

# MANAGEMENT REPORT

SEPTEMBER 2021



MINISTERIO DE SALUD  
SECRETARÍA DE SALUD



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# MISSION AND BUSINESS AREAS



## 1. INTRODUCTION

### Mission

INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (hereinafter INTERBOLSA) is a public limited company whose purpose is the management of settlement systems and centralised securities systems.

The mission of INTERBOLSA is:

- (a) To provide capital market participants, financial institutions and issuers, with systems for the registration, deposit and custody of securities and systems for the settlement of transactions on these same securities;
- (b) To contribute to the development and efficiency of the capital market, namely in the areas of settlement and custody, by providing top quality services and infrastructures that meet safely and reliably the needs of market agents, thereby creating competitive conditions, reducing systemic risks and safeguarding investors' rights.

To pursue its mission, and in accordance with its corporate purpose and the provisions of Regulation (EU) No 909/2014 of 23 July (shortly CSD Regulation), INTERBOLSA pursues a wide range of activities in the following areas of activity:

- (a) Initial registration of securities in a Centralized Securities System;
- (b) Structuring and administration of Centralised Securities Systems
- (c) Management of Securities Settlement Systems;
- (d) Non-banking-type ancillary services, in particular: allocation and management of ISIN codes as a National Numbering Agency, organisation of the Securities Lending Management System (SGE) and the Investment Funds System (SFI) and the establishment of CSD links with other central securities depositories.

### Strategic Plan “Let’s Grow Together 2022”

Following the Initial Public Offering in 2014, Euronext presented its "Agility for Growth" strategic plan in May 2016, setting out its growth ambitions until 2019. Most of the objectives set out therein have been achieved, some even ahead of schedule.

In October 2019, Euronext presented its new strategic plan, named "Let's Grow Together 2022", outlining its growth ambition until 2022.

The vision underlying this strategic plan is to build the leading European capital market infrastructure, connecting local economies with global capital markets, exploiting opportunities to accelerate innovation and ensure sustainable growth.

Euronext Group will continue to expand its business across the financial markets value chain, adding solutions for its clients.

**The Let's Grow Together 2022 strategic plan is based on 6 strategic pillars:**

- (a) Diversify local and global infrastructures
- (b) Increase connectivity with customer
- (c) Promote operational excellence
- (d) Empower employees to grow, perform and innovate
- (e) Promote sustainable finance
- (f) Execute a value creating M&A program

This plan embodies the creation of a new business area of the Euronext Group, related with the post-trade activity, called Euronext of CSDs.

This new business area now includes four CSDs - INTERBOLSA, EURONEXT VPS (the Norwegian CSD), which was integrated into the group following the acquisition of the Norwegian Stock Exchange in 2019, VP Securities (the Danish CSD) integrated in 2020 and Monte Titoli (the Italian CSD) integrated in 2021.

In this context, Euronext has a post-trade area that enables it to fulfil its ambition of modernising and expanding this business area, exploiting synergies and promoting the diversification of services, thus materialising its strategic objectives of building a leading market infrastructure in Europe, and strengthening the post-trade business within the Group.

## 2. MAIN AREAS OF ACTIVITY

### 2.1. INITIAL REGISTRATION OF SECURITIES AND STRUCTURING AND ADMINISTRATION OF CENTRALISED SECURITIES SYSTEMS

Within the scope of the initial registration of securities and of the structuring and administration of centralised securities systems (in short, Centralised Securities Systems), INTERBOLSA registers securities issues, the corresponding positions held by financial intermediaries and carries out all the necessary procedures for the exercise of rights.

In detail, INTERBOLSA provides the following services:

- (a) Registration of issues of securities in dematerialised form and the carrying out of the inherent controls;
- (b) Registration of issues of securities in certificated form, the respective safekeeping and performing of the inherent controls;
- (c) Registration of the positions held by Financial Intermediaries and other participants in the accounts opened within the centralised systems, and which are reflected in the TARGET2-Securities (T2S) platform;
- (d) Carrying out all the procedures necessary for the exercise of rights of an asset nature, namely changes to the companies' share capital, income payments and redemptions.

The Participants in the Centralised Systems are the Issuing Entities, the Financial Intermediaries and other entities, which, under the terms of the law and the regulations in force, may become affiliated.

The Centralised System is made up of an interconnected set of accounts through which the creation and transfer of securities under custody is processed and the quantity of securities in circulation and the rights constituted over them are controlled.

### 2.2. MANAGEMENT OF SETTLEMENT SYSTEMS

Since March 29<sup>th</sup>, 2016 INTERBOLSA has been providing the settlement service through the TARGET2-Securities (T2S) platform, operated by the Eurosystem, handling the participants' securities accounts and dedicated cash accounts opened on that platform, for euro payments. Payments in currencies other than euro, which are not eligible in the T2S platform, are processed by sending payment instructions to the foreign currency payment system (SPME) operated by Caixa Geral de Depósitos.

The Settlement Systems have as functions:

- (a) The settlement of transactions carried out on a regulated market or multilateral trading system;
- (b) The settlement of OTC (Over-The-Counter) transactions;
- (c) The settlement of Free-of-Payment (FOP) transfers;
- (d) Settlement relating to the exercise of rights inherent to securities registered or deposited in the Centralised Securities Systems;
- (e) The processing of financial settlements in the participants' dedicated cash accounts opened in the T2S platform, for payments in euros, and the sending of payment instructions to the foreign currency payment system (SPME), operated by Caixa Geral de Depósitos, for payments in non-Euro currency.

The participants in the Settlement Systems are the Financial Intermediaries affiliated to INTERBOLSA, and other entities which may assume the capacity of affiliate under the terms of the law and the regulations in force, which ensure the physical and financial settlement of the operations carried out on the regulated market and in the multilateral trading system, as well as the operations carried out off-market.

### 2.3. NON BANKING ANCILLARY SERVICES

INTERBOLSA provides a range of non-banking services which do not involve credit or liquidity risks and which contribute to improving the security, efficiency and transparency of the securities markets. These include services related to the settlement service and services connected with the services of registration in an account and administration of the centralised registration system.

#### NATIONAL NUMBERING AGENCY

The National Numbering Agency is the entity responsible for assigning ISIN - International Securities Identification Number, CFI - Classification of Financial Instruments and FISN - Financial Instrument Short Name codes.

In this role, INTERBOLSA performs the following functions:

- (a) Assignment of securities identification codes, ISIN codes, to all securities and other financial instruments issued in Portugal;
- (b) Assignment of CFI codes (code identifying the type and form of the security) to all securities and financial instruments with an ISIN code;
- (c) Assignment of FISN - Financial Instrument Short Name - harmonised abbreviation of the name of the issuing entity and the characteristics of the financial instrument to all securities and financial instruments with ISIN code;
- (d) Dissemination at a national level, as well as to all members of ANNA - Association of National Numbering Agencies, of the ISIN and CFI codes assigned;
- (e) Interlocution between the national entities and the other National Numbering Agencies.

#### INVESTMENT FUNDS MANAGEMENT SERVICE (SFI)

INTERBOLSA makes available to its participants an Investment Funds Management Service (SFI), which provides Financial Intermediaries and Investment Funds Management Companies the following functionalities:

- (a) The registration and control of investment fund units (open and closed end), including ETFs, with whole or fractional quantities;
- (b) The automatic processing of subscriptions and redemptions of open-end investment funds' units, carried out using an order routing mechanism;

- (c) Settlement of transactions on investment fund units/ETFs
- (d) Processing of events associated with investment fund units/ETFs.

### CSD LINKS

The establishment of CSD Links between INTERBOLSA, as an Investor CSD, and other central securities depositories (Issuer CSDs), enables INTERBOLSA participants to hold in their accounts financial instruments originally registered in those Issuer CSDs, allowing the transfer of values between INTERBOLSA participants and participants in those Issuer CSDs, in real time.

The operation of the links is based on the functionalities existing on the TARGET2-Securities (T2S) platform, which controls the securities in circulation in Portugal through an INTERBOLSA securities account (called omnibus account) opened in the foreign Issuer CSD and a mirror account created at INTERBOLSA. The exercise of rights on securities issued in other CSDs is processed by the respective Issuer CSD. INTERBOLSA guarantees the redistribution by its participants of the cash or securities resulting from the exercise of rights received.

The establishment of CSD Links in reverse direction between INTERBOLSA, as an Issuer CSD, and other central securities depositories (Investor CSDs), enables participants in these central securities depositories to hold in their accounts financial instruments originally registered with INTERBOLSA, allowing the cross-border transfer of these securities, as well as the processing of the exercise of rights of equity content, through the pan-European T2S platform.

### PROVISION OF INFORMATION

INTERBOLSA provides regularly statistical, historical and financial information to Financial Intermediaries, to Issuer Entities, to the Securities Market Commission (CMVM), to the Portuguese Central Bank (Banco de Portugal), to the European Central Bank, to auditors and all other entities that request it.

One of the most relevant activities of INTERBOLSA's information management area is the providing of a service that allows Issuers of registered securities, issued in dematerialised or in certificated form and registered in the Centralised Securities Systems, to have access to the identification of the holders of the securities issued by them, as well as to the quantity held by each one.

On 3 September 2020 INTERBOLSA implemented the necessary changes to its systems in order to comply with the provisions of the Shareholders' Rights Directive II (Directive 2017/828 of 17 May 2017) and with the requirements set out in Implementing Regulation 2018/1212 of 3 September 2018.

Following these changes, on 6 September 2021, a second phase of changes was implemented, aimed at improving the services provided for the identification of securities holders, enabling Issuer requests to be made in the past, and notification of general meetings, namely with the implementation of SWIFT ISO 2022 messages.

# BUSINESS ACTIVITY



## 1. ACTIVITY IN THE FIRST 9 MONTHS OF 2021

### 1.1. INTERBOLSA SYSTEMS PARTICIPANTS

Participants in INTERBOLSA systems are the Financial Intermediaries and other entities that, under the terms of the law and the regulations in force, may assume the quality of affiliate.

In the first 9 months of 2021, INTERBOLSA had 32 financial intermediaries affiliated to the Centralised Securities Systems and the Settlement Systems it manages.

Since December 2020, Clearstream Banking AG (CBF) is a direct participant in INTERBOLSA's systems, after the setting up of the Investor CSD Link with INTERBOLSA. This entity thus joins Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), which has also been a direct participant in INTERBOLSA's systems since March 2019.

Besides the above mentioned affiliates, the following are also participants in the Systems managed by INTERBOLSA: Banco de Portugal, Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E, LCH, S.A., OMIClear - Sociedade de Compensação de Mercados de Energia, SGCCCC, S.A., European Central Counterparty, N.V. (EuroCCP), Euronext Paris, Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. and the Comissão do Mercado de Valores Mobiliários (CMVM) as manager of the Investor Compensation Scheme.

It should be noted that, in the context of INTERBOLSA's management of securities settlement systems and its participation in the T2S platform, participants in the settlement systems managed by INTERBOLSA may be either directly connected (DCP - Directly Connected Party) or indirectly connected (ICP - Indirectly Connected Party) to the T2S platform, and both are subject to the supervision and oversight powers provided for in INTERBOLSA's regulations.

Participants with an indirect connection to the T2S platform (ICPs) maintain their connection to INTERBOLSA's local systems, through the communication channels provided by the management entity, and access the T2S platform through those systems.

Participants with a direct connection to the T2S platform (DCPs) maintain a contractual connection for the purposes of participating in the INTERBOLSA systems, including participation in the settlement platform (T2S), solely and exclusively with INTERBOLSA, with only technical access to the settlement and related services.

## 1.2. CENTRALISED SECURITIES SYSTEMS

The Centralised System is made up of an interconnected set of accounts through which the creation and transfer of securities integrated in it is processed and the quantity of securities in circulation and the rights constituted over them are controlled.

At the end of September 2021, 2,789 securities issues were under the management of the Centralised Securities Systems. In absolute terms, the number of securities issues increased by 329 compared to the 2,460 issues registered in the first 9 months of 2021(+13.4%).

The total issues were valued at € 393,755 million, compared to € 366.220 million on 30 September 2021 (+7.5%).

It should be noted that, in the period under review, 1,352 issues of warrants and 118 certificates were registered, which are not valued.



The table below shows the breakdown of issues registered in the systems managed by INTERBOLSA, by type of security, on 30 September 2021 and 2020.

| Securities Type                                 | 30/09/2021   |                            | 30/09/2020   |                            |
|---|--------------|----------------------------|--------------|----------------------------|
|   | Nr. Issues   | Amount (10 <sup>6</sup> €) | Nr. Issues   | Amount (10 <sup>6</sup> €) |
| <b>Shares</b>                                   | 417          | 120,721                    | 434          | 100,485                    |
| <b>Rights</b>                                   | 20           | 1,444                      | 17           | 1,357                      |
| <b>Debt</b>                                     | 676          | 268,367                    | 647          | 261,992                    |
| <b>Public Debt</b>                              | 33           | 168,702                    | 35           | 170,034                    |
| Treasury Bonds                                  | 28           | 161,520                    | 29           | 157,421                    |
| Treasury Bills                                  | 5            | 7,182                      | 6            | 12,613                     |
| <b>Private Debt</b>                             | 643          | 99,665                     | 612          | 91,957                     |
| Bonds(1)  | 586          | 97,348                     | 570          | 90,433                     |
| Convertible securities                          | 3            | 139                        | 3            | 139                        |
| Commercial paper                                | 52           | 2,099                      | 37           | 1,306                      |
| Participation units                             | 2            | 79                         | 2            | 79                         |
| <b>Other</b>                                    | 1,676        | 3,223                      | 1,362        | 2,386                      |
| Funds shares                                    | 186          | 2,544                      | 86           | 1,615                      |
| Warrants (2)                                    | 1,352        |                            | 1,087        |                            |
| Certificates (2)                                | 118          |                            | 155          |                            |
| Structured securities                           | 20           | 679                        | 34           | 771                        |
| <b>Total assets under custody at INTERBOLSA</b> | <b>2,789</b> | <b>393,755</b>             | <b>2,460</b> | <b>366,22</b>              |

(1) Includes Classic Bonds, Cash Bonds, Bonds with subscription rights, Participating Bonds, Covered Bonds and Securitised Bonds; (2) Value is not calculated for warrants, certificates and other similar securities

The valuation indicated in the previous table is based on

- (a) The nominal value, in the case of debt securities and other securities not admitted to trading on a market;
- (b) The market prices, for securities listed on a market, other than debt securities, disclosed by the respective management entity;
- (c) The value of the participation units informed by the management entity, for units not listed on a market;
- (d) The issue value of the shares without par value, not admitted to trading on a market, corresponding to the fraction of share capital in question.

The equity segment had 417 issues valued at € 120,721 million, compared with 434 issues valued at € 100,485 million in September 2021. The number of shares therefore fell by 3.9%, while the valuation of shares rose by 20.1% year-on-year following the increase in the market prices of shares listed on the market.

Regarding long-term public debt, the recorded amount of € 161,520 million shows a year-on-year increase of 3.6%, with the number of issues reaching 28, one less issue than in the same period of 2020. Treasury Bills issues fell from 6 to 5, with the valuation of these instruments decreasing by 43.1%.

Private debt, with a total of 643 issues (31 more than those registered in the same period of the previous year), totalled € 99.665 million at the end of the period, a percentage and year-on-year increase of 8.4%. In this segment, bonds grew 7.6% in value, and the amount of commercial paper rose 60.7%.

The number of fund shares increased to 186 (compared with 86 issues in the first nine months of 2020), with the valuation of this segment showing a year-on-year increase of 57.5%.

At the end of the period under review, the warrants activity shows a year-on-year increase of 24.4% in the number of registered issues, being 1,352 in September 2021 against 1,087 issues registered at the end of the same period in 2020.

On 30 September 2021, 118 certificates were registered, 37 less than those registered in the same period of the previous year (-23.9%).

Structured securities showed a decrease of 14 issues, with their value following the trend and down by 11.9%.

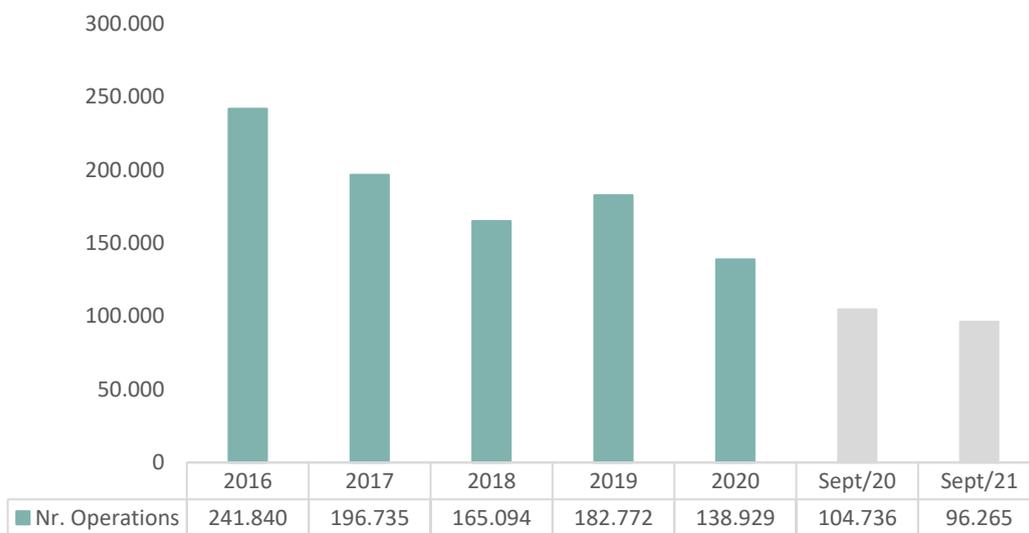
### 1.2.1. Control of issues

Within the scope of its activity of registration and control of dematerialised securities issues and deposit, custody and control of certificated securities, INTERBOLSA manages, for each form of representation of securities, internal accounts that make possible the detection of any differences between the quantity of securities issued, for an issue or category, and the quantity of securities registered and/or deposited in the Centralised Systems it manages.

## 1.2.2. Account movements

The Systems managed by INTERBOLSA also process movements of securities, namely transfers of values between accounts of the same participant and between accounts of different participants, both for the purpose of the physical settlement of operations and for the mere transfer of values between accounts, instructions relating to restrictions on securities (blocking, reservation, earmarking), instructions relating to the processing of the exercise of rights and instructions relating to operations carried out by Central Banks.

Account movements



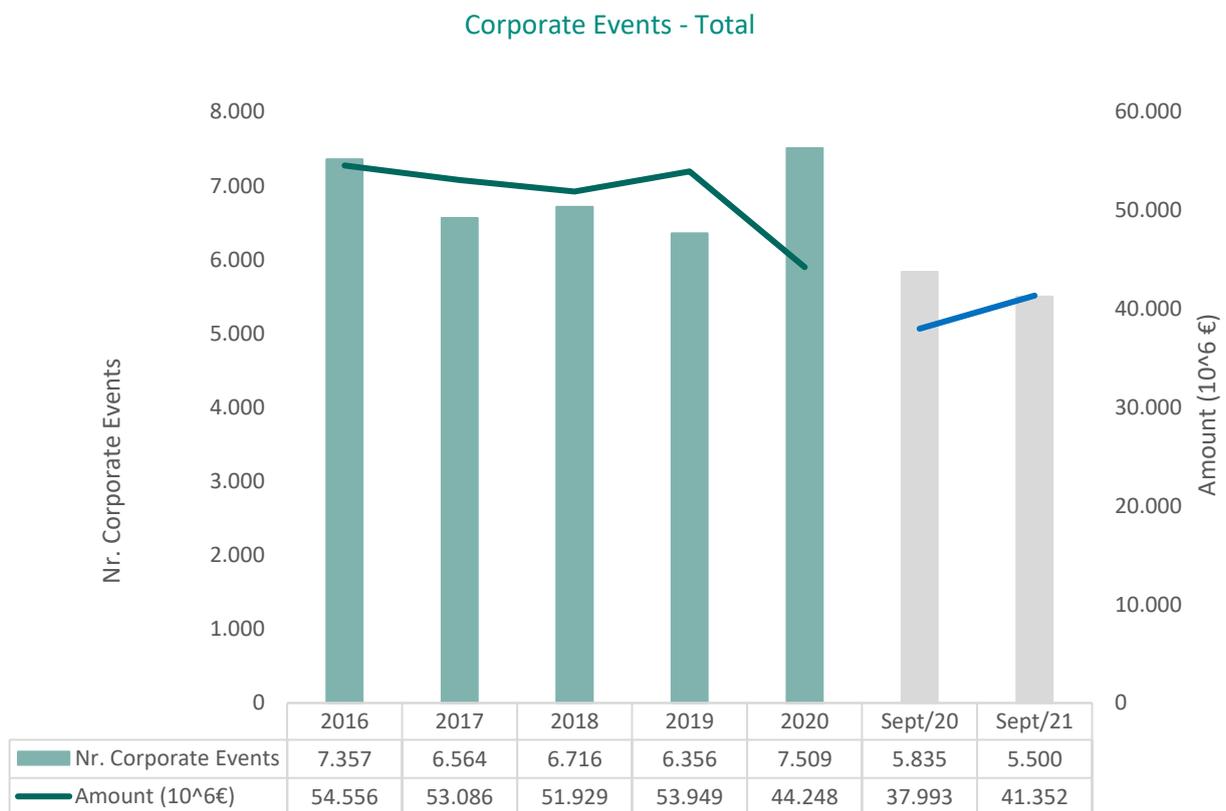
In the first nine months of 2021, 96,265 securities transfers were carried out, 8,471 less transactions, representing a decrease of 8.8% compared to the number of account movements made during the same period of 2020.

## 1.2.3. Corporate Events

Exercising of rights and other corporate events is one of the main activities of the Centralised Systems.

Analysing the corporate events in the first nine months of 2021, 5,500 operations involving the exercise of rights to equity and other events were processed, representing, in absolute terms, a decrease of 335 operations compared with the operations processed in the same period of 2020 (-5.7%).

The amount processed amounted to € 41,352 million, compared to € 37,993 million processed in the same period of the previous year, representing, in percentage terms and year-on-year terms, an increase of 8.8%.



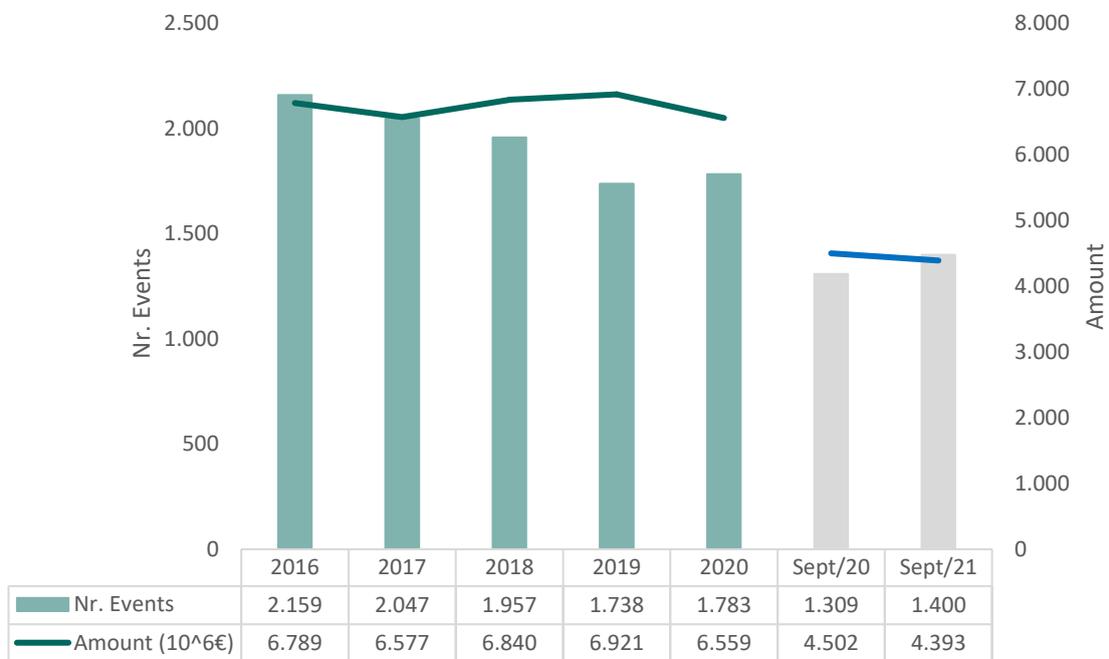
The following sections provide a detailed analysis of the different types of exercising of rights of equity content and other events processed in the Centralised Systems during the first 9 months of 2021.

## PAYMENT OF INTERESTS AND EQUIVALENT INCOME

In the first nine months of 2021, 1,400 interest payment and similar income operations were processed, against 1,309 operations in the same period of the previous year (+7.0%).

The amount of interest paid amounted to € 4,393 million, representing a decrease of 2.4% compared to the amount paid in the same period of 2020.

Corporate Events – Interest payment

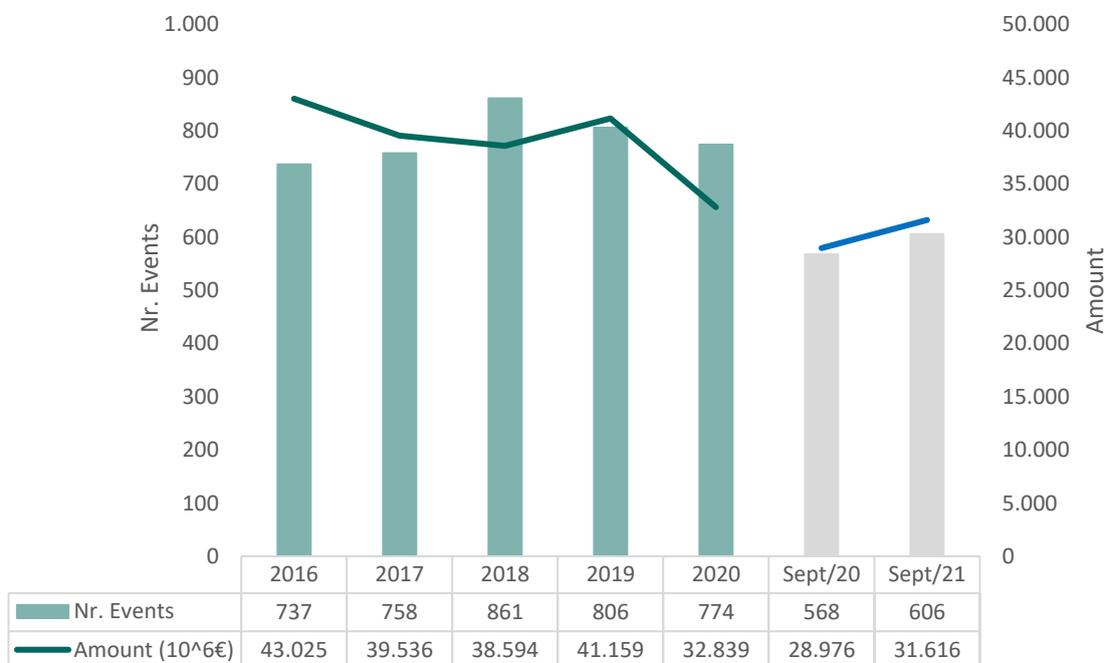


## REDEMPTION PAYMENTS

The redemption operations processed grew from 568 in September 2020 to 606 in the period under review (+6.7%).

This increase in the number of operations was accompanied by the amount registered, which rose from € 28,976 million to € 31,616 million in the first nine months of 2021.

Corporate Events - Redemption

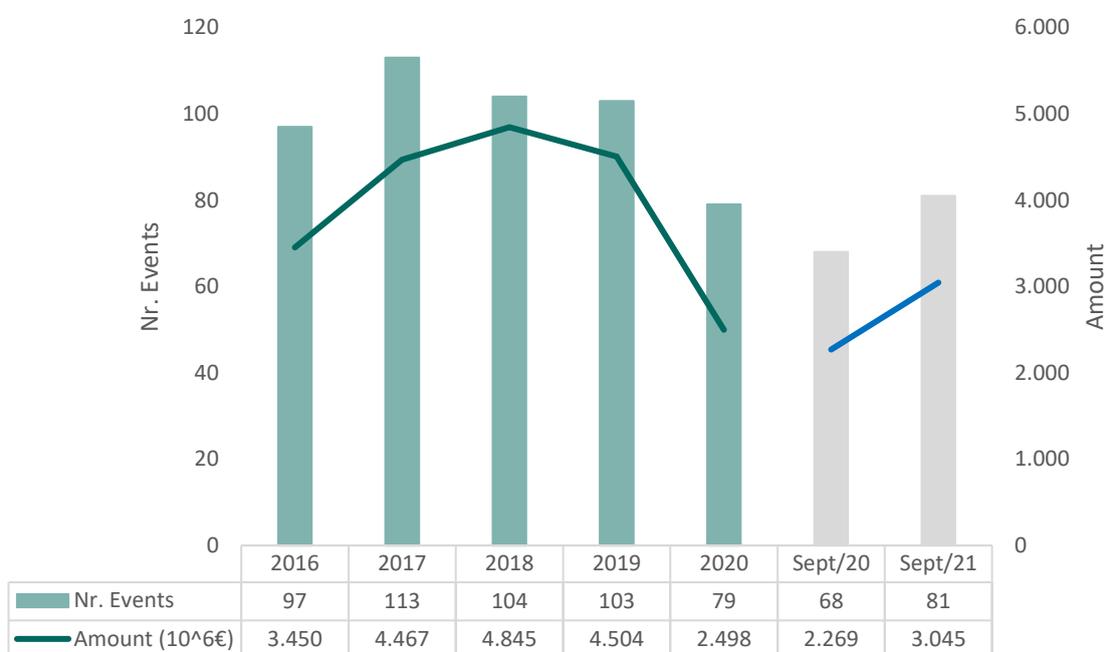


## PAYMENT OF DIVIDENDS AND EQUIVALENT INCOME

The centralised securities system processed 81 dividend and equivalent income payment operations during the period under review, 13 more than in the same period of the previous year.

The amount of dividends and other income paid rose from €2,269 million to €3,045 million, both year-on-year and on a comparable basis (+34.2%).

Corporate Events – Dividends payment



## CAPITAL CHANGES

In a global analysis, 13 capital alteration operations were settled during the period in analysis, of which 4 were mergers of companies and 5 capital reduction operations, 1 incorporation and 3 capital subscription.

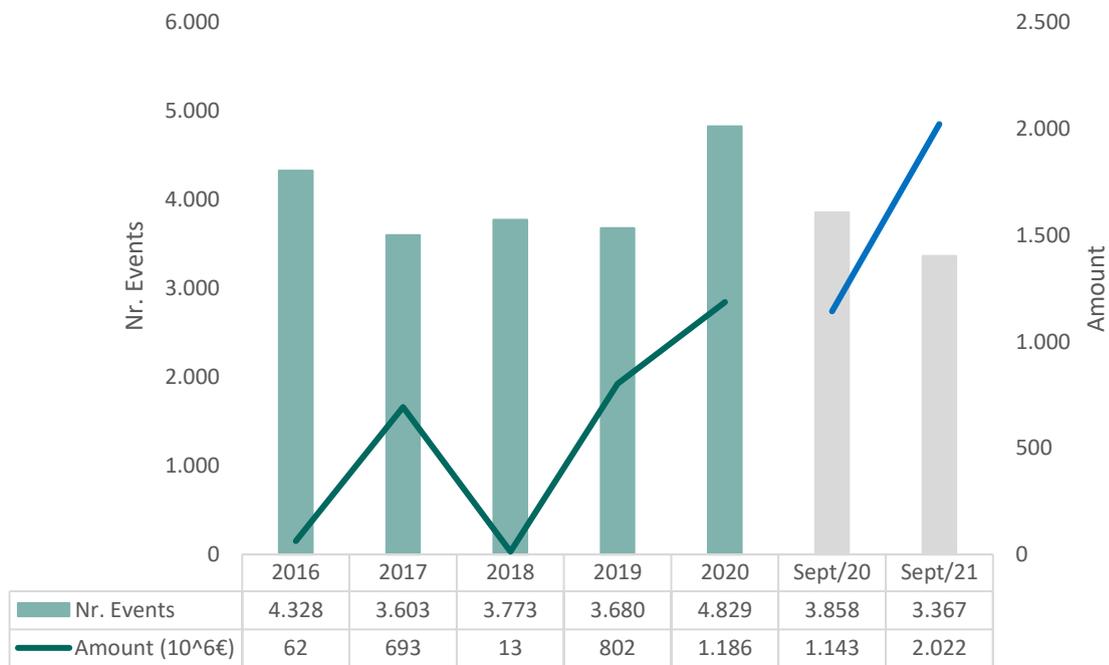
28 operations leading to a change in the form of representation of securities (conversion) were also processed, as was processed 1 issue liquidation and 3 Split operations.

## EXERCISING OF WARRANTS

In the first nine months of 2021 INTERBOLSA processed 3,367 warrant exercise operations, compared with 3,858 operations of this type processed in the same period of the previous year (-12.7%).

The amount involved in the exercise of warrants did not follow the downward trend and totalled € 2,022 million, 76.9% more than the amount processed in the same period of the previous year.

Exercising of warrants



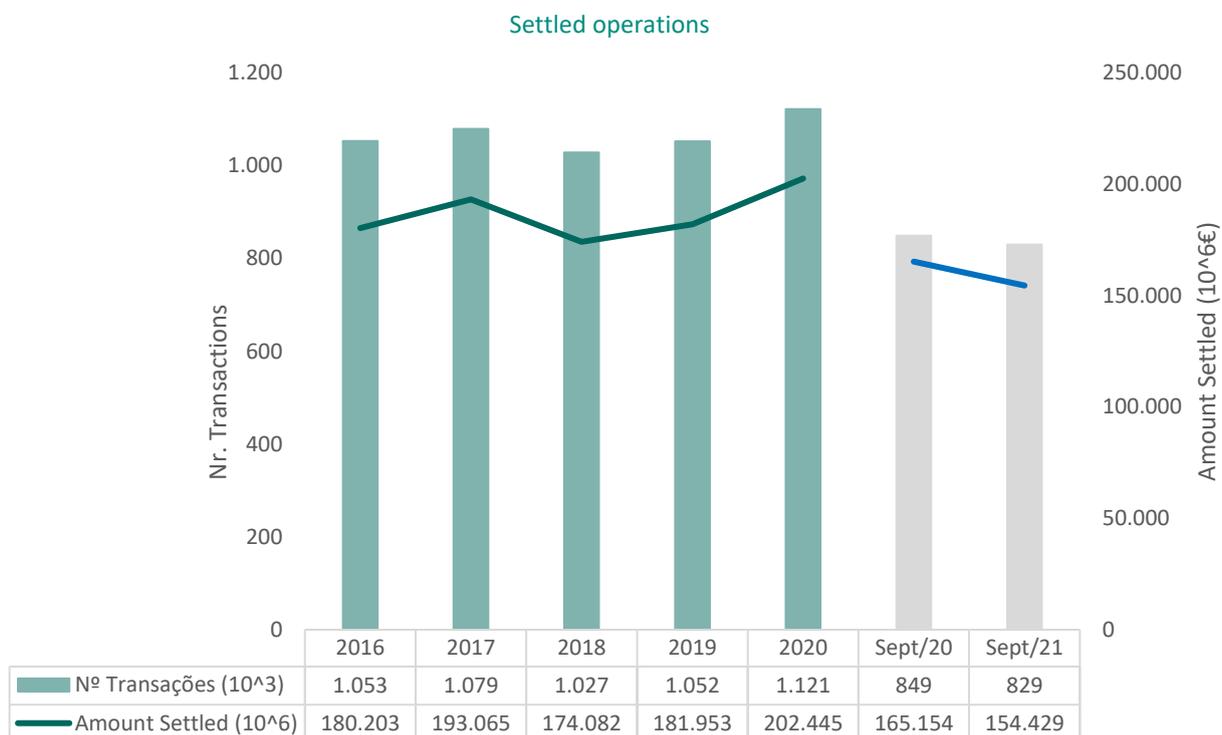
## 1.3. SETTLEMENT SYSTEMS

INTERBOLSA provides settlement services through the pan-European T2S platform, using the participants' securities accounts and dedicated cash accounts opened on that platform, for euro payments. Payments in currencies other than euro, which are not eligible to the T2S platform, are processed by sending payment instructions to the foreign currency payment system (SPME), operated by Caixa Geral de Depósitos.

### 1.3.1. Euro settlement

In the first 9 months of 2021, 829 thousand transactions were settled, amounting to € 154,429 million, compared to 849 thousand operations, amounting to € 165,154 million, settled in the same period of the previous year.

The number of transactions fell 2.3%, accompanied by the amount settled, which contracted 6.5%. The negative change in the settlement of transactions is explained by the high volatility of the market in 2020.



## GUARANTEED AND NON-GUARANTEED MARKET OPERATIONS

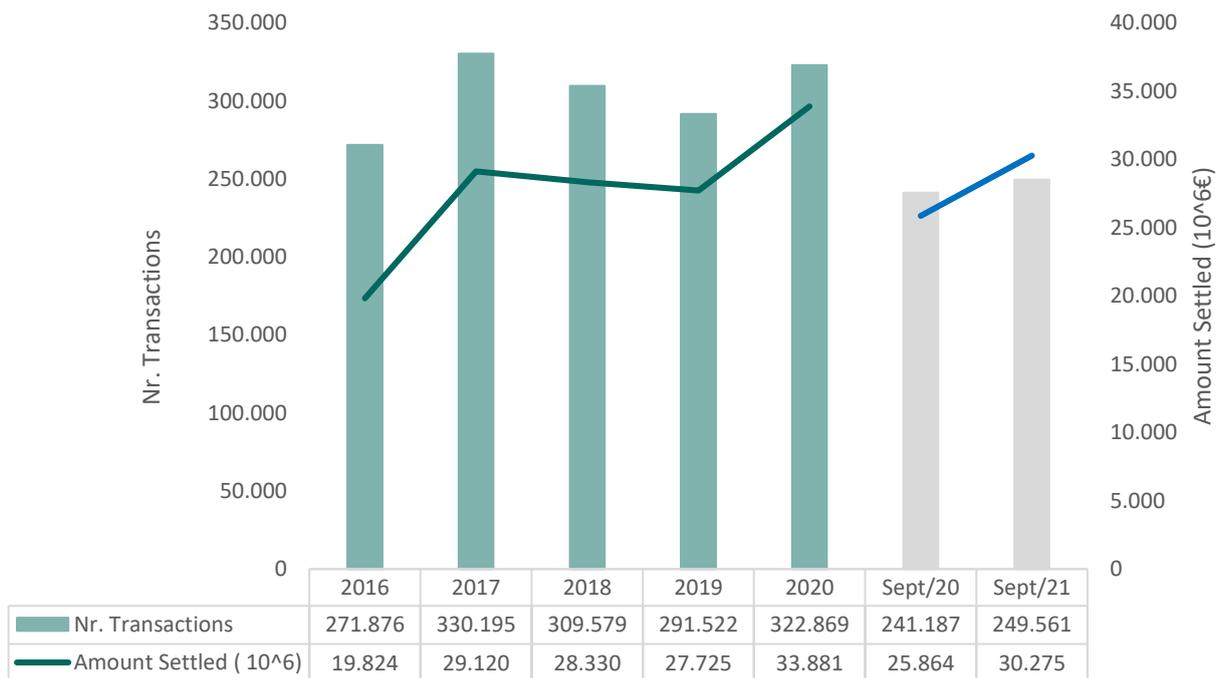
Until September 2021, 249,561 operations were settled in markets managed by Euronext Lisbon and other markets and guaranteed by a central counterparty.

The amount involved in these operations rose to € 30,275 million, compared to € 25,864 million settled in the same period of the previous year.

On a comparative and year-on-year basis, there was a 3.5% increase in the number of operations settled.

This trend was accompanied by the amount settled, which grew by 17.1%.

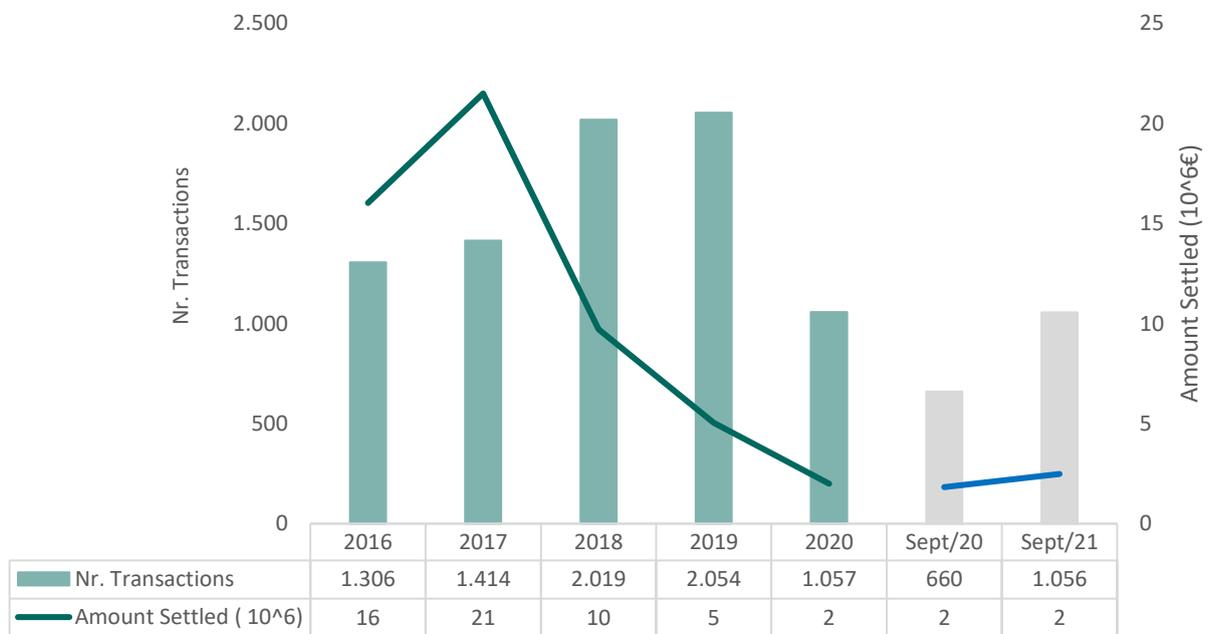
Settlement – Guaranteed market operations



Transactions on markets managed by Euronext Lisbon and other markets and not guaranteed by a central counterparty amounted to 1,056, more 396 operations than those settled in the same period of the previous year (+60.0%).

The amount settled rose to € 2,5 million, compared with the € 1,8 million settled in the same period of the previous year (+35.9%).

### Settlement – Non guarantee market operations

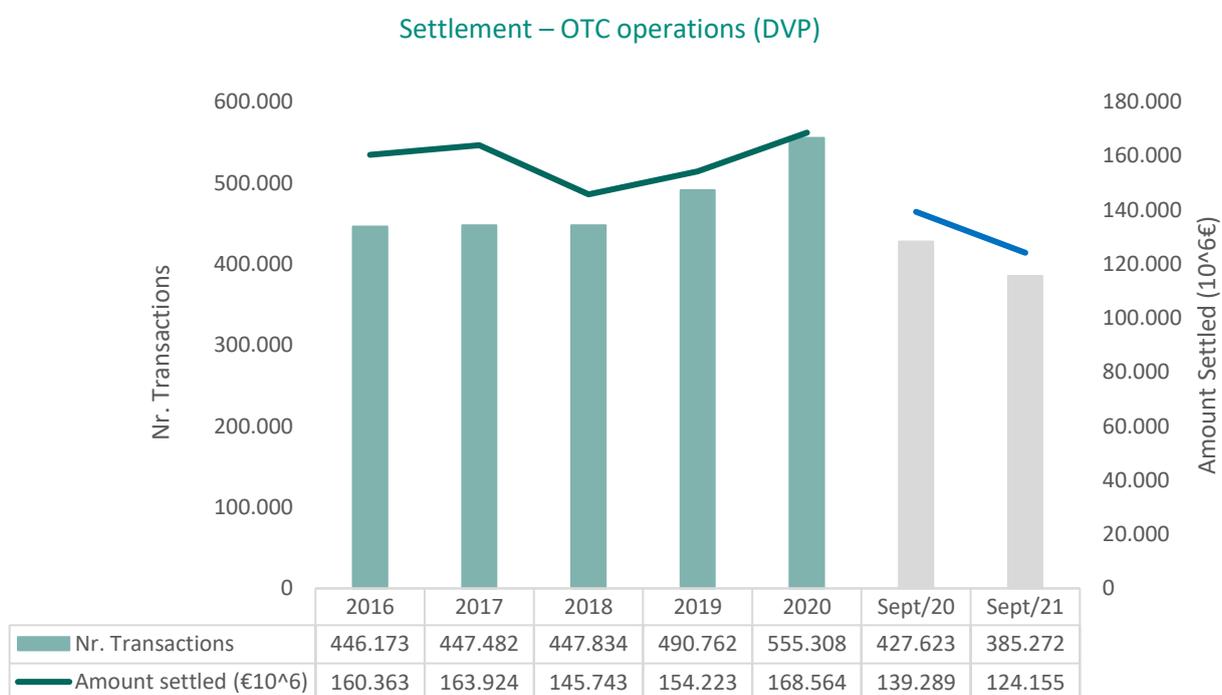


## OTHER DVP AND FOP OPERATIONS

In the first 9 months of 2021, 385,272 DVP operations were settled, related namely to OTC (over-the-counter) operations, against the 427,623 operations of this type settled in the same period of 2020 (-9.9%).

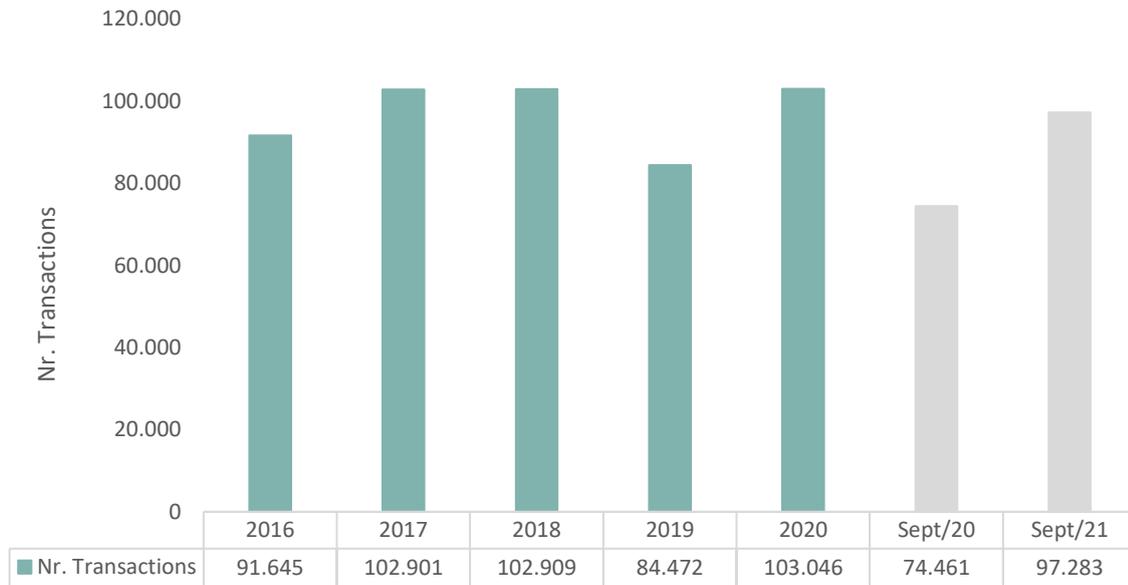
The amount of DVP operations settled amounted to € 124,155 million, compared to the € 139,289 million settled during the same period of 2020.

Therefore, in percentage and year-on-year terms, the number of DVP operations fell 9.9% and the amount settled was down 10.9%.



Regarding FOP instructions the number of OTC operations rose to 97,283, representing in absolute terms an increase of 22,822 operations (+30.6%).

Settlement – Off-market operations (FOP)

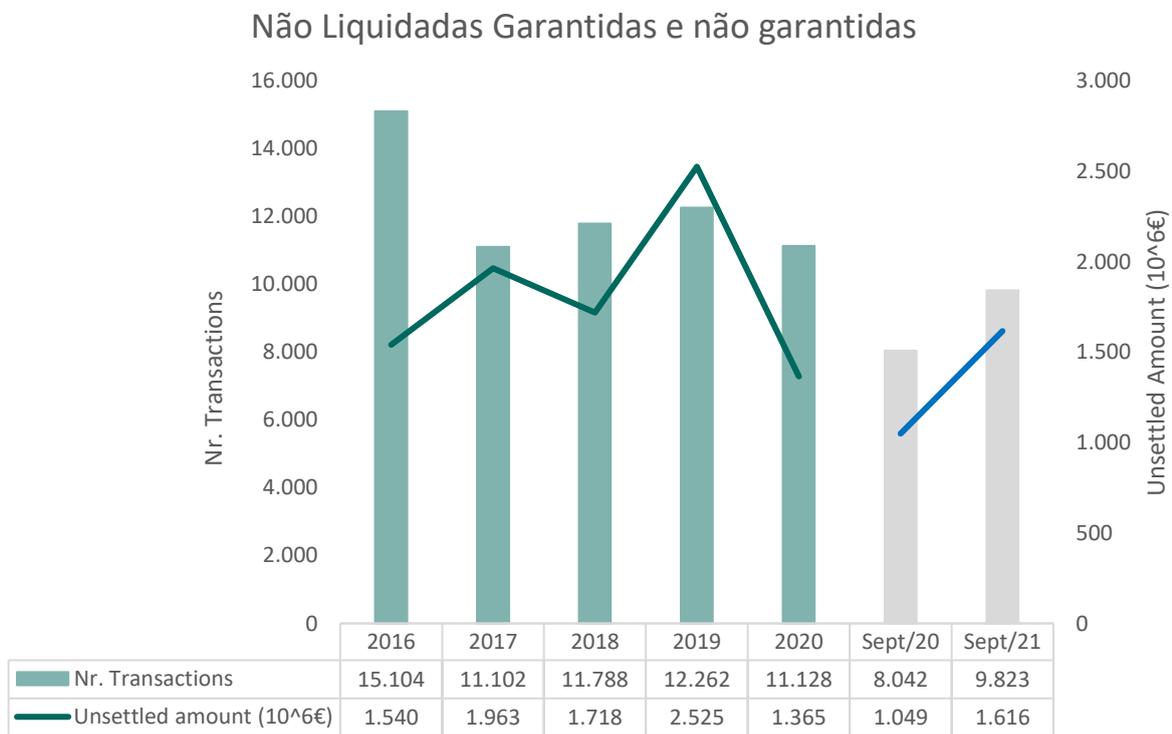


## UNSETTLED OPERATIONS

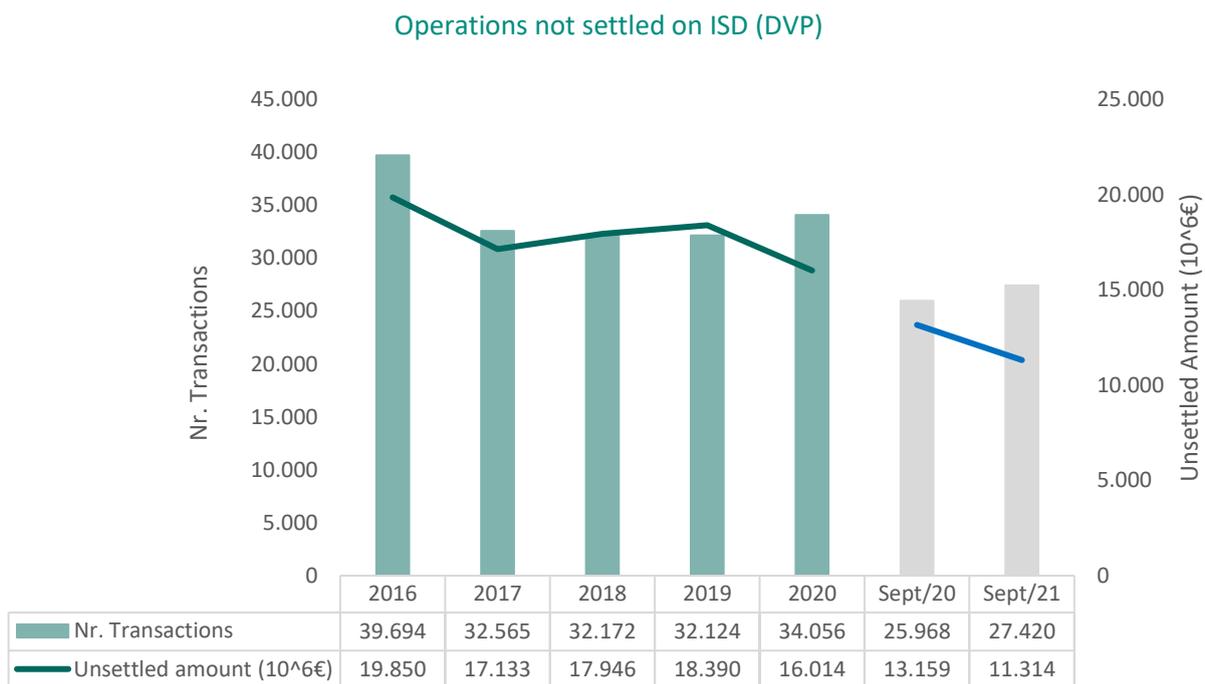
Unsettled operations resulting from guaranteed and non-guaranteed transactions carried out in markets managed by Euronext Lisbon and other markets, amounted to 9,823 operations, representing a year-on-year increase of 22.1%.

The amount involved in unsettled operations grew by 54.1% to € 1.616 million in the period under review.

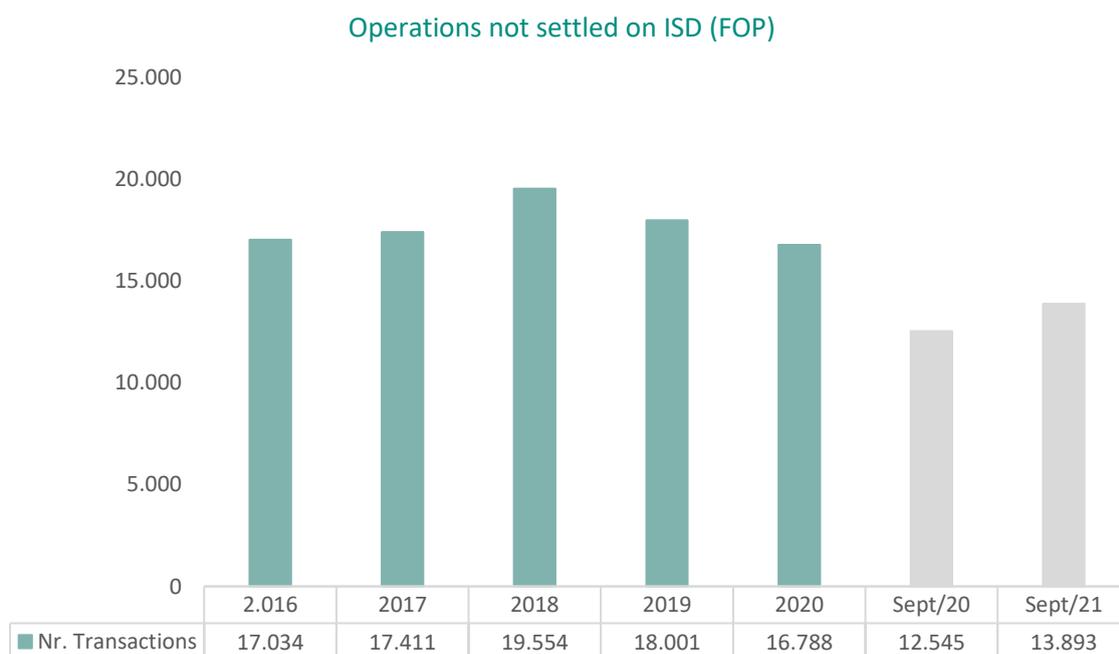
### Unsettled Market operations



Transactions not settled on the intended settlement date (ISD), resulting from DVP operations carried out through the settlement systems managed by INTERBOLSA, showed in the period under analysis an increase in the number of operations (+1,452), with the amount involved in these operations falling from € 13,159 million to € 11,314 million (-14.0%).



In the first 9 months of 2021, FOP operations not settled on the intended settlement date (ISD), amounted to 13.893, that compared with 12,545 operations not settled in the same period of the previous year (+10.7%).



### 1.3.2. Foreign Currency Settlement

INTERBOLSA also manages a settlement system using currencies other than the Euro (SLME – Sistema de Liquidação em Moeda Estrangeira / Non-Euro Currency Settlement System), with a commercial bank money type payment system operated by CGD - Caixa Geral de Depósitos, S.A.

Foreign currency settlement instructions, which are not eligible for T2S are processed as follows:

- (a) Physical settlement is processed in T2S, conditional on their financial settlement outside T2S;
- (b) Payment instructions resulting from SLME settlement are processed through the Foreign Currency Payment System (SPME), operated by Caixa Geral de Depósitos (CGD).

This system allows income payments, financial settlement of operations carried out in the markets managed by Euronext Lisbon and not guaranteed by LCH, S.A. and of OTC (over-the-counter) operations.

The Foreign Currency Settlement System (FTS) is prepared to process operations in USD, GBP, JPY, CHF, CAD, AUD, CNY, NOK and SEK, and may be extended to other convertible currencies, after the necessary study, whenever necessary to meet the needs evidenced by the market.

## 1.4. ANCILLARY SERVICES

### 1.4.1. NATIONAL NUMBERING AGENCY

On 30 September 2020, 7,338 ISIN codes and their respective CFI and FISN codes were active.

Fulfilling the objective of disclosing at international level the ISIN and CFI codes issued by the National Numbering Agency, INTERBOLSA provides information to the central ISIN database operated by ASB - ANNA Service Bureau on a daily basis. In this way, all ISIN information can be accessed by all entities that need it, as well as by the numbering agencies members of ANNA - Association of National Numbering Agencies.

INTERBOLSA also promotes the disclosure of the codes assigned by this Agency, providing the possibility for interested parties to subscribe a database service containing ISIN and CFI information, with daily or weekly updates.

INTERBOLSA's portal, in the area reserved for customers - MY INTERBOLSA - has a module that has the information of the issued ISIN codes.

### 1.4.2. Information services

INTERBOLSA continued to provide regular statistical, historical and financial information.

In INTERBOLSA's portal, in the area reserved for Customers - MY INTERBOLSA - a module is available, which allows Issuers to request identification information of the holders of registered securities under custody, receiving, a file in their dedicated area with the requested information for a given reference date.

It should be noted, however, that the Centralised Systems manage global accounts, opened by the participants, which, at each moment, contain the sum of the individual registration accounts opened by investors with the Financial Intermediary of their choice. INTERBOLSA therefore requests the Financial Intermediaries participating in its Systems to provide information on the holders of securities that are the subject of the Issuers' request and, after consolidating the information received, sends it to the Issuer.

INTERBOLSA implemented, on 3 September 2020, the necessary changes to its systems in order to comply with the provisions of the Shareholders' Rights Directive II (Directive 2017/828 of 17 May 2017), with the requirements set out in Implementing Regulation 2018/1212 of 3 September 2018.

INTERBOLSA implemented, on 3 September 2020, the necessary changes to its systems in order to comply with the provisions of the Shareholders' Rights Directive II (Directive 2017/828 of 17 May 2017), with the requirements set out in Implementing Regulation 2018/1212 of 3 September 2018.

Following these changes, on 6 September 2021, a second phase of changes was implemented, aimed at improving the services provided for the identification of securities holders, enabling Issuer requests to be made in the past, and notification of general meetings, namely with the implementation of SWIFT ISO 20022 messages.

In the first nine months of 2021 Interbolsa answered to 242 requests of identification of securities holders.

# FINANCIAL ANALYSIS



## FINANCIAL ANALYSIS

## 1. INTRODUCTION

INTERBOLSA adopts the International Financial Reporting Standards (IFRS) in the preparation of its financial statements, thus enabling the entire financial community to analyse the financial statements of this management entity on an internationally recognised basis, adopted by most European companies, thus facilitating their interpretation and comparability with similar companies.

Bearing this assumption in mind, this Report exclusively reflects the economic and financial analysis of the individual accounts of INTERBOLSA.

## 1.1 FINANCIAL RESULTS

The net result of INTERBOLSA amounted to € 9,5 million at the end of the first nine months of 2021, which represents an increase of 6.4% compared to the result achieved in the same period of the previous year.

The operational results amounted to € 12,9 million, an increase of € 801 thousand compared to the same period of 2020. In percentage terms, this indicator shows a year-on-year increase of 6.6%.

For the increase of operational results contributed the increase in revenues by € 1.1 million, along with the increase in operating costs (+7.9%) and the reduction in amortisation and depreciation costs by 5.8%.

|                                 | Amounts in Euro   |                   |                |             |
|---------------------------------|-------------------|-------------------|----------------|-------------|
|                                 | 30/09/2021        | 30/09/2020        | Var            | Var.%       |
| Operating income                | 18,137,542        | 16,994,593        | 1,142,949      | 6.7%        |
| Operating costs                 | 4,931,413         | 4,570,922         | 360,491        | 7.9%        |
| <b>EBITDA</b>                   | <b>13,206,129</b> | <b>12,423,671</b> | <b>782,458</b> | <b>6.3%</b> |
| Depreciations and Amortisations | 299,518           | 317,833           | -18,315        | -5.8%       |
| <b>Operational Results</b>      | <b>12,906,610</b> | <b>12,105,838</b> | <b>800,772</b> | <b>6.6%</b> |
| Financial results               | -7,296            | -4,087            | 3,209          | 78.5%       |
| <b>Results before taxes</b>     | <b>12,899,315</b> | <b>12,101,751</b> | <b>797,564</b> | <b>6.6%</b> |
| Taxes                           | 3,438,154         | 3,206,504         | 231,650        | 7.2%        |
| <b>Net Profit</b>               | <b>9,461,161</b>  | <b>8,895,247</b>  | <b>565,914</b> | <b>6.4%</b> |

## 1.2 OPERATING INCOME

At the end of the first nine months, the total income of INTERBOLSA totalled € 18,1 million, which represents a year-on-year increase of 6.7%.

### Revenues breakdown

|                                   | Amounts in Euro   |                   |                  |             |
|-----------------------------------|-------------------|-------------------|------------------|-------------|
|                                   | 30/09/2021        | 30/09/2020        | Var.             | Var.%       |
| Systems usage                     | 557,970           | 559,760           | -1,790           | -0.3%       |
| Settlement and accounts movements | 1,316,760         | 1,375,821         | -59,061          | -4.3%       |
| Corporate actions                 | 437,750           | 420,700           | 17,050           | 4.1%        |
| Maintenance                       | 14,736,710        | 13,488,402        | 1,248,308        | 9.3%        |
| Registration of issues            | 221,080           | 231,930           | -10,850          | -4.7%       |
| Cancellation of issues            | 177,095           | 205,540           | -28,445          | -13.8%      |
| T2S information                   | 60,988            | 70,434            | -9,446           | -13.4%      |
| Other services                    | 520,393           | 507,062           | 13,331           | 2.6%        |
| <b>Services rendering</b>         | <b>18,028,747</b> | <b>16,859,649</b> | <b>1,169,098</b> | <b>6.9%</b> |
| Other profits                     | 108,795           | 134,944           | -26,149          | -19.4%      |
| <b>Operating income</b>           | <b>18,137,542</b> | <b>16,994,593</b> | <b>1,142,949</b> | <b>6.7%</b> |

Based on the analysis of the table above, the revenue generated by the use of the systems shows a year-on-year decrease of 0.3% explained by the decrease in the number of sub-accounts opened in the System.

Revenue generated by the settlement systems shows a decrease of 4.3%, justified by the increase in market volatility in March 2020, in response to the COVID-19 pandemic. It should also be noted that, during the period under review, market settlement instructions increased, even though at lower levels than during the 1st quarter of 2020.

The revenue generated by securities maintenance grew by € 1,2 million (+9.3%) compared with the same period of the previous year. This increase is essentially explained by the increase in the average values of public debt by 5.0% and private debt by 6.8% compared with the same period of the previous year. In the segment of shares and investment fund units, the average value registered shows an increase of 19.2%. The number of share decreased from 434 in September 2020 to 417 in September 2021, with the amount integrated in the centralised system showing an increase of about 20.1%, as a result of the increase in market prices. The funds shares/units showed a relevant growth, both in terms of number of issues (86 in September 2020 and 186 in September 2021) and in the amount subscribed (+ 57.5%).

The corporate actions, presents an increase of 4.1%, justified by the increase in redemption operations and conversion of securities into shares.

Revenues from registration of issues show a decrease of 4.7%. Registration of new issues grew 33% and registration of warrants and certificates contracted 14%.

In turn, issuance cancellation revenues decreased by 13.8%, explained by the 22% decrease in the number of issues of warrants and certificates, in comparative and year-on-year terms.

The revenues generated by the information made available via the T2S platform decreased by 13.4%.

The "Other Services" item includes all the services provided by INTERBOLSA that are not broken down in the previous items, namely deposits and withdrawals of securities, special management commission for securitised securities, commissions charged within the scope of the management of the National Numbering Agency, as well as income generated by INTERBOLSA's private communications network and SWIFT communications for connection to the T2S platform. The values recorded under this heading show an increase of 2.6%.

## 1.3 OPERATING COSTS

Operating costs rose to € 5,2 million at the end of the period under review, a value which represents an absolute increase of € 342 thousand, compared with the amount recorded in the same period of the previous year. This variation is explained essentially by the increase in costs with professional services consultancy and premises and related services.

### Main items of the Statement of Financial Position

|                                      | Amounts in Euro  |                  |                |             |
|--------------------------------------|------------------|------------------|----------------|-------------|
|                                      | 30/09/2021       | 30/09/2020       | Var            | Var.%       |
| Personnel expenses                   | 2,304,865        | 2,221,772        | 83,093         | 3.7%        |
| IT and communications costs          | 528,416          | 522,650          | 5,766          | 1.1%        |
| Consulting and professional services | 1,177,013        | 969,888          | 207,125        | 21.4%       |
| Premises and related services        | 138,043          | 123,083          | 14,960         | 12.2%       |
| Adjustments and impairments          | 15,129           | 17,285           | -2,156         | -12.5%      |
| Regulators                           | 573,750          | 570,000          | 3,750          | 0.7%        |
| Other expenses                       | 194,197          | 146,244          | 47,953         | 32.8%       |
| <b>Total costs</b>                   | <b>4,931,413</b> | <b>4,570,922</b> | <b>360,491</b> | <b>7.9%</b> |
| Amortisation and depreciation        | 299,518          | 317,833          | -18,315        | -5.8%       |
| <b>Operating costs</b>               | <b>5,230,931</b> | <b>4,888,755</b> | <b>342,176</b> | <b>7.0%</b> |

Personnel expenses show an increase of 3.7% as a result of the hiring of human resources to strengthen the IT and Central Securities Depository areas, as well as non-recurring costs related to the termination of employment contracts.

Information technology and communications costs increased by 1.1%, due to the acquisition of software licenses and the reduction in costs with SWIFT communications - communications system used to connect to the T2S platform.

The item "Consultancy and professional services" shows an increase of 21.4%, justified on the one hand by the correction of costs with the T2S platform made in 2020, following errors detected in the invoicing system of the European Central Bank and, on the other hand, by the increase in costs related to the management and maintenance contract of INTERBOLSA's private communications network, as well as the contracting of professional IT and consultancy services in Human Resources.

The costs of equipment and premises grew 12.2%, justified by the increase in expenditure on the maintenance of the equipment of the building where INTERBOLSA is based.

The item "Other expenses", which includes travel and accommodation costs, vehicle costs, insurance and other costs, shows an increase of 32.8%, justified on the one hand by the increase in insurance costs and on the other by the decrease in costs related to travel and accommodation following the limitation of travel as a result of the periods of confinement to deal with the COVID-19 pandemic.

Depreciation and Amortisation decreased by 5.8%, mainly explained by the end of the useful life of assets recorded in previous years.

## 1.4 PATRIMONIAL STRUCTURE

INTERBOLSA's Net Assets amounted to € 27,2 million on 30 September 2021, representing a contraction of € 1,1 million compared to December 2020. Contributing to this variation was the increase in non-current assets following the increase in the rights of use and the decrease in current assets as a result of the amounts recorded under "cash and cash equivalents" which recorded a decrease of € 2,4 million compared to December 2021.

### Patrimonial structure breakdown

|                        | Amounts in Euro |            |            |       |
|------------------------|-----------------|------------|------------|-------|
|                        | 30/09/2021      | 31/12/2020 | Var        | Var.% |
| <b>Net Assets</b>      | 27,199,292      | 28,315,998 | -1,116,706 | -3.9% |
| <b>Net Liabilities</b> | 6,034,180       | 5,208,579  | 825,601    | 15.9% |
| <b>Equities</b>        | 21,165,113      | 23,107,419 | -1,942,306 | -8.4% |

Liabilities show a year-on-year increase of 15.9%, justified, on the one hand, by the positive variation of non current liabilities, following the increase in the amounts of financing obtained and the negative variation of employee benefits, due to the increase in the discount rate of the INTERBOLSA Defined Benefit Pension Fund. Current liabilities showed an increase of € 347 thousand compared to December 2020.

Equity amounted to € 21.2 million at the end of the period under review, down 8.4% compared to December 2020, justified by the combination of the following factors: the net result for the period compared to the annual result, the positive effect of actuarial deviations relating to the INTERBOLSA Pension Fund, as well as the decrease in the effect of the stock option plan in force in the Euronext Group.

# FINANCIAL STATEMENTS



**Financial position statement**  
as at 30 of September 2021 and 31 of December 2020

|   | Amounts in Euro   |                   |
|---|-------------------|-------------------|
|   | September 21      | December 20       |
| <b>Assets</b>   |                   |                   |
| Fixed tangible assets   | 335,704           | 236,730           |
| Intangible assets   | 1,895             | 4,737             |
| Right-of-use assets   | 1,514,733         | 431,263           |
| Other financial assets  | 2,452             | 2,016             |
| Deferred tax assets   | 32,769            | 53,398            |
| <b>Total non-current assets</b>                                   | <b>1,887,554</b>  | <b>728,144</b>    |
| <b>Debtors and other assets</b>                                   | <b>2,740,727</b>  | <b>2,611,711</b>  |
| Cash and cash equivalents   | 22,571,012        | 24,976,144        |
| <b>Total current assets</b>                                       | <b>25,311,738</b> | <b>27,587,855</b> |
| <b>Total of assets</b>  | <b>27,199,292</b> | <b>28,315,998</b> |
| <b>Equity</b>   | <b>5,500,000</b>  | <b>5,500,000</b>  |
| Issued capital  | 5,500,000         | 5,500,000         |
| Legal reserves  | (2,038,360)       | (2,520,601)       |
| Other reserves – Gains and losses recognized directly in reserves | 2,827,058         | 2,827,058         |
| Retained earnings   | (84,746)          | (82,780)          |
| Other equity instruments – <i>Share plan</i>                      | 9,461,161         | 11,883,742        |
| Net profit result attributable to shareholders                    | 21,165,113        | 23,107,419        |
| <b>Equity attributable to equity holders</b>                      | <b>21,165,113</b> | <b>23,107,419</b> |
| <b>Liabilities</b>  |                   |                   |
| Employee benefits   | 1,206,723         | 1,658,092         |
| Obtained financing  | 1,146,573         | 216,804           |
| Deferred tax liabilities  | -                 | -                 |
| <b>Total non-current liabilities</b>                              | <b>2,353,296</b>  | <b>1,874,896</b>  |
| <b>Creditors and other liabilities</b>                            | <b>2,337,536</b>  | <b>2,196,061</b>  |
| Obtained financing  | 373,647           | 227,553           |
| Calculated Corporate Income Tax (IRC)                             | 969,701           | 910,070           |
| <b>Total current liabilities</b>                                  | <b>3,680,884</b>  | <b>3,333,684</b>  |
| <b>Total liabilities</b>  | <b>6,034,180</b>  | <b>5,208,579</b>  |
| <b>Total equity and liabilities</b>                               | <b>27,199,292</b> | <b>28,315,998</b> |

**Statement of Consolidated Income**  
for the nine-month periods ended on 30 September 2021 and 2020

|   | Amounts in Euro   |                   |
|---|-------------------|-------------------|
|   | September 21      | September 20      |
| Service rendering                                   |                   |                   |
| Settlement, custody and other                       | 18,028,747        | 16,859,649        |
| Other profits                                       | 108,795           | 134,944           |
|   | <u>18,137,542</u> | <u>16,994,593</u> |
| <i>Expenses and losses</i>                          |                   |                   |
| Personnel expenses                                  | 2,304,865         | 2,221,772         |
| Amortisation and depreciation                       | 299,518           | 317,832           |
| IT and communications costs                         | 528,416           | 522,650           |
| Consulting and professional services                | 1,177,013         | 969,888           |
| Premises and related services                       | 138,043           | 123,083           |
| Adjustments and impairments                         | 15,129            | 17,286            |
| Other expenses                                      | 767,946           | 716,244           |
|   | <u>5,230,931</u>  | <u>4,888,755</u>  |
| Operational result                                  | <u>12,906,610</u> | <u>12,105,838</u> |
| Financial gains                                     | -                 | 536               |
| Financial expenses                                  | 7,296             | 4,623             |
| Financial result                                    | <u>(7,296)</u>    | <u>(4,087)</u>    |
| Result before taxes                                 | <u>12,899,315</u> | <u>12,101,751</u> |
| Tax on profits                                      |                   |                   |
| - Current tax                                       | 3,417,525         | 3,150,281         |
| - Deferred tax                                      | 20,629            | 56,223            |
| Net profit  | <u>9,461,161</u>  | <u>8,895,247</u>  |
| Gains and (losses) directly recognized in reserves: |                   |                   |
| After-employment benefits – actuarial deviations    | 482,241           | (72,699)          |
| Share plan  | (1,966)           | 5,931             |
|   | <u>480,275</u>    | <u>(66,768)</u>   |
| Comprehensive income                                | <u>9,941,436</u>  | <u>8,828,479</u>  |
| Result by Basic Share - Euro                        | 1,72              | 1,62              |
| Result by Diluted Share – Euro                      | 1,72              | 1,62              |

**Statement of Cash Flows**  
for the nine-months periods ended on 30 September 2021 and 2020

|  | Amounts in Euro     |                     |
|--|---------------------|---------------------|
|  | September 21        | September 20        |
| <i>Cash flow from operational activities</i>                   |                     |                     |
| Receiving from customers                                       | 20,725,261          | 19,482,692          |
| Payment to suppliers   | (2,216,408)         | (2,596,969)         |
| Payment to personnel   | (1,262,708)         | (1,320,684)         |
| Cash flow generated by operational activities                  | 17,246,145          | 15,565,039          |
| (Payment) / receiving of income tax                            | (3,357,894)         | (2,739,899)         |
| Other receivings / (payments)                                  | (4,020,360)         | (3,841,339)         |
| <b>Cash flow from operational activities (1)</b>               | <b>4,230,839</b>    | <b>8,983,801</b>    |
| <i>Cash flow from investing activities</i>                     |                     |                     |
| Payments related to:   |                     |                     |
| - Tangible assets  | (152,387)           | (62,873)            |
| - Intangible assets  | -                   | -                   |
| - Financial investments  | -                   | -                   |
| - Other assets   | -                   | -                   |
| Receivings related to:   |                     |                     |
| - Tangible assets  | -                   | -                   |
| - Intangible assets  | -                   | -                   |
| - Financial investments  | -                   | -                   |
| - Other assets   | -                   | -                   |
| - Investment grants  | -                   | -                   |
| - Interests and similar income                                 | -                   | -                   |
| - Dividends  | -                   | -                   |
| <b>Cash flow from investing activities (2)</b>                 | <b>(152,387)</b>    | <b>(62,873)</b>     |
| <i>Cash flows from financing activities</i>                    |                     |                     |
| Receivings related to:   |                     |                     |
| - Obtained financings  | -                   | -                   |
| - Paying-up of capital and of other equity instruments         | -                   | -                   |
| - Loss coverage  | -                   | -                   |
| - Donations e subsidies  | 13,613              | 4,707               |
| - Other financing operations                                   | -                   | -                   |
| Payments related to:   |                     |                     |
| - Amortisation of lease contracts                              | (246,186)           | (227,951)           |
| - Interests and similar expenses                               | (4,321)             | (4,779)             |
| - Dividends  | (11,883,742)        | (10,862,630)        |
| - Capital reductions and of other equity instruments           | -                   | -                   |
| - Other financing operations                                   | -                   | -                   |
| <b>Cash flow from financing activities (3)</b>                 | <b>(12,120,636)</b> | <b>(11,090,654)</b> |
| <b>Variation of cash and its equivalents (1+2+3)</b>           | <b>(2,405,132)</b>  | <b>(2,169,726)</b>  |
| <b>Effect of exchange rate differences</b>                     | <b>-</b>            | <b>-</b>            |
| <b>Cash and its equivalents at the beginning of the period</b> | <b>24,976,144</b>   | <b>24,145,108</b>   |
| <b>Cash and its equivalents at the end of the period</b>       | <b>22,571,012</b>   | <b>21,975,382</b>   |

**Statement of changes in Equity**  
for the year ended 30 of September 2021

|   | Amounts in Euro   |           |               |                |                   |              |
|---|-------------------|-----------|---------------|----------------|-------------------|--------------|
|   | Total Own Capital | Equity    | Legal reserve | Other reserves | Retained earnings | Net Profit   |
| <b>31 December 2019</b>                               | 22,167,742        | 5,500,000 | 5,500,000     | (2,521,946)    | 2,827,058         | 10,862,630   |
| <b>Comprehensive income:</b>                          |                   |           |               |                |                   |              |
| - Net profit for the period                           | 11,883,742        | -         | -             | -              | -                 | 11,883,742   |
| - Actuarial (Losses) / Gains recognised in the period | (71,000)          | -         | -             | (71,000)       | -                 | -            |
| - Share plan  | (10,435)          | -         | -             | (10,435)       | -                 | -            |
|   | 11,802,307        | -         | -             | (81,435)       | -                 | 11,883,742   |
| <b>Distribution of results</b>                        |                   |           |               |                |                   |              |
| - Distribution of dividends                           | (10,862,630)      | -         | -             | -              | -                 | (10,862,630) |
|   | (10,862,630)      | -         | -             | -              | -                 | (10,862,630) |
| <b>31 December 2020</b>                               | 23,107,419        | 5,500,000 | 5,500,000     | (2,603,381)    | 2,827,058         | 11,883,742   |
| <b>Comprehensive income:</b>                          |                   |           |               |                |                   |              |
| - Net profit for the period                           | 9,461,161         | -         | -             | -              | -                 | 9,461,161    |
| - Actuarial (Losses) / Gains recognised in the period | 482,241           | -         | -             | 482,241        | -                 | -            |
| - Share plan  | 1,192             | -         | -             | (1,966)        | -                 | -            |
|   | 9,941,436         | -         | -             | 480,275        | -                 | 9,461,161    |
| <b>Distribution of results</b>                        |                   |           |               |                |                   |              |
| - Dividend distribution                               | (11,883,742)      | -         | -             | -              | -                 | (11,883,742) |
|   | (11,883,742)      | -         | -             | -              | -                 | (11,883,742) |
| <b>31 September 2021</b>                              | 21,165,113        | 5,500,000 | 5,500,000     | (2,123,106)    | 2,827,058         | 9,461,161    |



**INTERBOLSA**

A EURONEXT COMPANY