,334	3,457,700

Sales to VASP during the periods ended 31 December 2020 and 2019 correspond to sales of publications (newspapers and magazines) and alternative marketing products to that company, which handles the corresponding distribution to the points of sale. These transactions are carried throughout the normal activity of the Group.

During the periods ended 31 December 2020 and 2019, there were no transactions with Group Directors, nor were they granted loans.

(Amounts expressed in euro)

Compensation of Key Management

The compensations given to key management, which, given the Group's governance model, corresponds to Cofina's Board of Directors members, during the periods ended 31 December 2020 and 2019, are as follows:

	Board of Directors	
	31.12.2020	31.12.2019
Fixed compensation	676,815	244,000
Variable compensation	133,000	—
	809,815	244,000

As at 31 December 2020, there were no: (i) incentive plans or schemes with regard to granting shares to members of the Board of Directors; (ii) supplementary pension or early retirement schemes for directors; (iii) compensations paid or owed to former directors regarding the suspension of duties during the period; or (iv) non-monetary benefits considered remuneration.

Cofina, SGPS, S.A. does not have any plan for the attribution of shares or stock options to the members of the governing bodies, nor to its employees.

Related parties

Apart from the companies included in the consolidation (Note 4), the entities considered to be related as at 31 December 2020 are detailed as follows:

- Actium Capital, S.A.
- Altri Abastecimentos de Madeira, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Bioródão, S.A.
- Caderno Azul, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraíz Unipessoal, Lda.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Elege Valor, Lda.
- Expeliarmus - Consultoria, Unipessoal, Lda.
- Florestsul, S.A.
- F. Ramada II, Imobiliária, S.A.
- Greenvolt - Energias Renováveis, S.A. (Anteriormente designada Bioelétrica da Foz, S.A.)
- Golditábua, S.A.
- Ramada Investimentos e Indústria, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Livrefluxo, S.A.
- Paraimo Green, Lda
- Planfuro Global, S.A.
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo Investimentos, S.A.
- Ramada – Aços, S.A.
- Ródão Power - Energia e Biomassa do Ródão, S.A.
- Sociedade Bioelétrica do Mondego, S.A.
- Sociedade de Energia Solar do Alto Tejo (SESAT), Lda.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Socitrel - Sociedade Industrial de Trefilaria, S.A.
- Universal Afir, S.A.
- Valor Autêntico, S.A.

(Amounts expressed in euro)

- Viveiros do Furadouro Unipessoal, Lda.
- 1Thing Investments, S.A.

Board of Directors

As at 31 of December 2019, the Board of Directors of Cofina SGPS, S.A. was detailed as follows:

Paulo Jorge dos Santos Fernandes
João Manuel Matos Borges de Oliveira
Domingos José Vieira de Matos
Ana Rebelo de Carvalho Menéres de Mendonça
Pedro Miguel Matos Borges de Oliveira

As at 31 of December 2020, beyond the Directors mentioned above, the Board of Directors of Cofina SGPS, S.A. is also composed by:

Laurentina da Silva Martins
Alda Maria Farinha dos Santos Delgado
Luís Manuel Castilho Godinho Santana

30. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As at 31 December 2020 and 2019, the Cofina Group had provided guarantees related to the pledge of 20,000,000 shares of Cofina Media, S.A. in favour of the Portuguese Tax Authority ("Autoridade Tributária e Aduaneira") as guarantee for ongoing income tax claims (Note 14).

As at 31 December 2020 and 2019, the Group had assumed responsibilities for guarantees granted amounting to EUR 504,000 (EUR 216,000 as of 31 December 2019), mostly related with its advertising activity EUR 180,000 (EUR 23,000 as of 31 December 2019) and with ongoing tax proceedings EUR 324,000 (EUR 193,000 as of 31 December 2019) (Note 20).

31. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2020 and 2019 were calculated based on the following amounts:

	31.12.2020	31.12.2019
Net income taken into account to determinate basic and diluted earnings per share	1,588,955	7,149,450
Weighted average number of shares used to compute the basic and diluted earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.02	0.07
Diluted	0.02	0.07

32. INFORMATION BY SEGMENTS

The contribution of the main business segments to the consolidated income statement for the periods ended 31 December 2020 and 2019 is detailed as follows:

	31.12.2020			31.12.2019		
	Press	TV	Total	Press	TV	Total
Operating income:						
Sales	33,275,818	—	33,275,818	41,969,042	—	41,969,042
Sales - intersegmental	—	—	—	—	—	—
Services rendered	15,172,439	7,035,700	22,208,139	21,716,686	5,846,255	27,562,941
Services rendered - intersegmental	—	—	—	—	—	—
Other income	7,462,622	8,497,416	15,960,038	9,509,074	8,982,917	18,491,991
Other income - intersegmental	—	—	—	—	—	—
Total operating income	55,910,879	15,533,116	71,443,995	73,194,802	14,829,172	88,023,974
Operating expenses						
Cost of sales	(6,075,087)	—	(6,075,087)	(9,469,504)	—	(9,469,504)
External supplies and services	(19,289,973)	(7,183,459)	(26,473,432)	(28,225,514)	(7,210,610)	(35,436,124)
Payroll expenses	(22,451,425)	(3,634,201)	(26,085,626)	(23,547,939)	(3,636,036)	(27,183,975)
Amortisation and depreciation	(3,063,888)	(350,771)	(3,414,659)	(3,087,105)	(506,943)	(3,594,048)
Provisions and impairment losses	(2,084,000)	—	(2,084,000)	1,110,237	—	1,110,237
Other expenses	(684,483)	—	(684,483)	(272,776)	—	(272,776)
Total operating expenses	(53,648,856)	(11,168,431)	(64,817,287)	(63,492,601)	(11,353,589)	(74,846,190)
Operating results	**2,262,023**	**4,364,685**	**6,626,708**	**9,702,201**	**3,475,583**	**13,177,784**
Results related to investments			(818,553)			(208,419)
Financial results			(2,125,140)			(2,513,685)
Profit before income tax			**3,683,015**			**10,455,680**
Income tax			(2,094,060)			(3,306,230)
Consolidated net profit for the period			1,588,955			7,149,450
Attributable to:						
Equity holders of the parent			1,588,955			7,149,450
Non-controlling interests			—			—
			1,588,955			7,149,450

The total net investment of the business segments in the period ended 31 December 2020 and 2019 is detailed as follows:

(thousand euros)	Press	TV	31.12.2020
Total net investment	786	37	823

(thousand euros)	Press	TV	31.12.2019
Total net investment	99	1,571	1,670

Total net investment – regards the acquisition of property, plant and equipment related with the Television and Written press segments in the period.

33. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2020 and 2019 there were no contingent assets. As at 31 December 2020 and 2019, the main contingent liabilities were related to the ongoing proceedings disclosed in Note 20 and the guarantees provided as disclosed in Note 30.

34. STATUTORY AUDITOR FEES

In 2020 and 2019, the total fees paid by Cofina Group for services provided by companies in the EY Audit & Associados - SROC, S.A. universe, in both years, came to EUR 94,750 and EUR 60,040, respectively. These fees pertain to auditing and statutory audit services and include, in 2020, EUR 33,750 relating to other reliability assurance services.

35. SUBSEQUENT EVENTS

On February 14, the Cofina Group informed the market that its subsidiary Cofina Media, S.A. (“Cofina Media”) agreed to acquire, on February 12, 2021, 111,000 shares representing 16.67% of the share capital of VASP - Distribuidora de Publicações, S.A. (“VASP”), in the partial exercise of the preemptive right that it had as a shareholder of VASP. Upon completion of such acquisition, subject to the non-opposition of the Competition Authority, Cofina Media will hold 50% of VASP's share capital, with the remaining 50% of the Company's capital being held by Global Media (33.33%) and by Páginas Civilizadas (16.67%).

As of March 6, 2021, Cofina Group informed the market that it had been notified, on March 2, 2021, of the Valuation Report prepared by the independent auditor appointed by CMVM, a report that sets the unit amount of compensation at € 0.725 (seventy-two cents and half of a cent) per share.

In line with point (a) of point (iv) of the Amendment to the Preliminary Announcement for the Public Offering of Shares representing the share capital of Grupo Média Capital, SGPS, S.A., following the modification of the offer, pursuant to article 128 of the Securities Code disclosed to the market on August 12, 2020, it was a launching condition that the independent auditor appointed by CMVM to calculate the offer compensation, did not set a unit compensation value that exceeded the amount of € 0.415 (forty one cents and five tenths of a cent) per share, therefore, on March 6, 2021, the Cofina Group informed the market about its intention to not waive this condition.

The magnitude, extent and durability of the current Covid-19 pandemic context will depend on the effectiveness of the mass vaccination process, as well as the effectiveness of any additional containment measures defined by governments. We believe that the combination of these various factors will define the effects on the global economy and on consumption patterns.

From 31 December 2020 to the date of issue of this report, there were no other relevant facts that could materially affect the financial position and future results of the Cofina Group and its subsidiary, joint ventures and associates included in the consolidation.

36. TRANSLATION NOTE

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), some of which may notconform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant	The Board of Directors
	Paulo Jorge dos Santos Fernandes
	João Manuel Matos Borges de Oliveira
	Domingos José Vieira de Matos
	Pedro Miguel Matos Borges de Oliveira
	Ana Rebelo de Carvalho Menéres de Mendonça
	Laurentina da Silva Martins
	Alda Maria Farinha dos Santos Delgado
	Luís Manuel Castilho Godinho Santana

SEPARATE FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

31 December 2020

Cofina SGPS, S.A

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 25)
(Amounts expressed in Euros)

ASSETS	Notes	31.12.2020	31.12.2019
NON-CURRENTS ASSETS			
Property, plant and equipment	4	—	—
Intangible assets	5	—	—
Investments in subsidiaries	6	142,321,953	142,321,953
Other financial investments	6	10,000,510	10,010,510
Total of non-current assets		152,322,463	152,332,463
CURRENT ASSETS			
Trade receivables	20	2,177,395	1,094,700
Other receivables	10 and 20	532,211	339,965
Other current assets		5,148	159
Cash and cash equivalents	11	6,045,044	2,149,294
Total current assets		8,759,798	3,584,118
TOTAL ASSETS		161,082,261	155,916,581
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	25,641,459	25,641,459
Share premiums	12	15,874,835	15,874,835
Legal reserve	12	5,409,144	5,409,144
Other reserves	12	48,505,919	44,206,390
Net profit for the year		6,179,202	4,299,529
TOTAL EQUITY		101,610,559	95,431,357
LIABILITIES			
NON-CURRENT LIABILITIES			
Other loans	13	—	—
Total non-current liabilities		—	—
CURRENT LIABILITIES			
Other loans	13	51,848,141	52,074,237
Trade payables		11,081	42,214
Income tax	7 and 9	164,845	156,326
Other payables	14 and 20	7,396,784	7,821,919
Other current liabilities	15	50,851	390,528
Total current liabilities		59,471,702	60,485,224
TOTAL LIABILITIES		59,471,702	60,485,224
TOTAL LIABILITIES AND EQUITY		161,082,261	155,916,581

The accompanying notes are an integral part of the financial statements as at 31 December 2020.

The Chartered Accountant

The Board of Directors

Cofina SGPS, S.A

INCOME STATEMENTS FOR THE PERIODS
ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 25)
(Amounts expressed in Euros)

	Notes	31.12.2020	31.12.2019
Services rendered	20	880,240	890,000
External supplies and services	17	(1,514,648)	(194,025)
Payroll expenses	18	(335,789)	(342,537)
Amortisation and depreciation	4 and 5	—	(581)
Provision and impairment losses	6 and 16	—	(1,480,000)
Other expenses		(34,428)	(42,048)
Results related to investments	20	7,866,968	7,069,032
Financial expenses	19	(1,313,503)	(1,664,112)
Financial income	19	—	5,895
Profit before income tax		5,548,840	4,241,624
Income tax	7	630,362	57,905
Net profit for the year		6,179,202	4,299,529
Earning per share:			
Basic	23	0.06	0.04
Diluted	23	0.06	0,04

The accompanying notes are an integral part of the financial statements as at 31 December 2020.

The Chartered Accountant

The Board of Directors

Cofina SGPS, S.A

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 25)
(Amounts expressed in Euros)

	Notas	Share capital	Share premium	Legal reserve	Other reserves	Net profit for the period	Total equity
Balance as at 1 January 2019		25,641,459	15,874,835	5,409,144	42,239,887	1,966,503	91,131,828
Appropriation of the result from 2018:							
Transfer to legal reserve and retained earnings	12	—	—	—	1,966,503	(1,966,503)	—
Comprehensive income for the period		—	—	—	—	4,299,529	4,299,529
Balance as at 31 December 2019		25,641,459	15,874,835	5,409,144	44,206,390	4,299,529	95,431,357
Balance as at 1 January 2020		25,641,459	15,874,835	5,409,144	44,206,390	4,299,529	95,431,357
Appropriation of the result from 2019:							
Transfer to legal reserve and retained earnings	12	—	—	—	4,299,529	(4,299,529)	—
Comprehensive income for the period		—	—	—	—	6,179,202	6,179,202
Balance as at 31 December 2020		25,641,459	15,874,835	5,409,144	48,505,919	6,179,202	101,610,559

The accompanying notes are an integral part of the financial statements as at 31 December 2020.

The Chartered Accountant

The Board of Directors

Cofina SGPS, S.A

STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 25)
(Amounts expressed in Euros)

	31.12.2020	31.12.2019
Net profit for the period	6,179,202	4,299,529
Total comprehensive income for the period	6,179,202	4,299,529

The accompanying notes are an integral part of the financial statements as at 31 December 2020.

The Chartered Accountant

The Board of Directors

Cofina SGPS, S.A

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 25)
(Amounts expressed in Euros)

	Notes	2020		2019	
Operating activities:					
Receipts from customers		—		—	
Payments to suppliers		(1,774,256)		(45,073)	
Payments to personnel		(342,432)		(335,077)	
Other receipts/payments relating to operating activities		(257,089)		(221,937)	
Income tax (paid)/received		279,146	(2,094,631)	193,797	(408,290)
Cash flows generated by operating activities (1)			(2,094,631)		(408,290)
Investment activities:					
Receipts arising from:					
Property, plant and equipment		—		—	
Interest and similar income		—		5,895	
Dividends	19 and 20	7,866,968	7,866,968	7,069,032	7,074,927
Payments relating to:					
Financial investments	6	—	—	(10,010,000)	(10,010,000)
Cash flows generated by investment activities (2)			7,866,968		(2,935,073)
Financing activities:					
Receipts arising from:					
Loans obtained	13	229,649,262	229,649,262	101,973,097	101,973,097
Payments relating to:					
Interest and similar expenses		(1,283,182)		(1,175,662)	
Loans obtained	13	(230,242,667)	(231,525,849)	(96,166,667)	(97,342,329)
Cash flows generated by financing operations (3)			(1,876,587)		4,630,768
Cash and cash equivalents at the beginning of the period	11		2,149,294		861,890
Cash and cash equivalents variation: (1)+(2)+(3)			3,895,750		1,287,404
Cash and cash equivalents at the end of the period	11		6,045,044		2,149,294

The accompanying notes are an integral part of the financial statements as at 31 December 2020.

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

Cofina, SGPS, S.A. ("Cofina" or "the Company") is a public company, whose headquarters is located at Rua Manuel Pinto de Azevedo, 818, in Porto. Its main activity is the management of investments in the media sector, operating mainly through Cofina Media, S.A., a company wholly owned by Cofina (Note 6), and its share are listed on the Euronext Lisbon stock exchange.

The accompanying financial statements are expressed in Euro (rounded up to the nearest whole number), which is the currency used by the Company in its operations and is, therefore, considered its functional currency.

The financial statements were approved by the Board of Directors and authorised for reporting on 7 April 2021. Its final approval is still subject to agreement from the Shareholders' General Meeting. The Company and the Board of Directors expect the same to be approved with no significant changes.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted when preparing the attached financial statements are described below. These policies were consistently applied to comparative periods.

In addition, there were no significant changes to the main estimates used by the Company in preparing the financial statements.

2.1 BASIS OF PRESENTATION

The attached financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU") in force for the period ended beginning on 1 January 2020. These correspond to the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the former Standing Interpretations Committee ("SIC"), which have been adopted by the European Union on the reporting date.

The Board of Directors assessed the capacity of the Company to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of a financial, commercial or other nature, including events subsequent to the financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term; therefore, it was considered appropriate to use the going concern basis in preparing the financial statements.

The attached financial statements were prepared from the accounting books and records of the company, in the assumption of going concern basis. The attached financial statements have been prepared on a historical cost basis.

The preparation of financial statements under IFRS-EU requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by the Company, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are disclosed in Note 2.3.

In addition, for financial reporting purposes, fair-value measurement is categorised in three levels (Level 1, 2 and 3), taking into account, among others, whether the data used are observable in an active market, as well as their meaning in terms of valuing assets / liabilities or disclosing them.

Fair value is the amount for which an asset can be exchanged or a liability can be settled, between knowledgeable and willing parties, in a transaction not involving a relationship between them, regardless whether this price can be directly observable or estimated, using other valuation techniques. When estimating the fair value of an asset or liability, the Company considers the features that market participants would also take into account when valuing the asset or liability on the measurement date.

Assets measured at fair value following initial recognition are grouped into 3 levels according to the possibility of observing their fair value in the market:

Level 1: fair value is determined based on active market prices for identical assets/liabilities;

(Amounts expressed in Euro)

Level 2: fair value is determined based on evaluation techniques. The assessment models' main inputs are observable in the market; and

Level 3: fair value is determined based on assessment models, whose main inputs are not observable in the market.

(i) Adopting new standards and interpretations, amendments, or reviews

Up to the date for approving these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2020:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-2020	Corresponds to amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-2020	Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	1-Jan-2020	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendments to IFRS 9, IAS 39 and IFRS 7 - benchmark interest rate reform (IBOR Reform)	1-Jan-2020	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases – "Covid 19 Related Rent Concessions	1-Jun-2020	This amendment introduces an optional practical expedient whereby lessors are exempted from analyzing whether income concessions, typically income suspensions or reductions, related to the "COVID-19" pandemic correspond to contractual modifications.

From the application of these standards and interpretations there were not relevant impact for the Company's financial statements.

(ii) Standards, interpretations, amendments, and revisions that will have mandatory application in the future economic exercises

On the approval date of these financial statements, the following accounting standards, and interpretations, to be mandatorily applied in future financial years, were endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years initiated in or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 2 -Benchmark interest rate reform (IBOR Reform)	1-Jan-2021	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), referring to changes reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-2021	Corresponds to the amendment to IFRS 4 that postponed the deferral of application of IFRS 9 for initial years on or after 1 January 2023.

Despite having been endorsed by the European Union, these amendments were not adopted by the Company in 2020, since their application is not yet mandatory. It is not believed that the future adoption of said amendments will entail significant impacts on financial statements.

(Amounts expressed in Euro)

(iii) New, amended, or revised standards and interpretation not adopted by the European Union

The following accounting standards and interpretations were issued by IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-2022	These amendments correspond to a set of updates to the various standards mentioned, namely - IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analyzing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 – prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use - IAS 37 – clarification that costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 e IAS 41
IFRS 17 - Insurance Contracts	1-Jan-2023	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-2023	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.

These standards have yet to be endorsed by the European Union. As such, they were not applied by the Group in the financial year ended 31 December 2020.

Regarding these standards and interpretations, as issued by the IASB but yet to be endorsed by the European Union, it is not believed that their future adoption will entail significant impacts on the attached financial statements.

2.2 ACCOUNTING POLICIES

As principais políticas contabilísticas utilizadas pela Empresa na preparação das suas demonstrações financeiras são as seguintes:

a) Intangible assets

Intangible assets are recorded at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are recognised only if they are likely to result in future economic benefits for the Company, if they can be controlled by the Company, and if their value can be reasonably measured.

Research expenses incurred with new technical knowledge are acknowledged in the income statement when incurred.

Development expenses for which the Company is shown as being able to complete its development and begin its sell and/or use and relative to which the created asset is likely to generate future economic benefits, are capitalised. Development expenses that do not meet these criteria are recorded as cost in the period when incurred.

Internal expenses associated with software maintenance and development are recorded as costs in the income statement when incurred, except when said costs are directly associated with projects for which future economic benefits are likely to be generated for the Company. In such situations, costs are capitalised as intangible assets.

After the assets are available for use, amortisation are calculated using the straight-line method in accordance with the estimated useful life period (generally 3 to 5 years).

b) Property, plant and equipment

Property, plant and equipment acquired until 1 January 2009 (date of the transition to International Financial Reporting Standards, as adopted by the European Union) are recorded at "deemed cost", which corresponds to the acquisition cost or the revaluated acquisition cost in accordance with the accounting principles generally accepted in Portugal until that date, net of accumulated amortisation and impairment losses.

Property, plant and equipment acquired after that date are recorded at acquisition cost, net of the corresponding accumulated amortisation and impairment losses.

Depreciation is calculated using the straight-line method from the date the assets start being used, in accordance with the expected useful life of each group of assets.

Amortisation rates used correspond to the following estimated useful life periods:

	Years
Vehicles	4
Office equipment	3 to 10
Other tangible assets	4 to 10

Maintenance and repair expenses that do not increase the assets' useful life or result in significant upgrades or improvements to components of property, plant and equipment are recorded as an expense in the period when they are incurred.

Property, Plant and Equipment in progress represent fixed assets still under construction and are recorded at acquisition cost net of any impairment losses. These fixed assets are depreciated from the moment the underlying assets are ready to be used.

Gains or losses resulting from the sale or write-off of property, plant and equipment are determined as the difference between the sales price and the net book value on the disposal or write-off date. They are recorded in the income statement under 'Other income' or 'Other expenses'.

c) Provisions

Provisions are recognised when, and only when, the Company (i) has a present obligation (legal or implicit) obligation resulting from a past event, (ii) it is likely that, to resolve this obligation an outflow of resources occurs, and (iii) the obligation's amount might be reasonably estimated. Provisions are reviewed on the date of each statement of financial position and adjusted to reflect the best estimate on that date.

Provisions for restructuring costs are recognised whenever a formal and detailed restructuring plan exists and has been communicated to the parties involved.

When a provision is determined taking into consideration the cash flows required to settle such an obligation, it is recorded at its present value.

d) Investments in subsidiaries

Investments in equity holdings in subsidiaries are measured in accordance with "IAS 27 - Separate Financial Statements", at acquisition cost, net of any impairment losses.

Subsidiaries are all entities over which Cofina has control. That is, it has the power to control its financial and operating policies, in such a way that they are able to influence, as a result of their involvement, the return on the activities of the detained entity and the ability to affect that return (definition of control used by the Company).

Cofina conducts impairment tests to financial investments in subsidiaries whenever events or changes in the surrounding conditions indicate that the amount for which they are recorded in the separate financial statements might not be recoverable.

The impairment analysis is based on the evaluation of the financial investments, using the 'discounted cash-flow' method, based on the financial projections of cash-flow at five years of each, the year of perpetuity starting from the fifth year, deducted from the fair value of the liabilities of the subsidiaries.

The Board of Directors believes that the methodology described above leads to reliable results on the existence of any impairment of the investments under analysis, as they take into consideration the best information available at the time of preparation of the financial statements.

Dividends received from these investments are recorded as investment income, when attributed. Dividends are recorded in the income statement under 'Results related to investments'.

e) Financial instrumentss

Financial assets and liabilities are recognised in the Company's balance sheet when it becomes part of the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at their fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets or liabilities measured at fair value through income statement) are added to or deducted from the fair value of the financial asset or liability, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognised at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

All purchases and sales of financial assets are recognised on the date of signature of the respective purchase and sale contracts, regardless of the date of their financial settlement. All recognised financial assets are subsequently measured at amortised cost or at their fair value, depending on the business model adopted by the Company and the characteristics of its contractual cash flows.

Initially, assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The initial classification of financial assets depends on the contractual characteristics of the cash flows and the business model adopted by the Company to manage them. Except for Trade receivables that do not have a significant financial component and for which the Company adopts the practical expedient, the Company initially measures a financial asset at fair value plus transaction costs if an asset is not classified at fair value through profit or loss.

Trade receivables that do not have a significant financial component and for which the Company adopts the practical expedient are measured at the transaction price calculated in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it must provide cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding. This assessment, known as the "cash flows that are solely payments of principal and interest" test, is performed for each financial instrument.

The business model established for managing financial assets concerns the way financial assets are managed by the Company with a view to obtaining cash flows. The business model can be designed to obtain contractual cash flows, to dispose of financial assets or both.

Classificação de ativos financeiros

(i) Financial assets measured at amortised cost (debt instruments and receivables)

Fixed income debt instruments and receivables that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held taking into account a business model whose objective is to preserve it in order to receive its contractual cash flows; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the corresponding interest during its life.

For financial assets that are not acquired or originated with impairment (i.e. assets impaired on initial recognition), the effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

The amortised cost of a financial asset is the amount by which it is measured on initial recognition net of principal repayments plus the accumulated amortisation, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted for any impairment losses.

Interest-related revenue is recognised in the income statement under the line item 'Financial income', using the effective interest rate method, for financial assets subsequently recorded at amortised cost or at fair value through the income statement. Interest revenue is calculated by applying the effective interest rate to the financial asset's gross carrying amount.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in the income account when the asset is derecognised, modified or becomes impaired.

(ii) Financial assets at fair value through other comprehensive income (debt instruments)

Debt instruments and receivables that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held taking into account a business model whose objective provides for both receiving its contractual cash flows and its disposal; and
- the contractual terms of the financial asset generate, on specific dates, cash flows that are solely payments of principal and interest on the amount of principal outstanding.

In the case of debt instruments measured at fair value through other comprehensive income, the interest income, exchange rate differences and impairment losses and reversals are recorded in the income account and calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recorded in other comprehensive income.

Upon derecognition, changes in fair value accumulated under other comprehensive income are transferred (recycled) to profit or loss.

There were no financial instruments in these conditions as at 31 December 2020 and 2019

(iii) Financial assets at fair value through other comprehensive income (capital instruments)

In the initial recognition, the Company can make an irrevocable choice (on a financial instrument by financial instrument basis) to state certain investments under equity instruments (shares) at fair value through other comprehensive income when these fulfil the definition of capital provided for under IAS 32 Financial Instruments: Presentation and not held for trading. Classification is determined on an instrument-by- instrument basis.

The fair-value designation through other comprehensive income is not permitted if the investment is held for trading purposes or when resulting from a contingent consideration recognised as part of a business combination.

A capital instrument is held for trading if:

- it is acquired primarily for the purpose of short-term disposal;
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Company jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Investments in equity instruments recognised at fair value through other comprehensive income are initially measured at their fair value plus transaction expenses. Subsequently, they are measured at their fair value with gains and losses arising from their change, as recognised under other comprehensive income. At the time of its disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the income statement, but, rather, merely transferred to the line item “Retained Earnings.”

Dividends associated with investments in equity instruments recognised at fair value through other comprehensive income are recognised in the income account when they are attributed/resolved on unless they clearly represent a recovery of part of the investment cost. Dividends are recorded in the income account under "Financial income".

In the application of IFRS 9, the Company designated investments in equity instruments that were not held for trading as valued at fair value through profit or loss.

(iv) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income are measured at fair value through the income statement. These financial assets include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that are mandatorily measured at fair value.

Financial assets recorded at fair value through profit or loss are measured at fair value obtained at the end of each reporting period. The corresponding gains or losses are recognised in the income statement, except if they are part of a hedging relationship.

Financial assets impairment

The Company recognises an adjustment for expected credit losses for all debt instruments not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due and all cash flows that the Company expects to receive, discounted at a rate close to that of the original effective interest rate. The expected cash flows include cash flows from the disposal of collateral held or any other credit guarantees that are an integral part of the contractual terms and conditions.

Expected cash losses are recognised in two stages: (i) for situations where there has not been a significant increase in credit risk since initial recognition, expected credit losses are those that could result from default events that may occur within the subsequent 12 months; (ii) for situations where there has been a significant increase in credit risk since initial recognition, an impairment loss is calculated for all expected credit losses throughout the asset's life, regardless of when default occurred.

For trade receivables and assets associated with contracts with customers, the Company applies a simplified approach when calculating expected credit losses.

The Company therefore does not monitor changes to credit risk, but instead recognises the impairment loss based on the expected credit loss throughout the asset's life, at each reporting date. The Company has established an impairment matrix based on the credits previously lost, adjusted for specific forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset to be in default when it is more than 180 days past due. In certain cases, the Company may also consider that a financial asset is in default when internal and external information indicates the Company is unlikely to receive the full amount it is owed without having to call its guarantees. A financial asset is derecognised when there is no reasonable expectation of recovering contractual cash flows.

Derecognition of financial assets

A financial asset (or, where applicable, a part of the financial asset or of a group of financial assets) is derecognised (i.e., removed from the Statement of Financial Position) when:

- The contractual rights to receive cash flows resulting from the financial asset expire; or
- The Company transferred its contractual rights to receive cash flows resulting from the financial asset or undertook an obligation to pay the cash flows received in full within a short period under an agreement in which the Company i) has no obligation to pay any amounts to final recipients unless it receives equivalent amounts resulting from the original asset; ii) is prohibited by the terms of the transfer agreement to sell or pledge the original asset other than as a guarantee to the final recipients due to the obligation to pay them cash flows; and iii) the Company has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Company substantially transferred all of the asset's risks and benefits, or the Company did not substantially transfer or retain all the assets and benefits of the asset, but has transferred control over the asset.

When the Company transfers its rights to receive cash flows from an asset or is party to an agreement that may allow derecognition, it assesses whether, and to what extent, the risks and benefits associated with the ownership of the asset have been retained.

When substantially every risk and benefit arising from ownership of an asset is neither transferred nor retained, or control over the asset has not been transferred, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In this case, the Company also recognises the corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations retained by the Company.

If the Company's continuing involvement takes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lowest between the asset's original book value and the maximum amount of consideration received that the Company might pay.

Subsequently, customer balances represented by discounted bills but not due and receivables transferred in factoring at the date of each statement of financial position, except for "factoring without recourse" transactions (and for which the risks and benefits inherent to these receivables are unequivocally transferred), are recognised in the Company's financial statements up to the time they are received.

(v) Financial liabilities and equity instruments

Classification as financial liability or as an equity instrument

Financial liabilities and equity instruments are classified as a liability or as equity according to the transaction's contractual substance.

Equity

The Company considered equity instruments to be those where the transaction's contractual support shows that the Company holds a residual interest in a set of assets after deducting a set of liabilities.

The equity instruments issued by the Company are recognised at the amount received, net of costs directly attributable to their issue.

The repurchase of equity instruments issued by the Company (own shares) is accounted for at its acquisition cost as a deduction from equity. Gains or losses inherent to disposal of own shares are recorded under the line item 'Other reserves.'

Financial liabilities

After initial recognition, every financial liability is subsequently measured at amortised cost or at fair value through income statement.

Financial liabilities are recorded at fair value through profit or loss when:

- the financial liability results from a contingent consideration arising from a business combination;
- when the liability is held for trading; or
- when the liability is designated to be recorded at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it is acquired primarily for the purpose of short-term disposal; or
- in the initial recognition, it is part of a portfolio of identified financial instruments that the Company jointly manages and which shows an actual recent pattern of obtaining short-term gains; or
- if it is a derivative financial instrument (except if attributed to a hedging transaction).

Financial liabilities recorded at fair value through income statement are measured at their fair value with the corresponding gains or losses arising from their change, as recognised in the income statement, except if assigned to hedging transactions.

Financial liabilities subsequently measured at amortised cost

Financial liabilities not designated for recording at fair value through income statement are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the corresponding interest during its life.

The effective interest rate is the one that accurately discounts estimated future cash flows (including fees and commissions paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the instrument in its gross carrying amount at the date of its initial recognition.

Types of financial liabilities

Loans in the form of commercial paper issues are classified as non-current liabilities when they are guaranteed to be placed for at least one year, and the Company's Board of Directors intends to use this source of funding also for at least one year.

Following their initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Gains and losses are recorded in the income account when liabilities are derecognised and through amortisation resulting from the effective interest method. The amortised cost is calculated taking into account any acquisition discount or premium and the fees and other costs that are an integral part of the effective interest rate. The effect of effective interest is recorded under financial costs in the income account.

The other financial liabilities basically refer to factoring transactions and lease liabilities, which are initially recorded at their fair value. Following their initial recognition, these financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are settled, cancelled or have expired.

The difference between the derecognised financial liability's carrying amount and the consideration paid or payable is recognised in the income statement.

When the Company and a given creditor exchange a debt instrument for another containing substantially different terms, said exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

Likewise, the Company accounts for substantial modifications to the terms of an existing liability, or to a part thereof, as an extinction of the original financial liability and the recognition of a new financial liability.

If the modification is not substantial, the difference between: (i) the liability's carrying amount prior to modification; and (ii) the present value of future cash flows after modification is recognised in the income statement as a modification gain or loss.

Derivatives instruments

When deemed necessary, the Company uses derivatives, such as forward exchange contracts and currency swap contracts, to hedge risk and interest, respectively.

Such derivatives are initially recorded at fair value at the date they are contracted and are subsequently measured at fair value. Changes in the fair value of these instruments are recorded in equity under "Hedging reserves" and then recognised in the income account over the same period in which the hedged instrument affects profit or loss.

Derivatives are presented in assets when their fair value is positive, and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge, when the purpose is to hedge exposure to changes in the fair value of a recorded asset or liability or an unrecorded Company commitment.
- Cash flow hedge, when the purpose is to hedge exposure to cash flow variability arising from a specific risk associated with a recorded asset or liability, in whole or in part, or a highly probable transaction or the foreign exchange risk associated with an unrecorded Company commitment.

At the beginning of the hedging relationship, the Company formally designates and documents the hedging relationship for which it intends to apply hedge accounting, as well as the managerial and strategic purpose of that hedge.

These documents include the identification of the hedging instrument, the hedged item or transaction, the nature of the risk to be hedged, and how the Company assesses whether the hedging relationship complies with the hedge accounting requirements (including an analysis of the sources of hedging ineffectiveness and how it determines the hedge rate). The hedging relationship is eligible for hedge accounting if it meets all of the following hedge effectiveness requirements:

(i) There is an economic relationship between the hedged item and the hedging instrument;
(ii) The credit risk effect does not dominate the changes in value that result from this economic relationship; and
(iii) The hedge ratio of the hedging relationship is the same as that resulting from the portion of the hedged item that an entity is actually hedging and the portion of the hedging instrument that the entity actually uses to hedge that portion of the hedged item.

Hedging relationships that meet the above eligibility criteria are accounted for as follows:

Fair value hedge

The change in the fair value of the hedging instrument is recorded in the income account. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recorded in the income account.

To hedge the fair value of items measured at amortised cost, any adjustment to the book value is amortised in the income account over the remaining hedging period using the effective interest method. Amortisation using the effective interest method starts when there is an adjustment and never after the moment when the hedged item ceases to be adjusted by changes in fair value attributable to the risk that is being hedged.

If the hedged item is derecognised, the fair value to be amortised is immediately recorded in the income account.

When an unrecorded commitment is designated as a hedged item, subsequent accumulated changes in the fair value of the Company's commitment attributable to the hedged risk are recognised as an asset or liability and the corresponding gain or loss is recorded in the income account.

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised as other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the income account. The cash flow hedge reserve is adjusted to the lower of the values between the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

The Company uses forward exchange contracts to hedge exposure to foreign exchange risk in expected transactions and commitments undertaken. The ineffective portion related to exchange contracts is recognised in the income account.

The Company designates only the sight element of forward contracts as a hedging instrument. The forward element is recognised under other comprehensive income and accumulated in a separate equity component.

Cumulative amounts under other comprehensive income are accounted for based on the nature of the corresponding hedging relationship. If the hedging relationship subsequently results in the registration of a non-financial item, the cumulative amount is removed from the separate equity component and included in the initial cost or book value of the hedged asset or liability. This is not a reclassification adjustment and should not be recorded under other comprehensive income for the period. This also applies when an expected transaction covered by a non-financial asset or a non-financial liability becomes a Company commitment subject to hedge accounting.

For all other cash flow hedges, the cumulative amount under other comprehensive income is reclassified to the income account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the income account.

If the cash flow hedge accounting is interrupted, the cumulative amount under other comprehensive income shall remain if hedged future cash flows are still expected to occur. Otherwise, the cumulative amount is immediately reclassified to the income account as a reclassification adjustment. After the interruption, as soon as the hedged cash flows occur, any cumulative amounts remaining under other comprehensive income should be accounted for in accordance with the nature of the underlying transaction as described above.

During the 2020 and 2019 periods, no derivative financial instruments were contracted to hedge interest rate or exchange rate risks.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the corresponding net amount is shown under the balance sheet if there is a present right of mandatory fulfilment to offset the recognised amounts and with the intention of either settling on a net basis or realising the asset and simultaneously settling the liability.

f) Cash and cash equivalents

The amounts included under "Cash and cash equivalents" correspond to cash on hand, bank deposits, term deposits and other cash investments, maturing in less than three months and which can be immediately available without significant risk of change in value.

In the statement of cash flows, "Cash and cash equivalents" also comprises bank overdrafts included under the current liability item "Bank loans".

g) Statement of cash flows

The statement of cash flows is prepared according to IAS 7, using the direct method.

The statement of cash flows is categorised under operating activities (which include Receipts from customers, Payments to suppliers, Payments to personnel and other items related to operating activities), financing activities (which include cash receipts and payments related to loans, leasing contracts and dividend payments) and investment activities (which include the acquisition and disposal of investments in subsidiaries and cash receipts and payments resulting from the purchase and sale of property, plant and equipment).

h) Contingent assets and liabilities

Contingent liabilities are defined by the Company as (i) possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not under full control of the Company, or (ii) present obligations arising from past events but that are not recognised because it is unlikely that a cash flow affecting economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Company's financial statements and are actually disclosed unless the possibility of a cash outflow affecting future economic benefits is remote, in which case they are not disclosed at all.

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the control of the Company.

Contingent assets are not recognised in the Company's financial statements, being disclosed only when future economic benefits are likely to occur.

i) Income tax

Income tax for the period ended is calculated based on the taxable results of the Company in accordance with the tax regulations in force and considers deferred taxation.

The Company is taxed under the special taxation regime for groups, according to article 69 of the Corporate Income Tax Code, being the dominant company in the Tax Group.

Deferred taxes are calculated using the statement of financial position liability method and reflect the temporary differences between the amount of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are calculated and annually assessed using the tax rates in force or announced as coming into force at the expected date of reversal of temporary differences.

The measurement of deferred tax assets and liabilities:
– It is conducted in accordance with the expected rates to be applied in the period the asset is realised or the liability is settled, based on the tax rates approved on the date of the statement of financial position; and
– It reflects the tax consequences arising from the way the Company expects, on the date of the statement of financial position, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only when there are reasonable expectations of sufficient future tax profits for their use, or in situations where there are taxable temporary differences that offset the temporary differences deductible in the period of their reversal. At the end of each period a review is made of these deferred taxes, which are reduced whenever their future use is no longer likely.

Deferred taxes are not recognised in respect to temporary differences associated with investments in subsidiaries and associates, since the following conditions are simultaneously considered to be met:
– The Company is able to control the timing of the temporary reversal; and
– It is likely that the temporary differences will not be reversed in the foreseeable future.

Deferred taxes are recorded as expenses or income for the period ended, except if they result from amounts recorded directly in equity, in which case the deferred tax is also recorded under the same line item.

j) Revenue

Cofina recognises revenue in accordance with IFRS 15, which sets forth that an entity recognises revenue in order to reflect the transfer of goods and services contracted by customers, in the retribution amount to which the entity expects to be entitled to receive as consideration for delivery of said goods or services, based on the 5-step model below:
- contract identification with a client;
- performance obligation identification;

- pricing of the transaction;
- allocation of the transaction price to performance obligation; and
- recognition of revenue when or as the entity meets a performance obligation.

Cofina's revenue as at 31 December 2020 and 2019 refers to corporate services rendered to the subsidiaries of the Group, the same being billed quarterly and the invoice issued at the end of the quarter, for the services provided in that quarter.

Revenue is recognised net of bonuses, discounts and taxes (e.g.: trade discounts), and refers to the consideration received or receivable for services provided in line with the type of business identified.

Revenue is recognised in the amount of the performance obligation fulfilled. The transaction price is a fixed component.

The Company considers the facts and circumstances when analysing the terms of each contract with clients, applying the requirements that determine the recognition and measurement of revenue in a harmonised way, when dealing with contracts with similar characteristics and circumstances.

k) Accrual accounting basis

The remaining income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses generated are recorded under the line items 'Other current assets', 'Other current liabilities', 'Other non-current assets', and 'Other non-current liabilities.'

l) Subsequent events

The events occurring after the statement of financial position providing additional evidence or information regarding conditions that existed on the date of the statement of financial position (adjusting events) are reflected in the Company's financial statement. Events after the date of the statement of financial position that are indicative of the conditions that arose after the date of the statement of financial position (non-adjusting events), when material, are disclosed in the Notes to the financial statements.

2.3 JUDGEMENTS AND ESTIMATES

In preparing the financial statements, in accordance with the accounting standards in force (Note 2.1), the Company's Board of Directors adopted certain assumptions and estimates affecting assets and liabilities, as well as income and expenses incurred in relation to the reported periods. All of the estimates and assumptions by the Board of Directors were made based on the best information available, on the date of approval of financial statements, events and ongoing transactions.

The main value judgements and most significant estimates conducted and used in preparing financial statements include:

- Impairment tests of financial investments
  Impairment analyses require determining fair value and / or the use value of the assets in question (or of some cash-generating units). This process calls for a high number of relevant judgements, namely estimating future cash flows associated with assets or with the corresponding cash-generating units, and determining an appropriate discount rate for obtaining the present value of the aforementioned cash flows. In this regard, the Company once again established the requirement calling for use of the maximum possible amount of observable market data. It further established calculation monitoring mechanisms based on the critical challenge of reasonability of assumptions used, their coherence and consistency (in similar situations).
  As of 31 December, 2020, an analysis was also carried out regarding the recoverability of the collateral included in the item “Other financial investments”. For this analysis, the Board of Directors took into account all the information available, current and known at the time, as well as the support of Grupo Cofina's legal advisors.

The estimates and underlying assumptions were determined based on the best information available at the date of preparation of the financial statements and based on the best knowledge and experience of past and/or current events. However, situations may occur in subsequent periods that, not being predictable at the time, were not considered in these estimates. For this reason and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates. Changes to these estimates, which occur after the date of the financial statements, will be corrected prospectively in the income statement, as provided by IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors.

2.4 CHANGES IN ACCOUNTING POLICIES AND ERROR CORRECTION

Regarding new standards, interpretations, amendments and revisions to IFRS, see Note 2.1.

During the period ended, there were no voluntary changes in accounting policies. Likewise, no material errors were recognised in relation to previous periods.

3. FINANCIAL RISK MANAGEMENT

The Company is basically exposed to (a) market risk and (b) liquidity risk. The main purpose of risk management is to reduce these risks to a level considered acceptable.

The general principles of risk management are approved by the Board of Directors, and their implementation and monitoring are overseen by the administrators and directors.

(i) Market risk

Interest rate risk is of particular importance in market risk management.

a. Interest rate

Interest rate risk is essentially related to the Company's debt indexed to variable interest rates, which could expose the cost of debt to a volatility risk.

When deemed relevant, the Company uses derivatives or similar transactions to hedge significant interest rate risks. Three principles are used in selecting and determining interest rate hedging instruments:

- For each derivative or hedging instrument used to protect against the risk associated with a particular credit facility, the dates of interest paid on loans to be hedged and the settlement dates of the instruments under hedging match;

- Perfect correspondence between the basic rates: the indexing used for the derivative or hedging instrument should be the same as that which applies to the credit facility/transaction being hedged; and

- Since the start of the transaction, the maximum cost of debt, resulting from the hedging transaction performed, is known and limited, even in scenarios of extreme changes in market interest rates, such that the resulting interest rates are within the cost of the funds considered in the Company's business plan.

Since Cofina's overall indebtedness is indexed to variable rates, interest rate swaps are used, when such is deemed necessary, as a way to protect against future cash flow changes associated with interest payments. The economic effect of the agreed interest rate swaps consists of taking the corresponding loans associated with variable rates and converting them to fixed rates. Under interest rate swap contracts, the Company agrees with third parties (Banks) on the exchange, in pre-set time periods, of the difference between the amount of interest calculated at the agreed fixed rate and at the variable rate of the reset time, with reference to the corresponding notional amounts agreed upon.

The hedging instrument counterparties are limited to credit institutions of high credit quality. It is the Company's policy to favour putting these instruments under contract with banking entities that are part of its financing operations. For the purpose of determining the counterparty in one-off transactions, Cofina asks a representative number of banks to submit proposals and indicative prices so as to ensure adequate competitiveness for these transactions.

In determining the fair value of hedging transactions, Cofina uses certain methods, such as option assessment models and future cash flow updating models, while using certain assumptions based on the conditions of prevailing market interest rates at the date of the statement of financial position. Comparative quotes from financial institutions, for specific or similar instruments, are used as an assessment benchmark.

The Board of Directors approves the terms and conditions of financing deemed material for the Company. As such, it examines the debt structure, the inherent risks and the different options available in the market, namely regarding the type of interest rate (fixed/variable).

During the 2020 and 2019 period, no derivatives were contracted to hedge interest rate or foreign exchange rate risks.

(Amounts expressed in Euro)

In the period ended 31 December 2020 and 2019, the Company's sensitivity to changes in the interest rate benchmark of approximately one percentage point, measured as the change in financial results, are detailed as follows:

	31.12.2020	31.12.2019
Interest expenses and bank commissions (Note 19)	1,313,503	1,664,112
A 1 p.p. decrease in the interest rate applied to the entire debt	(520,000)	(520,000)
A 1 p.p. increase in the interest rate applied to the entire debt	520,000	520,000

The sensitivity analysis above was calculated based on the exposure to the existing interest rate on the date ending each period. This analysis' basic assumption was that the financing structure (remunerated assets and liabilities) remained stable throughout the year and similar to that shown at the end of every period, with the rest remaining constant.

(ii) Liquidity Risk

The main objective of the liquidity risk management policy is to ensure that the Company has the capacity to liquidate or meet its responsibilities and to pursue the strategies outlined in compliance with all its commitments to third parties within the stipulated time frame.

The Company defines as an active policy (i) to maintain a sufficient level of free and immediately available resources to meet the necessary payments on maturity, (ii) to limit the probability of default on the repayment of all its investments and loans by negotiating the extent of the contractual clauses, and (iii) to minimise the opportunity cost of holding excess liquidity in the short term.

It also seeks to make the due dates of assets and liabilities compatible, through a streamlined management of their maturities.

We refer to information included in note 13. Other loans.

4. PROPERTY, PLANT AND EQUIPMENT

During the period ended 31 December 2020 and 2019, the movement occurred in the value of property, plant and equipment, as well as in the corresponding amortisation and accumulated impairment losses, was detailed as follows:

	2020			
	Asset gross value			
	Vehicles	Office equipment	Other tangible assets	Total
Opening balance	39,500	202,292	50,394	292,186
Disposals	—	—	—	—
Closing balance	39,500	202,292	50,394	292,186

	2020			
	Accumulated amortisation and impairment losses			
	Vehicles	Office equipment	Other tangible assets	Total
Opening balance	39,500	202,292	50,394	292,186
Additions	—	—	—	—
Disposals	—	—	—	—
Closing balance	39,500	202,292	50,394	292,186
	—	—	—	—

	2019			
	Asset gross value			
	Vehicles	Office equipment	Other tangible assets	Total
Opening balance	39,500	202,292	50,394	292,186
Disposals	—	—	—	—
Closing balance	39,500	202,292	50,394	292,186

	2019			
	Accumulated amortisation and impairment losses			
	Vehicles	Office equipment	Other tangible assets	Total
Opening balance	39,500	201,950	50,155	291,605
Additions	—	342	239	581
Disposals	—	—	—	—
Closing balance	39,500	202,292	50,394	292,186
	—	—	—	—

5. INTANGIBLE ASSETS

During the period ended 31 December 2020 and 2019, there were no changes in the value of intangible assets, nor in the corresponding accumulated amortisation and impairment losses.

6. INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS

6.1 Investments in subsidiaries

"Investments in subsidiaries" and the main financial indicators as at 31 December 2020 and 2019 are detailed as follows:

31 December 2020

Description	%	Acquisition cost	Impairment losses	Statement of Financial Position	Total assets	Total equity	Total revenue (a)	Net profit for the year
Cofina Media, S.A. ("Cofina Media")	100 %	222,091,213	79,769,260	142,321,953	111,063,688	71,137,784	70,756,521	2,542,354
		222,091,213	79,769,260	142,321,953				

31 December 2019

Description	%	Acquisition cost	Impairment losses	Statement of Financial Position	Total assets	Total equity	Total revenue (a)	Net profit for the year
Cofina Media, S.A. ("Cofina Media")	100 %	222,091,213	79,769,260	142,321,953	117,408,698	76,462,399	86,709,543	8,543,913
		222,091,213	79,769,260	142,321,953				

(a) Total income = sales, services rendered and other income

In the 2020 and 2019 period, the methods and assumptions used in the impairment analysis of investments in subsidiaries (Cofina Media), which the Board of Directors deemed appropriate in the current climate, are detailed as follows:

(Amounts expressed in Euro)

	31.12.2020	31.12.2019
	Free cash flow	Free cash flow
Method used	Discounted cash flows	Discounted cash flows
Basis used	Business plan	Business plan
Explicit forecast period	5 years	5 years
Weighted average cost of capital Portugal	7.35%	7.04%
Perpetuity growth rate Portugal	1.50%	2.00%

Cofina Media, S.A. was assessed using discounted cash flow methods and based on five-year business plans comprising the newspaper, magazine and television segments, and a perpetuity from the fifth year, prepared by those who manage the subsidiary and duly approved by the Board of Directors.

Financial projections are prepared based on the assumptions made of the development of the subsidiary's business activity (and its respective cash-generating units), which the Board of Directors believes are consistent with historical data and market trends, are reasonable and prudent, and reflect their outlook. When possible, market data from external entities were also taken into account, which were compared with the Company's historical data and experience.

The operating assumptions used generally follow those used for goodwill impairment tests, which are disclosed in the financial statements.

As disclosed in Note 2.3, the relevant assumption relates to determining the discount rate.

The discount rate used reflects the Cofina Group's level of indebtedness and cost of debt capital, as well as the level of risk and profitability expected by the market. In determining the discount rate, it is also important to note that the interest rate for Portuguese 10-year bonds is used as a reference for the component relating to the interest rate of a risk-free asset. The discount rates used also include a market premium risk.

Inflation and perpetuity growth rates are estimated based on an analysis of the market potential of each cash-generating unit and on the Company's expectations for price and business development.

The assumptions were quantified based on historical data and the Board's experience. However, unforeseeable political, economic or legal phenomena may impact these assumptions.

As a result of the impairment analysis carried out as of 31 December 2019, based on the aforementioned assumptions and methods and taking into account the amount of dividends paid out by the subsidiary in the that period, Cofina recognised impairment losses in the amount of EUR 1,480,000 (Note 16), respectively, related to its investment in Cofina Media. As of 31 December, 2020, no impairment losses were recognized.

The Board of Directors believes that the effect of possible deviations that may occur in the main assumptions underlying the recoverable amount of its investment will not, in all material aspects, lead to additional impairment on investments.

6.2 Other investments

As at 31 December 2020 and 2019, the Company had other financial investments corresponding to a minority interest in unlisted companies for which impairment losses were recorded at said dates in the amount of EUR 510. As at 31 December 2020 and 2019, the total amount of financial investments for which impairment losses were recorded amounted to EUR 156,400 (Note 16).

As at 31 December 2019, "Other investments" also includes a guarantee in the amount of EUR 10 million relating to a purchase and sale contract entered into on 20 September 2019 with Promotora de Informaciones, S.A. for acquisition of 100% of the share capital and voting rights of Vertix, SGPS, S.A. and, indirectly, of 94.69% of the share capital and voting rights of Grupo Media Capital, SGPS, S.A. (Note 24.1). This escrow account is managed by a financial institution.

(Amounts expressed in Euro)

On April 15, 2020, Cofina Group announced to the market about a notification from Arbitration Request ("Request") submitted by Promotora de Informaciones, S.A. ("Prisa") at Câmara do Comércio e Indústria Portuguesa (CCIP), claiming the right to be delivered, by the Escrow Agent (Banco BPI, S.A.), the 10 million Euro amount deposited there as a down payment. Currently, the mentioned amount is deposited in the Escrow Account at Banco BPI, S.A..

Cofina understands that Prisa's requests have no basis whatsoever and submitted its response within the scope of the referred arbitration proceedings. Therefore, it is understanding of the Board of Directors, based on the available, current and up to date information, supported by the legal advisors, that the amount will be recovered by Cofina Group, so the Group has not recorded any provision against the Group's assets.

At the present date, the arbitration proceeding is following its normal procedures.

7. CURRENT AND DEFERRED TAXES

The Company pays Corporate Tax (IRC) at a rate of 21%, plus a surtax of 1.5% on taxable profit. Cofina SGPS, S.A. is a controlling company under the special taxation regime for groups. Each of the companies encompassed by this arrangement records income tax in its separate financial statements under "Group Companies". Where subsidiaries contribute with losses, in the separate financial statements, the tax amount corresponding to losses that will be offset by the profits of the other companies under this arrangement is recorded in the separate accounts. If deferred tax assets are recorded for tax losses generated, the amount is recorded in the Company against a payable account to the entities of the Group.

Additionally, in accordance with the legislation in force in Portugal during the period ended 31 December 2020, the state surtax corresponded to the application of an additional 3% rate on taxable income between EUR 1.5 and 7.5 million, 5% on taxable income between EUR 7.5 and 35 million and 9% on taxable income above EUR 35 million.

According to current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when inspections, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Thus, the Company's tax returns since 2017 may still be subject to review.

The Company's Board of Directors considers that any corrections resulting from reviews/inspections by the tax authorities to those tax returns will not have a material effect on the financial statements as of 31 December 2020 and 2019.

The Company is under the special taxation regime for groups, Cofina being the dominant company of the tax group, which consists of the following entities:

- Grafedisport – Impressão e Artes Gráficas, S.A.;
- Cofina Media, S.A..

Deferred taxes

As at 31 December 2020 and 2019, there are no situations where deferred tax liabilities are generated.

As at 31 December 2020 and 2019, and according to the Company's tax returns, no tax losses were carried forward.

Current taxes

Income tax recognised in the income statement for the period ended 31 December 2020 and 2019 are detailed as follows:

Current tax:	31.12.2020	31.12.2019
Tax estimate for the year	(485,671)	(57,905)
Under/(over) Income tax estimates	(144,691)	—
	(630,362)	(57,905)

(Amounts expressed in Euro)

Reconciliation of profit before income tax with income tax is detailed as follows:

	31.12.2020	31.12.2019
Profit before income tax	5,548,840	4,241,624
Tax rate	21.00 %	21.00 %
	1,165,256	890,741
Dividends received	(1,652,063)	(1,484,497)
Provisions and adjustments that cannot be deducted or exceeding legal limits	—	378,057
Under/(over) Income tax estimates	(144,691)	—
Autonomous taxes	1,533	1,500
Other effects	(397)	156,294
Income tax	(630,362)	(57,905)

8. CLASSES OF FINANCIAL INSTRUMENTS

In accordance with the accounting policies described under Note 2.2.h), financial instruments were detailed as follows:

Financial assets

31 December 2020	Financial assets recorded at amortised cost	Total
Current assets		
Trade receivables	2,177,395	2,177,395
Other receivables	297,897	297,897
Other current assets	—	—
Cash and cash equivalents	6,045,044	6,045,044
	8,520,336	8,520,336

31 December 2019	Financial assets recorded at amortised cost	Total
Current assets		
Trade receivables	1,094,700	1,094,700
Other receivables	339,965	339,965
Other current assets	159	159
Cash and cash equivalents	2,149,294	2,149,294
	3,584,118	3,584,118

(Amounts expressed in Euro)

Financial liabilities

31 December 2020	Financial liabilities recorded at amortised cost	Subtotal
Currents liabilities		
Other loans	51,848,141	51,848,141
Trade payables	11,081	11,081
Other payables	7,386,422	7,386,422
Other current liabilities	50,851	50,851
	59,296,495	59,296,495

31 December 2019	Financial liabilities recorded at amortised cost	Subtotal
Currents liabilities		
Other loans	52,074,237	52,074,237
Trade payables	42,214	42,214
Other payables	7,788,225	7,788,225
Other current liabilities	390,528	390,528
	60,295,204	60,295,204

9. STATE AND OTHER PUBLIC ENTITIES

As at December 2020 and 2019 these assets and liabilities were detailed as follows:

	31.12.2020	31.12.2019
Debit balances:		
Value Added Tax	234,314	—
Total other taxes (Note 10)	234,314	—
Credit balances:		
Income tax	164,845	156,326
Total income tax	164,845	156,326
Value Added Tax	—	23,887
Personal income tax	2,988	2,911
Social security contributions	3,736	3,258
Other taxes	3,638	3,638
Total other taxes (Note 14)	10,362	33,694

(Amounts expressed in Euro)

10. OTHER RECEIVABLES

"Other receivables" as at 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Group Companies (Note 20)	297,897	339,965
Accounts receivable from the State and other public entities (Note 9)	234,314	—
	532,211	339,965

11. CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" as at 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Cash	197	486
Bank deposits	6,044,847	2,148,808
	6,045,044	2,149,294

12. SHARE CAPITAL AND RESERVES

Share capital

As at December 2019, the Company's share capital was fully subscribed and paid up and consisted of 102,565,836 nominatives shares with no par value. At said date, Cofina, SGPS, S.A. and its subsidiaries did not hold own shares.

Share premiums

Share premiums correspond to amounts received from issuance or increases in capital. In accordance with the Portuguese commercial legislation, the amounts included in this caption follow the same regime as the "Legal reserve", i.e., the amounts are not distributable, unless in situations of insolvency, but can be used to absorb losses after the other reserves have been used, and for inclusion in the issued capital.

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be allocated to the 'legal reserve' until it represents at least 20% of the share capital. This reserve is not distributable, except in the event of liquidation of the Company, but may be used to absorb losses, after all other reserves have been exhausted, and for incorporation into capital.

With regard to the 2019 period ended, in its annual report, which was approved by the Shareholders' General Meeting on 30 April 2020, the Board of Directors proposed that Cofina, SGPS, S.A.'s individual net profit, in the amount of EUR 4,299,529 to be transferred to Free Reserves.

With regard to the 2018 period ended, in its annual report, which was approved by the Shareholders' General Meeting on 28 May 2019, the Board of Directors proposed that Cofina, SGPS, S.A.'s individual net profit, in the amount of EUR 1,966,504.21 to be transferred to Free Reserves.

Other reserves

As at 31 December 2020 and 2019, "Other reserves" corresponds to retained earnings from the Company's previous periods.

(Amounts expressed in Euro)

13. OTHER LOANS

As at December 2020 and 2019, the detail of 'Other loans' was detailed as follows:

	31.12.2020				31.12.2019			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bond loan	—	—	—	—	—	—	—	—
Commercial paper	51,848,141	—	52,000,000	—	52,074,236	—	52,000,000	—
	51,848,141	—	52,000,000	—	52,074,236	—	52,000,000	—

Bond loans

As of 31 December, 2020, Cofina SGPS, S.A. does not hold any bond loans issued.

Commercial paper

The liability caption "Commercial paper" corresponds to six commercial paper programmes with guaranteed subscription by the issuing banks, up to the maximum amounts of EUR 15,000,000, EUR 15.000.000, EUR 7,000,000, EUR 5,000,000, EUR 5,000,000, EUR 5,000,000, which bear interest at market rates. These programmes mature in September 2021, July 2022, November 2025, November 2021, September 2022 and September 2024, respectively. As at 31 December 2020, the Cofina Group had Commercial Paper Programmes with Guaranteed Underwriting classified as a current liability. However, the maturity of most of the contracts underlying them extends beyond 31 December 2021 and, as such, the Group may renew the subscriptions, as it has done in recent periods. Exception to a programme of EUR 15 million, which matures on 30 September 2021 and another of EUR 5 million, with maturity as of 30 November 2021, which are currently being renewed.

Regarding the EUR 7 million Program, it presents an amortization profile that includes 4 successive annual amortizations of EUR 1 million (each, occurring on the last business day of November 2021, 2022, 2023 and 2024) and a final amortization of EUR 3 million to take place on 28 November 2025.

During the period ended 31 December 2020, these loans paid interest at Euribor-indexed rates plus spreads ranging between 0.825% and 1,750%, according to the nature and maturity thereof.

Credit facilities used by the Company and the maximum authorised amounts thereof as at 31 December 2020 and 2019 are detailed as follows:

	31.12.2020			
Nature	Maturity	Balance authorised	Nominal balance used	Balance available
Cash pooling / Overdraft	n/a	3,000,000	—	3,000,000
Current account facility	n/a	200,000	—	200,000
Commercial paper	07/07/2022	15,000,000	15,000,000	—
Commercial paper	30/09/2021	15,000,000	15,000,000	—
Commercial paper	09/12/2024	5,000,000	5,000,000	—
Commercial paper	11/28/2025	7,000,000	7,000,000	—
Commercial paper	30/11/2021	5,000,000	5,000,000	—
Commercial paper	09/03/2022	5,000,000	5,000,000	—
		55,200,000	52,000,000	3,200,000

(Amounts expressed in Euro)

	31.12.2019			
Nature	Maturity	Balance authorised	Nominal balance used	Balance available
Cash pooling / Overdraft	n/a	3,000,000	—	3,000,000
Current account facility	n/a	200,000	—	200,000
Commercial paper	07/07/2022	15,000,000	15,000,000	—
Commercial paper	30/09/2021	15,000,000	15,000,000	—
Commercial paper	09/12/2024	5,000,000	5,000,000	—
Commercial paper	30/04/2020	7,000,000	7,000,000	—
Commercial paper	30/11/2021	5,000,000	5,000,000	—
Commercial paper	09/03/2022	5,000,000	5,000,000	—
		55,200,000	52,000,000	3,200,000

Reconciliation of the change in gross debt with cash flows as at 31 December 2020 and 2019 is detailed as follows:

	31.12.2020	31.12.2019
Balance as at 1 January	52,074,236	46,120,428
Payments of loans obtained	(230,242,667)	(96,166,667)
Receipts of loans obtained	229,649,262	101,973,097
Changes of loan issuance expenses	367,310	147,378
Change in debt	(226,095)	5,953,808
Balance as at 31 December	51,848,141	52,074,236

14. OTHER PAYABLES

In the period ended December 31, 2020 and 2019 the line item 'Other payables' was detailed as follows:

	31.12.2020	31.12.2019
Payables to the State and other public entities (Note 9)	10,362	33,694
Group Companies (Note 20)	7,386,422	7,788,225
	7,396,784	7,821,919

15. OTHER CURRENT LIABILITIES

As at December 2020 and 2019, the line item 'Other current liabilities' is detailed as follows:

	31.12.2020	31.12.2019
Expense accruals:		
Wages and salaries payable	29,112	36,684
Other accrued expenses	21,739	353,844
	50,851	390,528

16. PROVISIONS AND IMPAIRMENT LOSSES

Changes in provisions and impairment losses on investments in subsidiaries during the period ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Opening balance	79,925,660	78,445,660
Additions (Note 6)	—	1,480,000
Utilisations and transfers	—	—
Closing balance	79,925,660	79,925,660

(Amounts expressed in Euro)

17. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020 and 2019, the line item 'External supplies and services' is detailed as follows:

	31.12.2020	31.12.2019
Fees	1,488,109	101,740
Fuel	146	745
Communication	—	1,676
Travel and accommodation	54	69
Other costs	26,339	89,795
	1,514,648	194,025

As of 31 December, 2020, the variation in the item "Fees" refers essentially to the expenses incurred by the Company in the process of acquiring 100% of the share capital and voting rights of Vertix, SGPS, S.A. and indirectly of 94.69 % of the share capital and voting rights of the Media Capital Group, SGPS, S.A..

18. PAYROLL EXPENSES

As at 31 December 2020 and 2019, the line item 'Payroll Expenses' is detailed as follows:

	31.12.2020	31.12.2019
Payroll expenses	305,759	303,483
Social security contributions	28,219	36,890
Other payroll expenses	1,811	2,164
	335,789	342,537

During the period ended 31 December 2019 there was an average of 1 person working for the Company.

19. FINANCIAL RESULTS

The financial expenses and income for the period ended 31 December 2020 and 2019 are detailed as follows:

	31.12.2020	31.12.2019
Interest expenses (Note 13)		
Bank interest	(558,797)	(870,306)
Financing fees	(734,696)	(765,410)
Stamp duty	(1,500)	(1,701)
Other financial costs	(18,510)	(26,695)
	(1,313,503)	(1,664,112)
Financial income		
Bank interest	—	5,895
	—	5,895

20. RELATED PARTIES

Cofina Group companies have relationships with each other that qualify as related party transactions. All these transactions are carried out at market prices.

The main balances with related parties as at 31 December 2020 and 2019 and the main transactions carried out during the period ended at said date are detailed as follows:

(Amounts expressed in Euro)

Transactions:

	31.12.2020		31.12.2019	
	Services rendered	Results related to investments	Services rendered	Results related to investments
Cofina Media, S.A.	864,628	7,866,968	875,000	7,069,032
Grafedisport - Impressão e Artes Gráficas, S.A.	15,612	—	15,000	—
	880,240	7,866,968	890,000	7,069,032

Balances:

	31.12.2020			31.12.2019		
	Trade receivables	Other receivables	Other payables	Trade receivables	Other receivables	Other payables
Cofina Media, S.A.	2,139,742	297,887	7,311,520	1,076,250	297,897	7,788,225
Grafedisport	37,653	10	74,902	18,450	42,068	—
	2,177,395	297,897	7,386,422	1,094,700	339,965	7,788,225

Compensation to Key Management

Remuneration paid to key managers who, based on the Group's governance model, were members of the parent company's Board of Directors, earned directly through the parent company, during the period ended 31 December 2020 and 2019, amounted to EUR 263,333 and EUR 244,000, respectively, and only include the fixed pay component.

As at 31 December 2020, there were no: (i) incentive plans or schemes with regard to granting shares to members of the Board of Directors; (ii) supplementary pension or early retirement schemes for directors; (iii) compensations paid or owed to former directors regarding the suspension of duties during the period; or (iv) non-monetary benefits considered remuneration.

Cofina, SGPS, S.A. does not have any plan for the attribution of shares or stock options to the members of the governing bodies, nor to its employees.

21. LIABILITIES FOR GUARANTEES PROVIDED AND OTHER CONTINGENCIES

As at 31 December 2020, guarantees provided by Cofina are detailed as follows:

a) Pledge of 20,000,000 Cofina Media, S.A. shares to the Portuguese Tax and Customs Authorities as a guarantee in tax enforcement proceedings.

As at 31 December 2020 and 2019, disputes were ongoing with the Portuguese Tax and Customs Authorities (AT) as a result of an inspection of the 2007 period concerning Corporate Income Tax, the amount of which initially disputed by the tax authorities was EUR 17.9 million. These amounts are the result of two corrections made by the AT: one concerning non-acceptance of a capital loss generated with the liquidation of a subsidiary, and another concerning non-acceptance of the deduction of part of the dividends paid out by a subsidiary.

Under the Special Arrangement for the Settlement of Tax and Social Security Debts ("RERD"), approved by Decree-Law 151-A/2013, of 31 October, in the period ended 31 December 2013 the Group voluntarily paid an amount of EUR 2 million with the corresponding waiver of interest on arrears, compensatory interest and legal costs associated with the tax enforcement proceedings. Under the same arrangement, the Group asked the Portuguese Tax and Customs Authorities to offset part of the enforced amounts relating to said audit with credits the AT owes to the Group (related to administrative claims and legal challenges associated with corporate income tax). During the 2014 period, this request was approved in the amount of approximately EUR 5.7 million, of which EUR 2,346,895 were allocated to said settlement.

As part of the acceptance of the Special Programme for Reducing Indebtedness to the State ("PERES"), approved by Decree-Law 67/2016 of 3 November, in the period ended 31 December 2016, the Group paid an additional amount of EUR 3,614,561 with the corresponding reduction of interest on arrears, compensatory interest and legal costs associated with tax enforcement proceedings.

(Amounts expressed in Euro)

Therefore, the contingency amount carried forward relating to the aforementioned tax enforcement proceedings, as at 31 December 2020 and 2019, is of approximately EUR 13.5 million, of which around EUR 3 million are related to the correction of the aforementioned capital loss and EUR 10.5 million are related to the correction of dividends paid. The reconciliation between the initial and current contingencies is detailed as follows:

	2007 Corporate income tax proceedings
Initial contingency	17,878,819
Compensatory interest / interest on arrears / legal costs	3,670,237
Payments / offsets	(7,961,456)
	13,587,600

Within the scope of the reassessment of tax contingencies, the Board of Directors, advised by its legal and tax advisers, considers it likely that (i) a favourable decision will be taken on the "Dividends" component and (ii) the "Capital loss" component will be rejected. As such, a provision was recorded in the amount of approximately EUR 3 million for said component in the proceedings.

During the last quarter of 2019, the Group received notice from the Constitutional Court regarding the aforementioned capital loss generated from the liquidation of a subsidiary, informing it that the claim filed by the Group had been denied, confirming the court's decision against the Cofina Group. To date, the Group has not received notice from the Portuguese Tax and Customs Authorities to satisfy the judgement.

The Group is still in litigation with the Portuguese Tax and Customs Authorities concerning tax disputes related to the "Dividends" component.

22. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2020 and 2019 there were no contingent assets.

As at 31 December 2020 and 2019, the main contingent liabilities were related to ongoing proceedings and the guarantees provided as disclosed in Note 21.

23. EARNINGS PER SHARE

Earnings per share for the period ended 31 December 2020 and 2019 were detailed as follows::

	31.12.2020	31.12.2019
Net income taken into account to determinate basic and diluted earnings per share	6,179,202	4,299,529
Weighted average number of shares used to compute the basic and diluted earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.06	0.04
Diluted	0.06	0.04

24. SUBSEQUENT EVENTS

As of March 6, 2021, Cofina Group informed the market that it had been notified, on March 2, 2021, of the Valuation Report prepared by the independent auditor appointed by CMVM, a report that sets the unit amount of compensation at € 0.725 (seventy-two cents and half of a cent) per share.

In line with point (a) of point (iv) of the Amendment to the Preliminary Announcement for the Public Offering of Shares representing the share capital of Grupo Média Capital, SGPS, S.A., following the modification of the offer, pursuant to article 128 of the Securities Code disclosed to the market on August 12, 2020, it was a launching condition that the independent auditor appointed by CMVM to calculate the offer compensation, did not set a unit compensation value that exceeded the amount of € 0.415 (forty one cents and five tenths of a cent) per share, therefore, on March 6, 2021, the Cofina Group informed the market about its intention to not waive this condition.

The magnitude, extent and durability of the current Covid-19 pandemic context will depend on the effectiveness of the mass vaccination process, as well as the effectiveness of any additional containment measures defined by governments. We believe that the combination of these various factors will define the effects on the global economy and on consumption patterns.

From 31 December 2020 to the date of issue of this report, there were no other relevant facts that could materially affect the financial position and future results of the Company.

25. TRANSLATION NOTE

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

Laurentina da Silva Martins

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STATUTORY AND AUDITOR'S REPORT

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Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Cofina, SGPS, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2020 (showing a total of 132.681.494 euros and a total equity of 45.395.086 euros, including a net profit for the year attributable to the equity holders of the Group of 1.588.955 euros), and the Consolidated Statement of Profit and Loss by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Cofina, SGPS, S.A. as at 31 December 2020, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the 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 of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

The key audit matters in the current year audit are the following:

1. Goodwill impairment

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, Goodwill amounts to 82.083.180 euros (2019: 83.977.180 euros), representing 62% (2019: 63%) of the Group´s total assets and it is allocated to the segments: Newspapers and Magazines. During 2020, an impairment loss of 1.894.000 euros was recorded (2019: zero), as detailed in Note 5 of the notes to the consolidated financial statements. The risk of Goodwill impairment was considered a key audit matter because the carrying amount of this asset is significant and because the impairment assessment process is complex, including the use of estimates and assumptions, namely in what regards prospective market and economic	Our audit approach included the performance of the following procedures: ► Obtaining and analyzing impairment tests, in applicable cases, including assessment of the reasonableness of the valuation models used, including its clerical and arithmetic accuracy, its consistency with previous years and we have tested its underlying assumptions, namely WACC and other information used by management, comparing the assumptions related to the expected inflation rates and the market growth rate, with external sources; ► Assessment on the determination of the cash generating units ("CGU's"), comparing them with the Company's

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
conditions, trends and behaviors in relation to demand, and margins evolution, that due to Pandemic Covid-19 the uncertainty regarding the evolution of this variables had increased.	managerial structure, and assessment of the cash flow projections that support the impairment analysis performed by the Board of Directors; ► We tested the basis of preparation taking into consideration the reliability of the previous projections and the historical information about the main assumptions; and ► We have included in our audit internal EY specialists and conducted sensitivity analyzes focused on variations in the most critical variables, and regarding the Covid-19 Pandemic, such as revenues growth rate, discount rate and the perpetuity growth rate. We also evaluate the adequacy of the applicable disclosures (IAS 36), included in Note 5 of the notes to the consolidated financial statements.

2. Provisions and contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As disclosed in Notes 14 and 20 of the notes to the consolidated financial statements, the Group identified several tax and legal contingencies. Provisions are recorded, or contingent liabilities disclosed in the financial statements according to tax and legal advisors´ opinions and to the Board of Directors judgments regarding tax issues, discrepancies with the Tax Authority and lawsuits related to Group's activity, whenever is more likely than not an unfavorable outcome, in accordance with IAS 37 and, in the case of contingencies related to income tax, in accordance with IFRIC 23. The assessment of the likelihood of outcome is based on the opinion of legal and tax advisors. As at 31 December 2020, the provisions presented in the consolidated financial statements amount to 959.000 euros (Note 20) and the balance in liabilities of fiscal contingencies related to income tax amount to 3.700.000 euros (Note 14). We considered as a key audit matter, due to the complexity, relevant judgments and uncertainty on the outcomes related to tax matters, as well as the large number of lawsuits.	Our audit approach included the performance of the following procedures: ► We performed the understanding and assessment of the tax and legal contingencies monitoring process; ► In conjunction with our internal tax specialists, we assessed the estimates and judgments used by the Board of Directors in determining the amount of provisions related to tax matters. We reviewed the existing documentation and the correspondence with the tax authorities and obtained information and opinions from the external experts and others consultants engaged by the Group regarding the assumptions and arguments, as well as we reviewed the existing documentation; ► We obtained external confirmations from all the lawyers with whom the Group has relations and clarifying memorandums prepared by external and internal lawyers for the main ongoing lawsuits. As a result of the analysis of that information, we have carried out additional inquiries to the Group lawyers in order to obtain additional information and to follow up the ongoing proceedings until this date; ► We have read the Board of Directors minutes meetings of the several Group entities; ► We inquired the Board of Directors about the basis for their estimates and judgments to corroborate and evaluate the arguments used for the graduation of each contingency;

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	► In assessing the likelihood of outcome of legal lawsuits we considered the decisions and conclusions reached in similar events; and ► Evaluating the consistency of the criteria utilized in comparison with the prior years, considering the provisions of IFRIC 23. We also considered the adequacy of the applicable disclosures (IAS 37), included in Notes 14 and 20 of the notes to the consolidated financial statements.

3. Other financial investments – ***escrow account***

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, other financial investments – non-current presented in the consolidated financial statements amount to 10.000.000 euros and is comprised of the amount transferred to an escrow account following the purchase and sale agreement signed on 20 September 2019 with Group Prisa in relation to the acquisition of a majority position in Group Media Capital, as disclosed in Note 4.3 of the notes to the Consolidated financial statements. The above mentioned acquisition was not completed and the parties have entered into litigation, the outcome of which is uncertain. Based on the opinion of legal advisors, the Board of Directors believes that the total amount will be recovered, therefore there was no adjustment recorded. We considered this as a key audit matter, due to the materiality of the amount, the relevant judgements of the Board of Directors regarding the uncertainty about the outcome of the litigation, which is still at an early stage.	Our audit approach included the performance of the following procedures: ► We have read the purchase and sale agreement signed on 20 September 2019 and subsequent addendum 23 December 2019; ► We have read the information disclosed to the market under the Public Offering of Common Shares and Admission to Trading of the Entity on Euronext Lisbon; ► We proceed to the understanding and evaluation of the arguments of both parties, by reading the requirements presented to the Arbitral Tribunal in Lisbon; ► We made enquiries to the Board of Directors and the head of the legal department, and obtained a written position about the basis for their estimates and judgments; ► We have read the Board of Directors minutes meetings; ► We have obtained the external confirmation of the escrow account as at 31 December 2020 and we analyzed the response of the Agent bank to the request for the release of the amount in favor of the seller, as well as the Entity's position on this topic; ► We analyzed the obtained external confirmations from all the lawyers with whom the Group has relations; and ► We made enquiries in relation to the existence of subsequent events as at 31 December 2020 susceptible to change the initial judgement of the Board of Directors. We also considered the adequacy of the applicable disclosures included in Note 4.3 of the notes to the consolidated financial statements.

Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Consolidated Management Report, the Corporate Governance Report and the Consolidated statement of non-financial information in accordance with the 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, matters related to going concern that may cast significant doubt on 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and 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;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and

- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility includes the verification of the consistency of the Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code, as well as the verification that the statement of non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Consolidated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Consolidated 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 misstatement.

On the Corporate Governance Report

In our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On the Statement of non-financial information

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group has included in its Consolidated Annual Report the statement of non-financial information as per article 508-G of the Commercial Companies Code.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

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

- We were appointed as auditors of the Cofina, SGPS, S.A. (Group´s Parent Entity) for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate from 2017 to 2019. We were reappointed in the shareholders' general meeting held on 30 April 2020 for a second mandate covering the year 2020;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Porto, 7 April 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira (ROC nr. 1154)

Registered with the Portuguese Securities Market Commission under license nr. 20160766

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Cofina, SGPS, S.A. (the Entity), which comprise the Statement of Financial Position as at 31 December 2020 (showing a total of 161.082.261 euros and a total equity of 101.610.559 euros, including a net profit of 6.179.202 euros) and the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Cofina, SGPS, S.A. as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the 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 of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

The key audit matters in the current year audit are the following:

1. **Measurement/impairment of financial investments in subsidiaries**

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, Financial investments in subsidiaries amounts to 142.321.953 euros (2019: 142.321.953 euros) representing 88% (2019: 91%) of the total assets of the Entity. The risk of impairment in the Financial investments in subsidiaries was considered a key audit matter due to the significance of the amount and due to the fact that the impairment assessment process is complex, including the use of estimates and assumptions, namely in what regards future economic forecasts, production capacity in the market, revenue and margin evolution, that due to	Our audit approach included the following procedures: ► Assessment of the existence of any impairment indicators in the measurement of Financial investments in subsidiaries; ► Review of the underlying assumptions used in the valuation models approved by management, namely the cash flow projections, the discount rate, the inflation rate, the perpetuity growth rate; ► Evaluation of the clerical and arithmetic accuracy of the models used; and

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Pandemic Covid-19 the uncertainty regarding the evolution of this variables had increased. The indications of impairment were indicated by the Board of Directors, and no impairment loss was recorded in the year's results.	► Sensitivity analysis, focused on possible changes in the most significant variables, and regarding the Covid-19 Pandemic, such as the sales price, the discount rate and the perpetuity growth rate. We verified the compliance with the applicable disclosure requirements, included in Notes 2,2 d) and 6.1 of the notes to the financial statements.

2. Other financial investments – escrow account

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, other financial investments – non-current presented in the financial statements amount to 10.000.000 euros and is comprised of the amount transferred to an escrow account following the purchase and sale agreement signed on 20 September 2019 with Group Prisa in relation to the acquisition of a majority position in Group Media Capital, as disclosed in Note 6.2 of the notes to the financial statements. The above mentioned acquisition was not completed, and the parties have entered into litigation, the outcome of which uncertain. Based on the opinion of legal advisors, the Board of Directors believes that the total amount will be recovered, therefore there was no adjustment recorded. We considered this as a key audit matter, due to the materiality of the amount, the relevant judgements of the Board of Directors regarding the uncertainty about the outcome of the litigation, which is still at an early stage.	Our audit approach included the performance of the following procedures: ► We have read the purchase and sale agreement signed on 20 September 2019 and subsequent addendum 23 December 2019; ► We have read the information disclosed to the market under the Public Offering of Common Shares and Admission to Trading of the Entity on Euronext Lisbon; ► We proceed to the understanding and evaluation of the arguments of both parties, by reading the requirements presented to the Arbitral Tribunal in Lisbon; ► We made enquires to the Board of Directors and the Head of the legal department, and obtained a written position about the basis for their estimates and judgments; ► We have read the Board of Directors minutes meetings; ► We have obtained the external confirmation of the escrow account as at 31 December 2020 and we analyzed the response of the Agent bank to the request for the release of the amount in favor of the seller, as well as the Entity's position on this topic; ► We analyzed the obtained external confirmations from all the lawyers with whom the Group has relations; and ► We made enquires in relation to the existence of subsequent events as at 31 December 2020 susceptible to change the initial judgement of the Board of Directors. We also considered the adequacy of the applicable disclosures included in Note 6.2 of the notes to the financial statements.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;

- the preparation of the Management Report, including the Corporate Governance Report in accordance with the 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, matters related to going concern that may cast significant doubt on 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor's 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;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, 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 misstatement.

On the Corporate Governance Report

In our opinion, the Corporate Governance Report includes the information required to the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the said article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

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

- We were appointed as auditors of the Entity for the first time in the shareholders' general meeting held on 26 April 2017 for a mandate covering the years 2017 to 2019. We were reappointed in the shareholders' general meeting held on 30 April 2020 for a second mandate covering the year 2020;
- Management has confirmed 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 skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity as of today; and
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Entity in conducting the audit.

Oporto, 7 April 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Manuel da Cunha Vieira - ROC nr. 1154
Registered with the Portuguese Securities Market Commission under license nr. 20160766

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

Report and Opinion of the Statutory Audit Board
(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders of
COFINA, SGPS, S.A.

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers the Management Report and the others documents in the individual and consolidated annual report of COFINA, SGPS, S.A. ("Company") for the year ended 31 December 2020, which are the responsibility of the Company's Board of Directors.

1. Report over the developed activity

During the year under analysis, the Statutory Audit Board accompanied the operations of the Company and its affiliates, the timely writing up of accounting records, compliance with statutory and legal requirements and the effectiveness of the risk management and internal control systems, having held meetings, in person or by telematic means, with the periodicity and length considered appropriate, namely, on 27 May, 8 September 2020 and 18 November 2020, on 8, 16 and 30 March and 7 April 2021, and having obtained, from the Board of Directors and personnel of the Company and its affiliates, all the information and explanations required.

The Statutory Audit Board accompanied, with special care the audit work in the context of uncertainty caused by the Covid-19 pandemic, taking into account the circular to the supervisory bodies of public interest entities of the CMVM of 18 December 2020 on the audit of the closing of accounts for this financial year. In this context to highlight the resilience of the Group and the ability to adapt to the demands and restrictions imposed by the crisis, while safeguarding a salutary economic and financial development.

In compliance with article 249º-A, paragraph 1 of the Portuguese Securities Market Code, in the version introduced by Law no. 50/2020, of 25 August, at its meeting of 18 November 2020, the Statutory Audit Board issued a binding prior opinion regarding the review of the internal transaction policy with related parties, a policy that has been approved by the Board of Directors. During the year, transactions with related parties or qualified shareholders that are within the scope of the Company´s current activity, were carried out under market conditions, complying with the applicable legal and regulatory requirements, with no conflicts of interest identified.

In the exercise of its competences, the Statutory Audit Board held regularly meetings with Statutory External Auditor's representatives in order to monitor the audit work carried out and its conclusions, and also to assessing its independence. In this matter, the Statutory Audit Board also analysed the proposals that were presented to it for the provision of services other than auditing by the Statutory External Auditor, having approved them, since they respect the permitted services, do not affect the independence of the respective Statutory External Auditor and comply with other legal requirements.

During the year 2021, the Statutory Audit Board analysed the different proposals for the provision of external audit services, with the issuance of Statutory and Auditor's Report, presented by EY Audit & Associados - SROC, SA, by Deloitte & Associados, SROC SA, by PricewaterhouseCoopers & Associados, SROC, Lda. and by KPMG &

Associados, SROC SA, having issued the proposal on the appointment of the company's new Statutory External Auditor to be submitted to the General Meeting.

As part of its duties, the Statutory Audit Board examined the Management Report, including the Corporate Governance Report and the other separate and consolidated accounts, namely the Separate and Consolidated Financial Statements of the Financial Position, Income Statement, Comprehensive Income, Changes in Equity and Cash Flows for the year ended 31 December 2020 and the corresponding notes, prepared by the Board of Directors, considering that the information disclosed meets the applicable legal standards, is appropriate for understanding the financial position and results of the company and the consolidation perimeter, and also proceeded to the assessment of the respective Statutory and Auditor’s Report, issued by the Statutory External Auditor, a document that does not include a qualified opinion and agreed with its content.

Finally, the Statutory Audit Board also analysed the Additional Report to the Statutory Audit Board and other documentation issued by the representative of Ernst & Young Audit & Associados – SROC, S.A., Statutory and External Auditor of the Company.

2. Declaration of Responsibility

Within the scope of the powers of its competences, the Statutory Audit Board declares that, to its knowledge and conviction, the documents of the annual report above mentioned, were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of COFINA, SGPS, S.A. and the companies included in the consolidation. And that the Management Report adequately describes the business, performance and financial position of the Group, containing an adequate description of the major risks and uncertainties it faces. It is also declared that the Corporate Governance Report complies with article 245-A of the Portuguese Securities Market Code.

3. Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders’ General Meeting to approve:

a) The Management Report;

b) The separate and consolidated financial statements and the corresponding notes, for the year ended 31 December 2020;

c) The proposal of net profit appropriation presented by the Board of Directors.

We wish to express our appreciation to the Board of Directors and to the various services of the Company and of its affiliates for their collaboration.

Oporto, 7 April 2021

The Statutory Audit Board

Pedro Pessanha
Statutory Audit Board President

António Pinho
Statutory Audit Board Member

Ana Paula dos Santos Silva e Pinho
Statutory Audit Board Member

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