



## A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

In accordance with the provisions of Article 227 of the *Ley del Mercado de Valores*, Atresmedia Corporación de Medios de Comunicación, S.A. (Atresmedia Corporación) hereby notifies the following

### RELEVANT INFORMATION

Proposals of the resolutions that the Board of Directors has decided to submit for the consideration by the Ordinary Shareholders' General Meeting, called today, which will be initially held on 21<sup>st</sup> October 2020.

#### **Proposal concerning item 1 of the agenda**

##### **1. Appropriation of the profit obtained in 2019.**

*To approve the proposed distribution of the 2019 profit, taking into account that net profit, after the provision for corporate income tax for this year, amounts to 103,028 thousand euros, that would be distributed as follows:*

- *An amount of 45,012 thousands of euros shall be allocated to the payment of a dividend, which has been already distributed in full, as it corresponds to the interim dividend of 0.20 € which was paid on 18<sup>th</sup> December 2019, following a resolution adopted by the Board of Directors.*
- *The remaining sum, which amounts at least to euro 58,016 thousands, will be allocated to voluntary reserves.*

Please find attached the statement made by KPMG Auditores, S.L., the Auditor of the accounts of the Company and its group, confirming that the audit opinion contained in the individual and consolidated audit reports would have not been altered in case that this resolution of the Board of Directors had been known on the date of issue of such reports.

The letter sent by KPMG includes as an **Annexe** the report prepared by the Board of Directors justifying such proposal, which is available to all shareholders.

#### **Proposal concerning item 2 of the agenda**

##### **2. Delegation of powers to formulate, construe, make good and enforce the resolutions adopted by the General Meeting, and to replace the powers granted to the Board of Directors by the Meeting.**

To authorise the Board of Directors of the Company, as broadly as required by law and with express powers of delegation to the Chairman of the Board of Directors, the Chief Executive Officer, The Secretary and the Deputy Secretary of the Board, so that either the Board of Directors or any of them, joint and severally, may indistinctly carry out any actions deemed appropriate in connection with the formulation, construction, amendment and full enforcement of the resolutions adopted by this General Meeting.

Madrid, 17<sup>th</sup> September 2020



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Our ref: 2020s14gpc2

Contact No.: 91 456 34 00

To the Board of Directors of Atresmedia  
Corporación de Medios de Comunicación, S.A.

September 15, 2020

Dear sirs,

The Notice of Call of the General Meeting of Shareholders of Atresmedia Corporación de Medios de Comunicación, S.A., dated 29<sup>th</sup> April 2020, includes the following proposal regarding the distribution of profit, which was agreed by the Board of Directors on the occasion of the meeting held on 26<sup>th</sup> February 2020:

	Thousand euros
Interim dividend distributed in 2019 (0.20 euros/share)	45,012
Maximum extra dividend (0.25 euros/share)	56,433
To voluntary reserves	1,583
TOTAL	103,028

This proposal is also included in Note 3 to the annual accounts of Atresmedia Corporación de Medios de Comunicación S.A. and Note 23 to the consolidated annual accounts of Atresmedia Corporación de Medios de Comunicación S.A. and its subsidiaries for the year ended on 31<sup>st</sup> December 2019, that were formulated by the Board of Directors at the above-mentioned meeting and that were the object of our unqualified audit reports issued on 26<sup>th</sup> February 2020.

As indicated in the attached documentation, the Board of Directors, in the meeting dated 14<sup>th</sup> September 2020, which was held in writing and without a session, decided to substitute the initially proposed distribution of profit by the following proposal, after the postponement of the resolution concerning such initial proposal on the occasion of the Meeting held on 29<sup>th</sup> April 2020:

	Thousand euros
Interim dividend distributed in 2019 (0.20 euros/share)	45,012
To voluntary reserves	58,016
TOTAL	103,028



Against this background, we hereby confirm that our audit opinion contained in the audit reports issued on 26th February 2020 in connection with the annual accounts of Atresmedia Corporación de Medios de Comunicación S.A. and the consolidated annual accounts of Atresmedia Corporación de Medios de Comunicación, S.A. and its subsidiaries for the year ended on 31st December 2019 would have not been altered by this resolution, in case that it had been known at the time of the issue of such audit reports.

This letter exclusively refers to the resolution regarding the decision to amend the proposal to be submitted to the approval of the General Meeting of Shareholders in connection with the distribution of profit. Since 26th February 2020, the date on which our audit reports were issued, no audit procedure has been conducted by us, neither in connection with any other issues, nor with any subsequent events that may have occurred since that date.

This letter is issued at the request of the Board of Directors of Atresmedia Corporación de Medios de Comunicación S.A., for the purposes of informing the General Meeting of Shareholders of Atresmedia Corporación de Medios de Comunicación S.A. pursuant to the requirements contained in article 40.6.bis of Royal Decree-Law 8/2020, and may not be used for any other purpose.

KPMG Auditores, S.L.

Manuel Martín Barbón  
Partner



**REPORT PREPARED BY THE BOARD OF DIRECTORS OF ATRESMEDIA CORPORACIÓN IN CONNECTION WITH THE NEW PROPOSAL REGARDING THE APPROPRIATION OF THE PROFIT OBTAINED IN 2019, THAT WILL BE PUT TO VOTE AT THE ORDINARY MEETING OF SHAREHOLDERS, TO BE FORESEEABLY HELD IN FIRST CALL ON 21<sup>ST</sup> OCTOBER 2020, OR THE NEXT DAY, IN SECOND CALL.**

As it has happened in most sectors of the economy, Atresmedia has suffered a significant impact as a result of the COVID-19 pandemic and the measures adopted by the authorities in an attempt to prevent its expansion. This impact can be summarised as follows:

- Despite these extraordinary circumstances, TV and radio broadcasts have been maintained without interruption. To that effect, it has been necessary to implement a series of measures that ensure the day-to-day operation and the quality of such broadcasts while simultaneously preserving the health of all of our employees and collaborators. As far as many activities were concerned, a remote working model was implemented, which proved to be, and still is successfully efficient. However, in other areas, including News and Current affairs programmes, physical presence is unavoidable. In these cases, a series of strict protocols were established right from the very outset, in an effort to minimise the risk of contagions. The balance is very positive and shows a high capacity of adaptation to unforeseen circumstances on the part of the organisation.
- The production of programmes has been hampered during the extreme confinement period, although activities have been resumed as the regulations in that respect have been gradually smoothed. Currently, these activities have been totally restored, although the safety and prudence guidelines that are still required in the current circumstances have been maintained. The delays experienced in the production of some contents have neither significantly affected, nor will they likely affect the programming offer of our channels, beyond some temporary adjustments.
- A very significant increase in TV consumption has been observed. Both the confinement as such and the hunger for information shown by citizens explain that we have witnessed the highest rates of free TV consumption since records exist. Thus, during the first weeks of confinement (second half of March), TV consumption surged by 39%, reaching a daily maximum figure of 309 minutes. Consumption figures lowered as lockdown measures were progressively being relaxed, although they still maintained historical record levels, showing double-digit growth rates. This trend has been maintained, at least for the time being, with an average monthly consumption of 3 hours and 45 minutes in June (+5% compared to last year). In this context, the audience share of Atresmedia has remained stable, at around 26%. These facts evidence that free TV has become the cornerstone reference for the population as a whole, including young people, in the fields of entertainment and information. In the context of news programmes, the role played by Atresmedia has been particularly significant, since it made a clean sweep of all the leading positions among the media, becoming the highest rated in terms of current affairs coverage, well ahead of its competitors.



- The advertising market has suffered one of the worst falls in its history since mid-March. Over the first half of the year, according to the information provided by Infoadex, the advertising market as a whole fell by 27.9%, with declines of 31.8% in TV, 34.3% in radio and 14,3% in digital media. The sharpest drops occurred between mid-March and mid-May. June saw a significant, but slighter drop, in line with the gradual resumption of activities.

As a consequence of these circumstances, net income during the first half of 2020 was 375.0 million euros, down 30.6% from the figure recorded during the same period of the previous year. In view of the lockdown measures and the resulting severe decline in household consumption, advertisers scaled down their investment in advertising as they had never done before. To a greater or lesser extent, but always very significantly, this behaviour has affected all sectors of economic activity and all advertising platforms, including television, radio and digital media.

Against this backdrop, Atresmedia adopted some important adjustment measures to mitigate the adverse economic impact of the pandemic on the operating income and the financial position of the Group, which included adjustments in all expenditure items, especially those related to programming and variable staff expenses. No job cuts have been carried out, since production activities have continued at their normal pace, with the exception of the already mentioned delays. Additionally, without leaving aside the long-term vision, investments have been reviewed, in an effort to adapt them to the new circumstances. It is expected that a significant number of the adjustments made are sustained in the long term, beyond this period of market weakness.

Thanks to these measures, total operating costs, excluding provisions for depreciation, amounted to 332.2 million euros during the first half of 2020, 23.8% lower than the figure of the same period of 2019. Despite these efforts, the accrued EBITDA figure up to June, calculated as the operating income plus the amounts allocated to depreciation, impairment and disposal of fixed assets, totalled 42.8 million euros, compared with the amount of 103.8 millions recorded during the January-June 2019 period. Net profit amounted to 22.7 millions, compared to 69.6 millions during the first half of 2019.

Following a criterion of prudence, the Board of Directors decided to withdraw from the agenda of the 2020 ordinary general meeting the point concerning the allocation of the profit obtained in 2019, which included the distribution of a dividend of € 0.25 per share, amounting to 56,433 thousand euros.

The continuation of the COVID-19 outbreak during the summer months and the expected evolution of the pandemic in the next months have made economic recovery more uncertain. As things stand today, it does not seem likely that the economy returns to the pre-crisis levels within just a few months. Rather, all the available studies suggest that the recovery period will extend beyond 2021.

In this context of economic uncertainty, the Board of Directors, in the meeting held on 14<sup>th</sup> September 2020, decided to definitively suspend the proposal concerning the distribution of an extra dividend charged against 2019 earnings, as indicated in the initial proposal regarding the appropriation of the profit obtained in 2019, which had been included in the Annual accounts formulated on 26<sup>th</sup> February. The voting of this proposal had been already postponed through a resolution of the Board of Directors, adopted in writing and without holding a meeting on 23<sup>rd</sup> April 2020.



The Board of Directors has adopted the following resolution in this respect:

**"FIRST. – Proposal concerning the appropriation of the profit obtained in 2019.**

*To approve the proposed distribution of the 2019 profit, taking into account that net profit, after the provision for corporate income tax for this year, amounts to 103,028 thousand euros, that would be distributed as follows:*

	<u>Thousand euros</u>
<i>Profit obtained in 2019</i>	<i>103,028</i>
<i>- Interim dividend distributed in 2019 (0.20 euros/share)</i>	<i>45,012</i>
<i>- To voluntary reserves</i>	<i>58,016"</i>

The proposal concerning the distribution of the profit obtained in 2019 does not significantly affect the true and fair view of the annual accounts (beyond the note attached to the report in connection with such proposal), and as far as this matter is concerned, the Board of Directors is of the opinion that the aforementioned annual accounts do not need to be reformulated and consequently, the annual accounts formulated on 26<sup>th</sup> February 2020 will remain unaltered. Furthermore, the Board also considers that the new proposal does not diminish the company's assets to a greater extent than the proposal contained in the report issued on that date.

17<sup>th</sup> September 2020