



COFINA, SGPS, S.A.
Public Company

Head Office: Rua Manuel Pinto de Azevedo, 818 – Porto
Fiscal Number 502 293 225
Share Capital: 25,641,459 Euro

Financial Information – 1st Half of 2020
(unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, 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.



COVID-19

The first half of 2020 was marked by the emergence of a global epidemic called COVID-19, and on March 11, 2020 the World Health Organization declared it a pandemic. In Portugal, a state of emergency was declared, which was in force from the 19th of March until the 2nd of May 2020.

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.

Ensuring the permanent well-being of all Employees, their families and the community, has always been and will continue to be a priority for Cofina. The Group, together with the human resources department, implemented a series of increased preventive actions to protect the health and safety of its Employees, based on the recommendations of the Portuguese Health Authority to face the pandemic. This plan has been continuously adjusted considering the evolution of the pandemic, being essential for the purpose of containing the impacts of the pandemic between our employees and the local community.

As a result of the various measures implemented by the Group, on June 30, 2020, a negative impact on the income statement is estimated in the amount of approximately 75 thousand Euro (including protective equipment expenses, among others).

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 and contribute to mitigate the impacts on the activity from the pandemic.

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 June 30, 2020, the amount of consolidated credit lines available (namely pledged current accounts, bank overdrafts and cash-poolings) in the amount of approximately 12.6 million Euro. Additionally, the Group presents Cash and cash equivalents amounting to, approximately, 16.8 million Euro.

1st Half 2020

The financial information was prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU).

(thousand Euro)	1H2020	1H2019	Var (%) 1H20/1H19
Operational revenues (a)	34,042	42,696	-20.3%
Circulation	16,619	20,948	-20.7%
Advertising	9,150	12,845	-28.8%
Alternative marketing products and others	8,273	8,903	-7.1%
Revenues by segment	34,042	42,696	-20.3%
Press	27,053	35,546	-23.9%
TV	6,989	7,150	-2.3%
Recurring operational costs (b)	(29,824)	(34,955)	-14.7%
Recurring EBITDA (c)	4,218	7,741	-45.5%
EBITDA margin (d)	12.4%	18.1%	-5.7 p.p.
Press	2,455	6,104	-59.8%
EBITDA margin Press (e)	9.1%	17.2%	-8.1 p.p.
TV	1,763	1,637	7.7%
EBITDA margin TV (f)	25.2%	22.9%	+2.3 p.p.
Non-recurring costs (g)	(1,649)	-	-
Total EBITDA = Recurring EBITDA + Non-recurring costs	2,569	7,741	-66.8%
Amortizations and depreciations	(1,794)	(1,811)	-0.9%
EBIT (h)	775	5,930	-86.9%
EBIT margin (i)	2.3%	13.9%	-11.6 p.p.
Financial results (j)	(1,966)	(1,177)	67.0%
Profit / (Loss) before income tax	(1,191)	4,753	-125.1%
Income taxes	(64)	(1,738)	-96.3%
Consolidated net profit	(1,255)	3,015	-141.6%

- (a) Operational Revenues = Sales + Services rendered + Other income
- (b) Recurring operational costs = Cost of sales + External supplies and services + Payroll expenses + Provisions and impairment losses + Other expenses (excluding non-recurring costs)
- (c) Recurring EBITDA = Operational revenues + Recurring operational costs
- (d) EBITDA margin = Recurring EBITDA / Operational revenues
- (e) EBITDA Press margin = EBITDA Press / Revenues by Segment Press
- (f) EBITDA TV margin = EBITDA TV / Revenues by Segment TV
- (g) Non-recurring costs = Namely costs with the Media Capital operation acquisition
- (h) EBIT = EBITDA + Amortizations and depreciations
- (i) EBIT margin = EBIT / Operational revenues
- (j) Financial results = Results related to associated companies and joint ventures + Financial expenses - Financial income

The results of the first half of 2020 were characterised by pandemic COVID-19, which had a relevant impact on the revenues of the media groups, having witnessed significant falls in all the captions that constitute the revenues, namely, the strong contraction in advertising investments, circulation revenues affected by the implementation of confinement measures between March and May, which resulted in the closure of many publications points of sale to the public and, consequently, in revenues associated with marketing.

Hence, in the first half of 2020, total revenues amounted to 34.0 million Euro, which corresponds to a 20% decrease in relation to the same period of the previous year. Circulation and advertising



revenues recorded 20.7% and 28.8% decreases, respectively. Revenues from marketing alternative products and others recorded 8.3 million Euro (-7.1%).

As mentioned above, in strategic terms, cost reduction measures were implemented, with recurring operational costs decreasing by around 15%, reaching 29.8 million Euro. During the first six months of 2020, compared to the same period in 2019, recurring operating costs were reduced by 5.1 million Euro.

Recurring EBITDA achieved approximately 4.2 million Euro, which reflects a 45.5% decrease over recurring EBITDA recorded in the same period of 2019.

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.. These costs amounted to, approximately, 1.6 million Euro.

EBIT reached 0.8 million Euro, which corresponds to an 86.9% decrease.

Financial results, whose amount reached 2 million Euro (+67%), include an amount around 0.6 million Euro of non-recurring financial expenses associated with the above-mentioned transaction.

Consolidated net profit reached, approximately, -1.3 million Euro

As of 30 June 2020, Cofina's nominal net debt¹ was 44.1 million Euro, which corresponds to approximately a 1 million Euro decrease, comparatively to the nominal net debt recorded in the end of 2019, which was 44.9 million Euro.

These amounts include 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.).

¹ Nominal net debt: Other loans (nominal values) + Bank loans (nominal values) – Cash and cash equivalents

TV Segment

Cofina's TV segment consists of CMTV channel, the only generalist channel operating exclusively in the cable network.

<i>(thousand Euro)</i>	1H2020	1H2019	Var (%) 1H20/1H19
Operational revenues (a)	6,989	7,150	-2.3%
Advertising	2,606	2,663	-2.1%
Transmission fees and others	4,383	4,487	-2.3%
Operational costs (b)	(5,226)	(5,513)	-5.2%
EBITDA TV (c)	1,763	1,637	7.7%
EBITDA margin	25.2%	22.9%	+2.3 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 total revenues reached to approximately 7.0 million Euro, which represents a 2.3% decrease. Advertising revenues reached 2.6 million Euro (-2.1%) and revenues from Transmission fees and others achieved 4.3 million Euro (-2.3%).

Operational costs were reduced by approximately 5.2%. Hence, EBITDA TV recorded was around 1.8 million Euro, an increase of 8% when compared to the EBITDA TV recorded in the previous year.

Press Segment

<i>(thousand Euro)</i>	1H2020	1H2019	Var (%) 1H20/1H19
Operational revenues (a)	27,053	35,546	-23.9%
Circulation	16,619	20,948	-20.7%
Advertising	6,544	10,182	-35.7%
Alternative marketing products and others	3,890	4,416	-11.9%
Operational costs (b)	(24,598)	(29,442)	-16.5%
Press EBITDA (c)	2,455	6,104	-59.8%
EBITDA margin (d)	9.1%	17.2%	-8.1 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, as a result of the closure of publications points of sale to the public and the lack of sporting events, during the period in which Government measures, with the objective of social isolation, were in place. It should also be noted the drop in advertising in all products.



Hence, during the first half of 2020, the total revenues of 27.1 million Euro represent a 24% decrease over the same period of the previous year. Advertising revenues and circulation revenues recorded a 36% and 21% decrease, respectively. Revenues from “alternative marketing products and others” recorded a 12% decrease.

Operational costs were 24.6 million Euro, recording a decrease around 17%.

EBITDA of this segment amounted to 2.5 million Euro, a 60% decrease when compared to the same period of the previous year.



Prisa complaint and Média Capital Public Tender Offer

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.

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.

At the present date, the arbitration proceeding is following its normal procedures.

In relation to the Public Tender Offer for the shares representing the share capital of the Grupo Média Capital, SGPS, S.A, Cofina Group published, on August 12, 2020, the Amendment to the Preliminary Announcement of the Public Tender Offer.



Future Perspectives

The current context remains marked by a high level of uncertainty.

Regarding revenues, there has been a recovery from the levels reached in the confinement period.

Cofina's management team is, as it has been doing over the years, focused on the sustainability of operations and the safety of all employees.

Oporto, September 10, 2020

COFINA. SGPS. S.A.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

30 JUNE 2020 AND 31 DECEMBER 2019

(Amounts expressed in Euros)

ASSETS	30.06.2020	31.12.2019
NON-CURRENTS ASSETS		
Property, plant and equipment	2 452 132	2 628 257
Goodwill	83 977 180	83 977 180
Intangible assets	212 549	294 027
Right of use assets	10 057 864	11 185 493
Investments in associated companies and joint ventures	2 614 548	3 226 471
Other investments	10 005 510	10 015 510
Other non-current assets	76 369	66 252
Deferred tax assets	779 867	763 981
Total of non-current assets	110 176 019	112 157 171
CURRENT ASSETS		
Inventories	1 371 500	1 450 074
Trade receivables	4 533 078	6 294 057
Assets associated with contracts with customers	2 736 129	4 355 623
Other debts from third parties	872 483	435 153
Other current assets	509 137	1 223 963
Cash and cash equivalents	16 798 423	7 122 371
Total current assets	26 820 750	20 881 241
TOTAL ASSETS	136 996 769	133 038 412
EQUITY AND LIABILITIES		
EQUITY		
Share capital	25 641 459	25 641 459
Share premiums	15 874 835	15 874 835
Legal reserve	5 409 144	5 409 144
Other reserves	(3 119 307)	(10 268 757)
Consolidated net profit/(loss) for the financial year	(1 254 865)	7 149 450
Total equity attributable to shareholders of the Parent Company	42 551 266	43 806 131
Non-controlling interests	-	-
TOTAL EQUITY	42 551 266	43 806 131
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease liabilities	9 105 490	10 949 593
Provisions	650 000	650 000
Total non-current liabilities	9 755 490	11 599 593
CURRENT LIABILITIES		
Bank loans	8 883 781	12 671
Other loans	51 898 647	52 074 236
Lease liabilities	2 605 254	2 130 774
Trade payables	5 972 381	8 336 586
Liabilities associated with contracts with customers	2 229 557	3 282 531
Income tax	3 735 825	3 656 326
Other debts to third parties	3 719 619	2 758 089
Other current liabilities	5 644 949	5 381 475
Total current liabilities	84 690 013	77 632 688
TOTAL LIABILITIES	94 445 503	89 232 281
TOTAL LIABILITIES AND EQUITY	136 996 769	133 038 412

COFINA, SGPS, S.A.

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE
SIX MONTHS PERIODS ENDED 30 JUNE 2020 AND 2019**

(Amounts expressed in Euros)

	30.06.2020	30.06.2019
Sales	16 618 712	20 948 462
Services rendered	9 149 704	12 845 481
Other income	8 274 010	8 902 843
Cost of sales	(3 237 816)	(4 959 014)
External supplies and services	(14 724 651)	(16 678 664)
Payroll expenses	(12 776 449)	(13 075 877)
Amortisation and depreciation	(1 793 859)	(1 811 053)
Provision and impairment losses	(86 427)	(160 687)
Other expenses	(648 198)	(80 618)
Results related to associated companies and joint ventures	(611 923)	(24 382)
Financial expenses	(1 354 355)	(1 153 507)
Financial income	-	571
Profit/(Loss) before income tax	(1 191 252)	4 753 555
Income tax	(63 613)	(1 738 085)
Consolidated net profit	(1 254 865)	3 015 470