



EURONEXT SECURITIES

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

2021

/ PORTO

This translation does not represent a legally binding document.

In case of legal matters, the original document written in Portuguese should be consulted.

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MISSION AND BUSINESS AREAS



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1. INTRODUCTION

1.1. Mission

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

The mission of Euronext Securities Porto is to:

- Provide capital market participants, financial institutions and issuers with systems for registration, deposit and custody of securities and systems for the settlement of transactions in those same securities;
- 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 respond safely and reliably to the needs of market agents, thus creating competitive conditions, reducing systemic risks and safeguarding investors' rights.

In carrying out its mission, and in accordance with its corporate purpose and the provisions of Regulation (EU) No. 909/2014 of 23 July (abbreviated as *CSD Regulation*), Euronext Securities Porto pursues a wide range of activities in the following areas of activity:

- Initial registration of securities in a centralised registration system;
- Structuring and administration of Centralised Securities Systems;
- Management of Securities Settlement Systems;
- Non-banking-type ancillary services, of which the most important are: the allocation and management of ISIN codes as the National Numbering Agency, the organisation of the Loan Management System (LMS) and the Investment Funds System (IFS) and operation of links with other central securities depositories (CSD Links).

1.2. Strategic plan "Growth for Impact 2024"

In November 2021, the Euronext Group presented its new strategic plan, called "Growth for Impact 2024", outlining its ambition to build a leading market infrastructure in Europe. This strategic plan was built around five strategic priorities:

- 1 Leverage the integrated value chain,
- 2 "Pan-Europeanising" of the CSDs,
- 3 Develop the Euronext Group's leadership in Europe,
- 4 Building capacity in sustainable finance and
- 5 Execute mergers and acquisitions with creation of value.

Euronext's new strategic plan for the next three years places renewed emphasis on the CSD area, as an integral part of its mission to connect European economies with global capital markets to accelerate innovation and sustainable growth.

With the new strategy also came a new brand: Euronext Securities, which is now the designation of the four CSDs that make up the Group's current network: Euronext Securities Porto (Interbolsa), Euronext Securities Oslo (Euronext VPS) Euronext Securities Copenhagen (VP Securities) and Euronext Securities Milan (Monte Titoli).

The ambition to "Europeanise" and expand the *post-trade* business focuses on four key strategic areas to connect European customers with international markets:

- 1 Expand Euronext Securities' service offering to help issuers and financial institutions streamline their operations, reduce costs and increase efficiency.
- 2 Converge by providing common platforms for the 4 CSDs that will reduce inefficiencies in connecting European economies to global markets.
- 3 Scale up European activities to allow market participants using Euronext's main listing and trading platforms across Europe more options for issuance, custody and settlement.
- 4 Improve the customer experience by making Euronext Securities services easier to access and use across all markets.

1.3. Main areas of activity

1.3.1. Initial registration, structuring and administration of centralised securities systems

As part of the initial registration of the structuring and administration of centralised securities systems (hereinafter, Centralised Securities Systems), Euronext Securities Porto registers the issues and the positions held by financial intermediaries and performs all the necessary procedures for the exercise of rights.

In detail, Euronext Securities Porto provides the following services:

- Registration of issues of securities represented in dematerialised form and the performance of the inherent controls;
- Registration of issues of securities represented in certificated form, their safekeeping and the carrying out of the inherent controls;
- Registration of positions held by Financial Intermediaries and other participants in accounts opened with the centralised systems, and which are reflected in the TARGET2-Securities (T2S) platform;
- Carrying out all the procedures necessary for the exercise of rights of a patrimonial nature, namely alterations to the share capital of companies, payment of income and redemptions.

The Participants in the Centralised Systems are the Issuers, the Financial Intermediaries and other entities that, under the terms of the law and the regulations in force, may become affiliated (custodians), the Bank of Portugal and Euronext Securities Porto itself, as the controlling entity.

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 monitored.

1.3.2. Management of settlement systems

Since 29 March 2016, Euronext Securities Porto has provided the settlement service through the TARGET2-Securities (T2S) platform, operated by the Eurosystem, by operating the participants' securities accounts and dedicated cash accounts opened on that platform, for payments in euro. Payments in non-euro currency not accepted by the T2S platform are processed by sending payment instructions to the foreign currency payment system (SPME) operated by Caixa Geral de Depósitos.

Settlement Systems have the following functions:

- Settlement of transactions carried out on a regulated market or multilateral trading facility;
- The settlement of OTC (*Over-The-Counter*) transactions;
- The settlement of *Free-of-Payment* (FOP) transfers;
- Settlement relating to the exercise of rights attached to securities registered or deposited in the Centralised Securities Systems;
- Processing financial settlements on participants' dedicated cash accounts opened on the T2S platform for payments in euros and sending 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 Euronext Securities Porto and other entities that, under the terms of the law and the regulations in force, may assume the quality of affiliate, which ensure the physical and financial settlement of the operations executed on the regulated market and in the multilateral trading system, as well as the operations executed off-market.

1.3.3. Non-banking-type ancillary services

Euronext Securities Porto provides a set of non-banking services that do not imply credit or liquidity risks, contributing to reinforce the security, efficiency and transparency of the securities markets, which include services related to the settlement service and services related to 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 context, Euronext Securities Porto provides the following functions:

- Allocation of ISIN identification codes to all securities and other financial instruments issued in Portugal;
- Allocation of CFI codes (code identifying the type and form of the security) to all securities and financial instruments with an ISIN code;
- Allocation of FISN codes, harmonised abbreviation for the name of the issuer entity and the characteristics of the financial instrument;
- Dissemination at national level, as well as to all members of ANNA - *Association of National Numbering Agencies*, of the codes assigned;
- Intermediation between national entities and other National Numbering Agencies.

Investment Funds Service - SFI

Euronext Securities Porto provides its participants with an Investment Fund Management Service (SFI), which allows Financial Intermediaries and Investment Fund Management Companies the following functionalities:

- The registration and control of investment fund units (open-ended and closed-ended), including ETFs, in whole or fractional quantities;
- The automatic processing of subscriptions and redemptions of open-end investment fund units, using an order routing mechanism. This functionality allows depositary banks and depositary entities to accompany and monitor the entire subscription and redemption process, namely the financial settlement, whenever this occurs in their cash accounts (DCA).
- Settlement of transactions in investment fund units/ETFs;
- The processing of corporate actions associated with investment fund units/ETFs.

Links with other central securities depositories (CSD Links)

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

The connections are based on the functionalities of the TARGET2-Securities (T2S) platform which, through a Euronext Securities Porto securities account (called *omnibus account*) opened in the foreign exchange, and a *mirror* account created in Euronext Securities Porto, allows the control of securities in circulation in Portugal. The exercise of rights on securities issued in other depositories is processed by the respective central securities depositories. Euronext Securities Porto guarantees the redistribution by its participants of the cash or securities resulting from the exercise of rights received.

On the other hand, the establishment of CSD Links between Euronext Securities Porto, as Issuer CSD, and other Central Securities Depositories (Investor CSDs), allows the participants of those Depositories to hold in their accounts financial instruments originally registered in Euronext Securities Porto, 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

Euronext Securities Porto regularly provides statistical, historical and financial information to the Financial Intermediaries, the Issuers, the Portuguese Securities Market Commission, the Bank of Portugal, the European Central Bank, auditors and any other entities requesting it.

Identification of Holders

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

ACTIVITY REVIEW 2021



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1. INSTITUTIONAL FRAMEWORK

INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (hereinafter Euronext Securities Porto) is a public limited company, whose share capital is fully owned by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. (hereinafter, abbreviated as Euronext Lisbon).

As a wholly-owned company of Euronext Lisbon, Euronext Securities Porto is now part of the Euronext Group, a leading European capital market infrastructure, connecting local economies to global capital markets, exploring opportunities to accelerate innovation and ensure sustainable growth.

The Euronext group manages several stock exchanges in Europe and, betting on the development of the post-trade area, besides Euronext Securities Porto, it also manages Euronext Securities Oslo, Euronext Securities Copenhagen and, since 2021, Euronext Securities Milan.

Euronext Securities Porto is governed by the provisions of its Articles of Association, Regulation (EU) No. 909/2014 of 23 July and complementary information (*CSD Regulation*), the Legal Framework of Central Securities Depositories, approved by Law No. 35/2018 of 20 July, the Securities Code (CVM) and the Commercial Companies Code (CSC), as well as other applicable legislation and regulations.

Euronext Securities Porto has, since 12 July 2018, been authorised to act as a Central Securities Depository under the *CSD Regulation*.

2. ECONOMIC AND FINANCIAL FRAMEWORK

2.1. International framework

The year 2021 was marked by a recovery in economic activity in most of the world. According to the January 2022 *World Economic Outlook*, global economic growth was estimated by the IMF at 5.9% in 2021. This recovery follows a contraction of 3.1% in 2020 induced by the adverse effects of the COVID-19 pandemic, namely due to the public health measures taken by the authorities, which have been conditioning activity.

Although 2021 was a year marked by economic recovery, the tone became more pessimistic as the year progressed on the back of fears around geopolitical tensions, more contagious variants of COVID-19, notably the Omicron variant, and rising commodity and energy prices.

Inflation, driven by the disruptions in global production chains caused by the pandemic, was more persistent than initially anticipated, putting greater pressure on central banks. To this extent, in the last quarter of the year, the US Federal Reserve signalled its intention to increase the *Fed funds* rate in 2022 and, in the Euro Zone, the ECB announced that it would end its extraordinary asset purchase programme, the *Pandemic Emergency Purchase Programme*, commonly known as PEPP, in March 2022, and signalled a more *hawkish* position in relation to reference interest rates for that same year. In many places, the IMF said, monetary policy will have to become more restrictive.

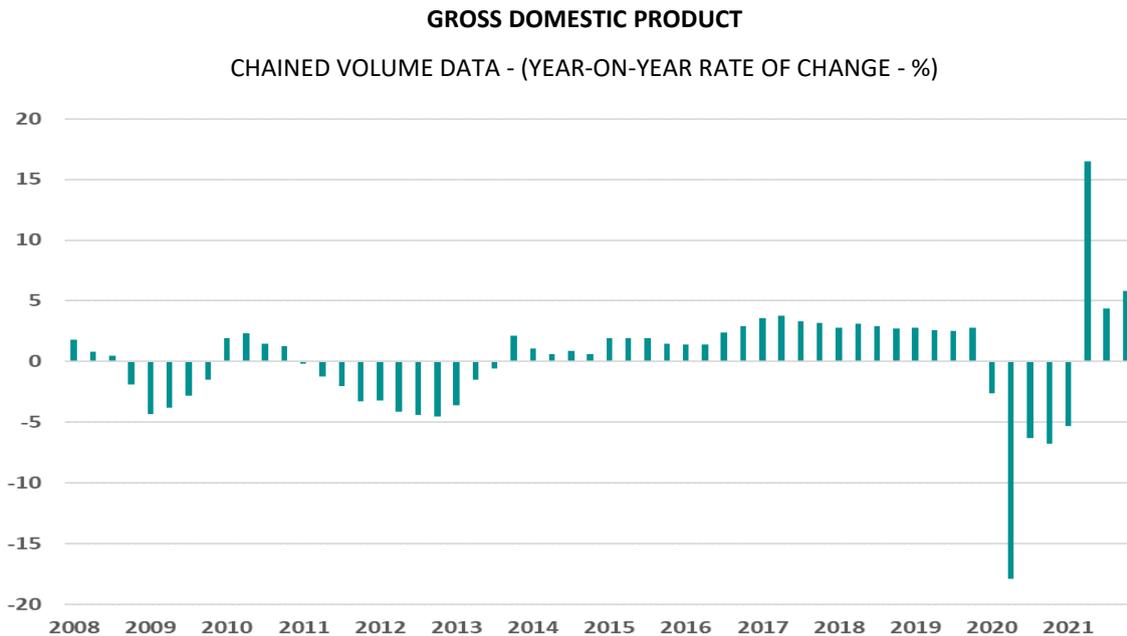
In Europe, the Euro economies as a whole recorded an economic growth of 5.2% in 2021 which compares with a contraction of 6.4% in the previous year. The UK economy grew by 7.2% in 2021 after a contraction of 9.4% in 2020.

The Chinese economy will have grown by 8.1% in 2021 according to the IMF, however growth will have decelerated during the second half of the year as a result of interruptions in industrial production, declining real estate investment and a faster than previously anticipated retraction in public investment.

Taking into account the lower optimism in the different geographies of the globe, in January 2022 the IMF revised its forecasts for the world's economic growth from 4.9% to 4.4%.

2.2. National framework

In 2021, according to INE, the national GDP registered a positive variation of 4.9% which compares with the historical contraction of 8.4% registered in the previous year. Domestic demand had a significant contribution to the variation in 2021, with a recovery in private consumption and investment. The contribution of net external demand was much less negative in 2021, with significant growths in imports and exports of goods and services.



Source: INE, Quarterly National Accounts

According to data from INE, in 2021, the Consumer Price Index (CPI) in Portugal recorded an average rate of change of 1.3% (nil in the previous year). Excluding the energy and unprocessed food components, the average change in the CPI was 0.8% (nil in the previous year).

With regard to general government accounts, the government has estimated a budget deficit of less than 4.3%, which will have allowed a reduction in public debt in 2021. According to the statistics published by the Bank of Portugal, public debt fell by €0.9 billion and stood at 127.5% of GDP at the end of 2021. This compares with 135.2% in 2020 and represents a reduction of 7.7 percentage points.

The interest rates on Portuguese 10-year public debt continued their downward trend that started in 2012. According to Bank of Portugal data, the yield on 10-year Treasury Bonds averaged 0.4% in 2021, a similar record to the previous year.

3. ACTIVITY 2021

3.1. Participants

As of 31 December 2021, Euronext Securities Porto had 32 affiliates in the Centralised Securities Systems and Settlement Systems it manages.

In September 2021, Bank Julius Baer Europe S.A. joined the list of participants in the systems managed by Euronext Securities Porto.

Clearstream Banking AG (CBF) and Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) participate in the Euronext Securities Porto systems following the establishment of Investor CSD Links with this management entity.

Besides the above mentioned affiliates, the following are also participants in the Systems managed by Euronext Securities Porto: 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 the managing entity of the Investor Compensation Scheme.

It should be noted that, in the context of the Euronext Securities Porto's management of securities settlement systems and its participation in the T2S platform, the participants in the settlement systems managed by Euronext Securities Porto may be either a *Directly Connected Party* (DCP) or an *Indirectly Connected Party* (ICP) to the T2S platform, being both subject to the supervision and oversight powers provided by the Euronext Securities Porto regulation. Participants with an indirect connection to the T2S platform (ICPs) maintain their connection to the local Euronext Securities Porto systems, through the communication channels provided by this management entity, accessing the T2S platform through those same systems. Participants with a direct connection to the T2S platform (DCPs) only maintain technical access to the T2S platform for settlement and related services.

The contractual relationship for participation in Euronext Securities Porto's systems, including participation in the T2S platform, remains solely and exclusively with Euronext Securities Porto.

3.2. Centralised Systems

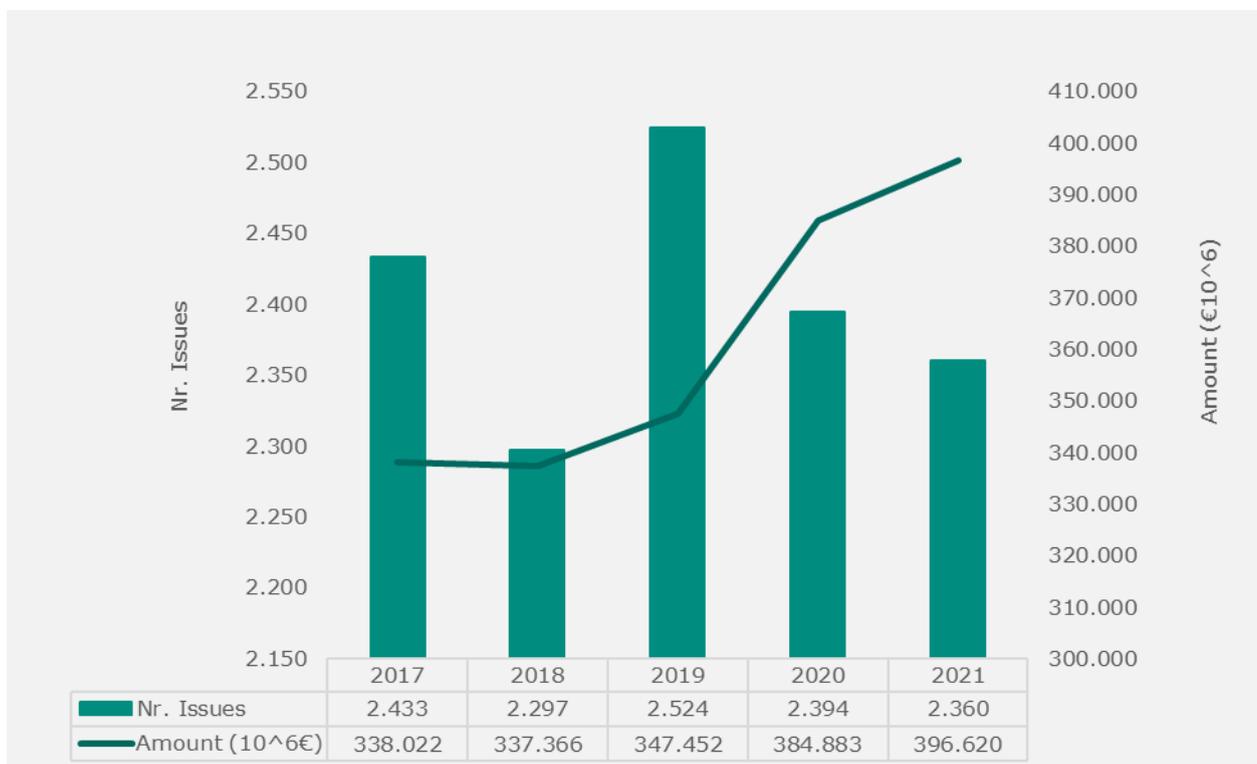
The Centralised System is made up of an interconnected set of accounts through which the creation and transfer of securities integrated in it is processed and the quantity of securities in circulation and the rights constituted over them are monitored.

As of 31 December 2021, 2,360 securities issues were under management by the Centralised Securities Systems. In absolute terms, the number of securities issues decreased by 34 compared to the 2,394 issues registered at the end of 2020 (-1.4%).

Total issues were valued at € 396,620 million, compared to € 384,883 million at 31 December 2020 (+3.0%).

In the period in question, 898 issues of warrants and 78 certificates were registered, which are not valued.

SECURITIES REGISTERED WITH EURONEXT SECURITIES PORTO



The following table shows the breakdown of issues registered in the systems managed by Euronext Securities Porto, by type of security, as of 31 December 2021 and 2020.

Type of securities	31/12/2021		31/12/2020	
	No. Emissions	Valuation (£10 ⁶)	No. Emissions	Valuation (£10 ⁶)
Shares	418	123.020	429	114.421
Rights	21	1.414	18	1.356
Debt	673	268.057	669	266.436
Public Debt	31	167.452	34	169.831
<i>Treasury and Other Bonds</i>	27	161.020	29	158.421
<i>Treasury Bills</i>	4	6.432	5	11.410
Private Debt	642	100.604	635	96.605
<i>Bonds (1)</i>	594	98.597	583	94.859
<i>VMOC's (2)</i>	3	139	3	139
<i>Commercial Paper</i>	43	1.789	47	1.528
<i>Participation Bonds</i>	2	79	2	79
Other	1.248	4.129	1.278	2.670
Participation Units	255	3.456	108	1.909
Warrants	898	0	991	0
Certificates	78	0	148	0
Structured Values	17	674	31	761
Amounts under management	2.360	396.620	2.394	384.883

(1) Includes Classic Notes, Cash Notes, Convertible Notes, Notes with Subscription Rights, Participating Notes, Covered Bonds and Securitised Notes;

(2) Mandatorily Convertible Securities;

The valuation referred to in the previous table is based on

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

In the table above, the valuation of issues of warrants, certificates, rights and other similar values is not shown.

The equity segment had 418 issues valued at € 123.020 million, compared with 429 issues valued at € 114.421 million. As such, the number of shares decreased by 2.6%, while the valuation of shares rose by 7.5% year-on-year following the increase in market prices of shares admitted to trading on a regulated market.

The rights, which essentially represent conversion rights allocated to the State, grew from 18 to 21 issues valued at €1.414 million

With regard to long-term public debt, the recorded amount of € 161,020 million shows a year-on-year increase of 1.6%, with the number of issues having risen to 27, two less than in 2020. Issues of Treasury Bills fell from 5 to 4, and the valuation of these instruments contracted 43.6%.

Private debt, with a total of 642 issues (7 more than in the same period of the previous year), totalled € 100,604 million at the end of the period, representing a percentage and year-on-year increase of 4.1%. In this segment, commercial paper issues fell from 47 to 43, but their value grew by 17.1%.

The number of participation unit issues increased to 255 (compared with 108 issues in the previous year), with the valuation of this segment up 81.1% year-on-year.

At the end of 2021, the warrants business showed a year-on-year decrease of 9.4% in the number of registered issues, having decreased by 93 issues.

On 31 December 2021, 78 certificates were registered, 70 less than in the same period of the previous year (-47.3%).

Structured securities show a decrease of 14 issues, their value having fallen by 11.5% compared to the value recorded at the end of 2020.

3.2.1. Form of representation of the securities

Of the total issues managed by Euronext Securities Porto (2,360 issues), 1,375 are represented in dematerialised form and 985 are represented by physical securities, which are immobilised in the Euronext Securities Porto Vault.

Of the 985 physical securities issues, 898 represent issues of warrants, with each issue represented by a single certificate.

In percentage terms, 58% of registered issues are dematerialised, with 42% represented by physical securities.

Under Portuguese law, securities may be either materialized (i.e. represented on paper) or

dematerialized (represented by registration in a securities account) depending on the choice of the issuer. When registered in the centralized systems of Euronext Securities Porto, securities represented in certificated form are treated as if they were dematerialized and are immobilized in the vault of Euronext Securities Porto.

3.2.2. Issue control

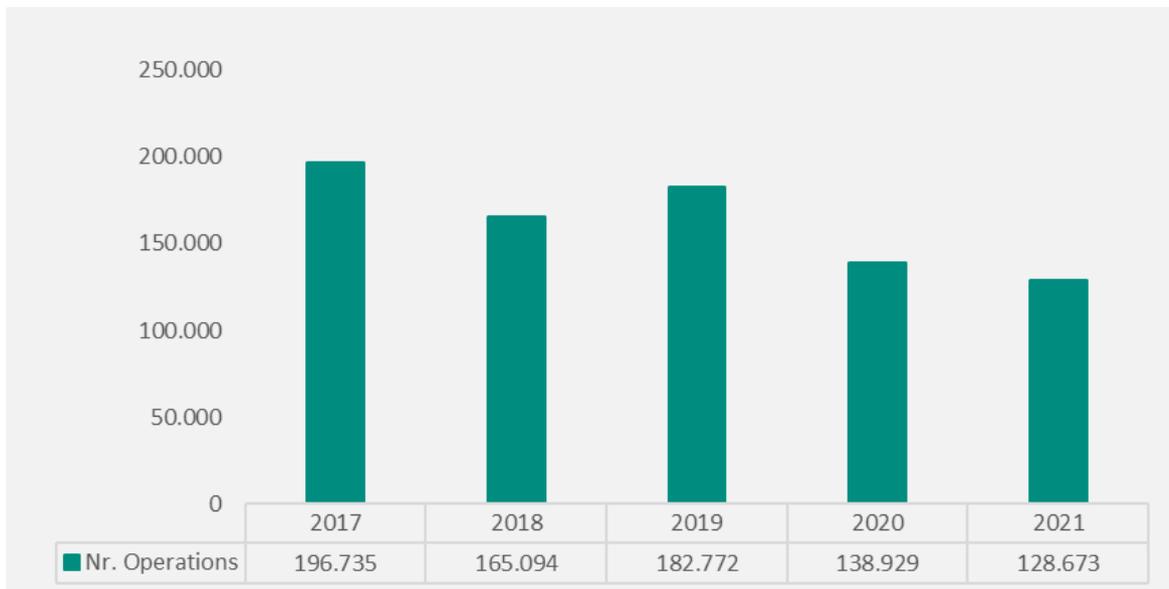
As part of its activity of registration and control of dematerialised issues and deposit, custody and control of certificated securities, Euronext Securities Porto manages, for each form of securities representation, an internal account in which it enters the difference between the quantity of securities issued, of an issue or category, and the quantity of securities registered and/or deposited in the Centralised Systems it manages.

3.2.3. Securities transactions

The systems managed by Euronext Securities Porto also process other securities transactions, namely transfers of securities between accounts of the same participant and between accounts of different participants, both for the physical settlement of transactions and for the mere transfer of securities 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 2021, 128,673 securities transfers were made, 10,256 fewer operations than in the previous year, representing a decrease of 7.4% compared with the number of account movements made during the same period in 2020.



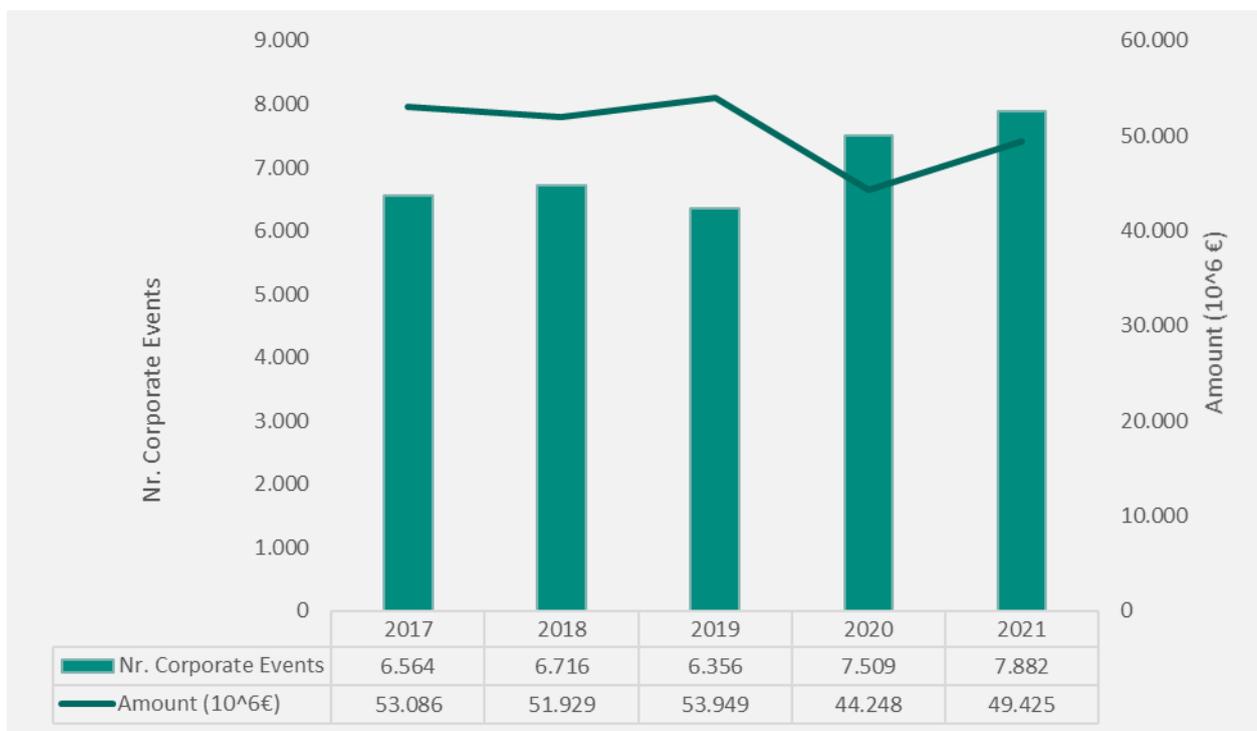
3.3. Exercise of rights of equity content and other corporate actions

The exercise of rights of equity content and other corporate actions constitutes one of the main activities of the Centralised Systems.

Performing an analysis of the entire rights exercise carried out in 2021, 7,882 operations were processed, representing, in absolute terms, an increase of 373 operations compared to the operations processed in 2020 (+5.0%).

The amount moved rose to EUR 49,425 million, compared with EUR 44,248 million processed in the same period of the previous year, representing an increase of 11.7% in percentage terms and year-on-year.

Exercise of Rights – Total



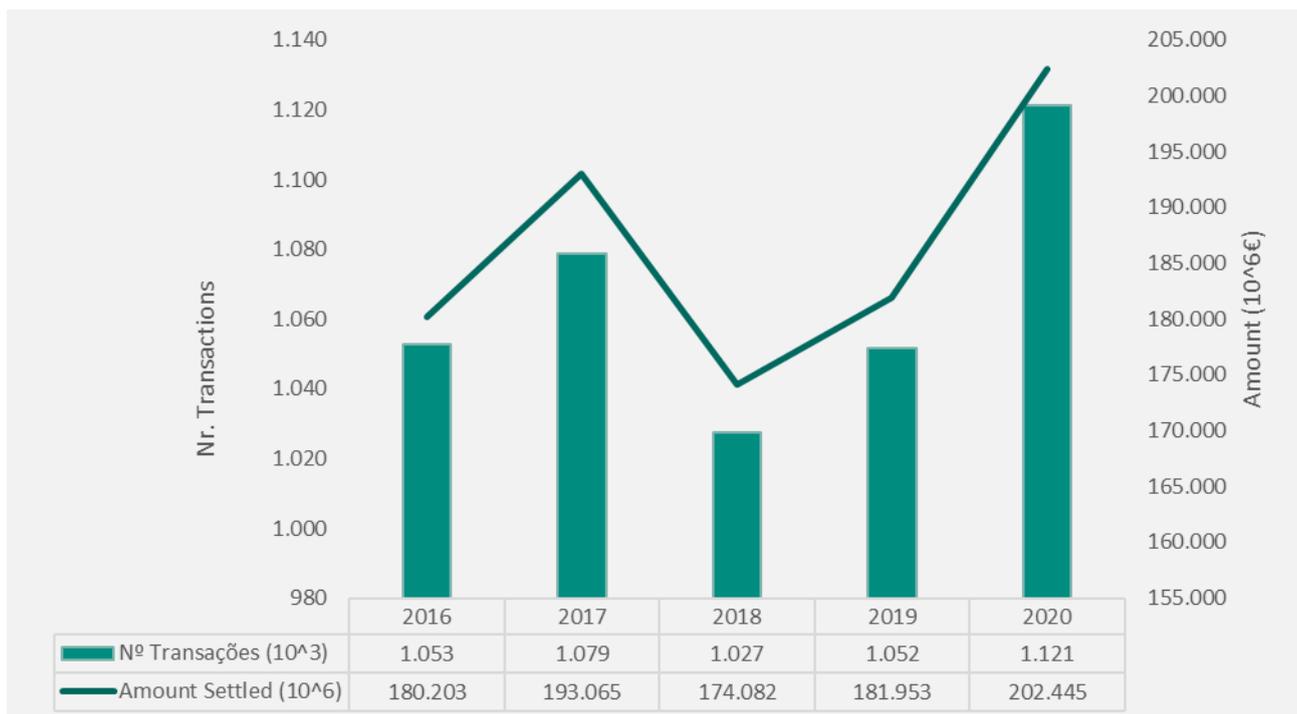
3.4. Settlement systems

Euronext Securities Porto provides the settlement service through the T2S pan-European platform, handling the participants' securities accounts and dedicated cash accounts opened on that platform for payments in euro. Payments in non-euro currencies not accepted by the T2S platform are processed by sending payment instructions to the foreign currency payment system (SPME), operated by Caixa Geral de Depósitos.

3.4.1. Settlement in Euros

In 2021, 1,11 million transactions were settled for an amount of EUR 165,154 million, compared to 1,12 million transactions settled in the previous year for an amount of EUR 202,445 million.

Thus, the number of transactions contracted 0.7%, accompanied by the amount settled, which fell 18.4%. The negative change in the settlement of transactions is essentially explained by the high volatility of the market that began in the first quarter of 2020, in response to the pandemic crisis experienced by investors in Europe.



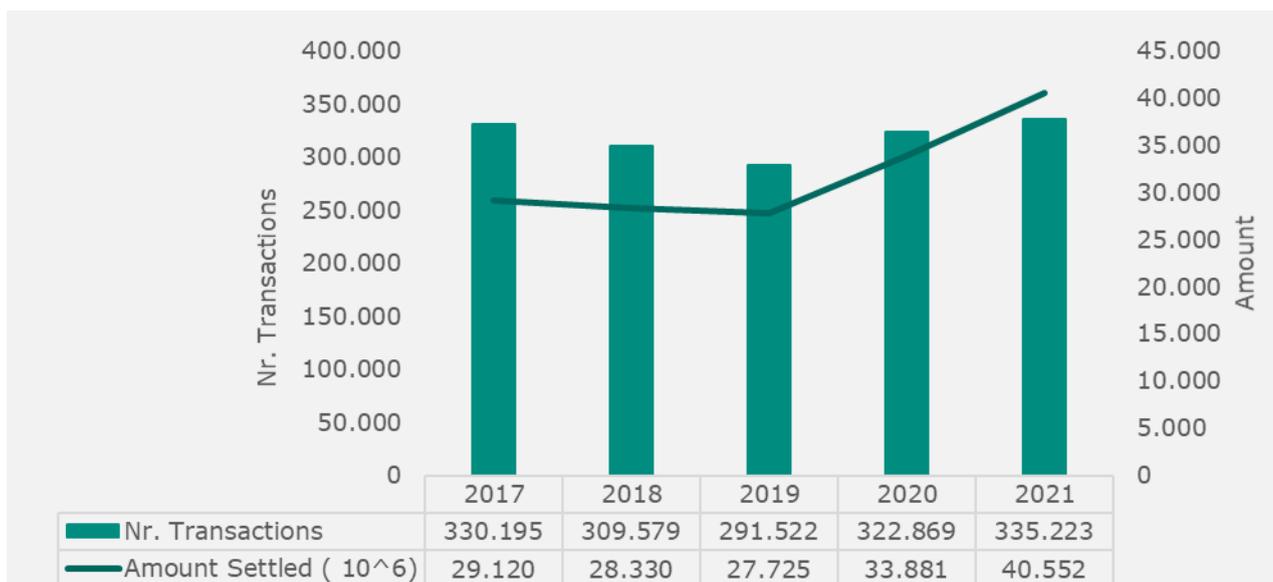
3.4.1.1. Guaranteed and non-guaranteed operations, carried out on the Market

In 2021, 335,223 operations were settled in markets managed by Euronext Lisbon and in other trading platforms, and guaranteed by a central counterparty.

The amount involved in these operations was €40,552 million, which compares with €33,881 million settled in the previous year.

In comparative and year-on-year terms, there was a 3.8% increase in the number of operations settled. This trend was accompanied by the amount settled, which grew by 19.7%.

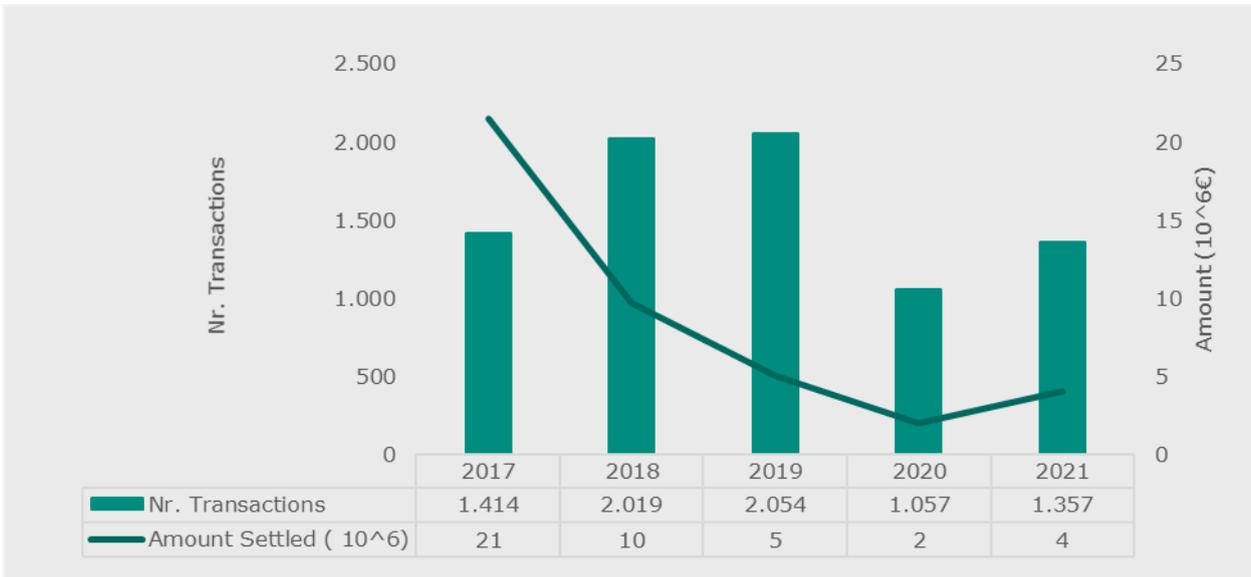
Secured transactions carried out on the Market



Instructions relating to operations carried out on markets managed by Euronext Lisbon and on other trading platforms and not guaranteed by a central counterparty rose to 1,357, up 300 on those settled in the same period of the previous year (+28.4%).

The amount settled followed the positive trend in the number of operations, doubling the amount recorded in 2020.

Unsecured operations carried out on the Market

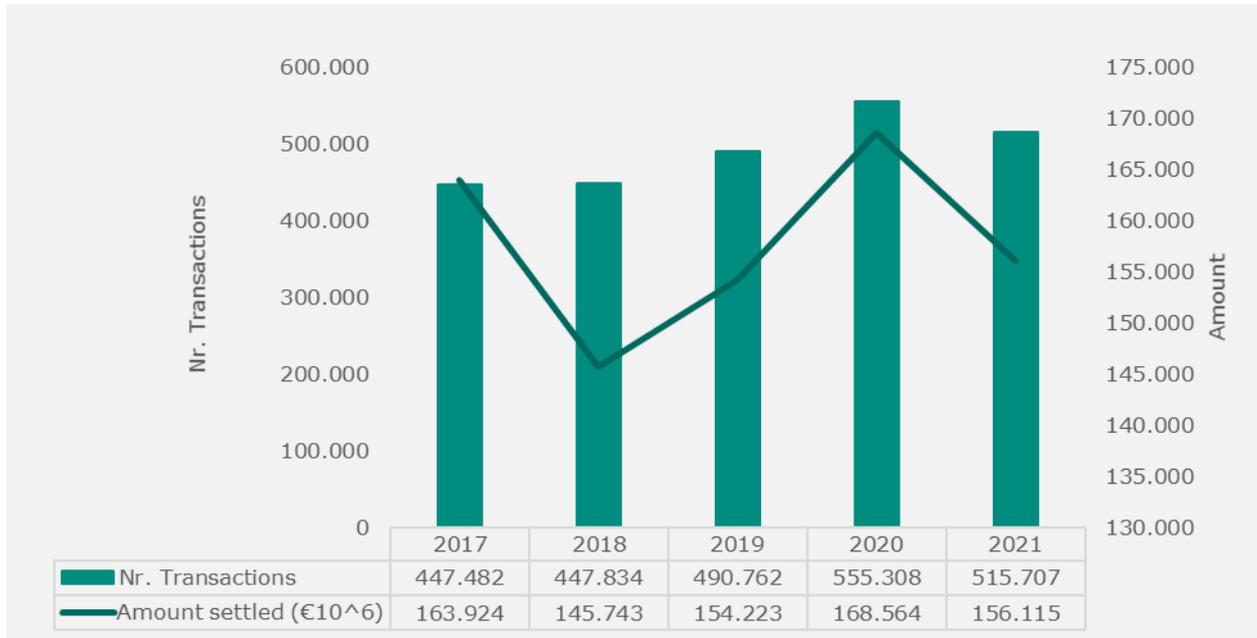


3.4.1.2. Other DVP and FOP operations carried out off-market

In 2021, 515,707 DVP (*Delivery versus Payment*) operations were settled, related to off-market operations, against 555,308 operations of this type settled in the same period of the previous year (-7.1%).

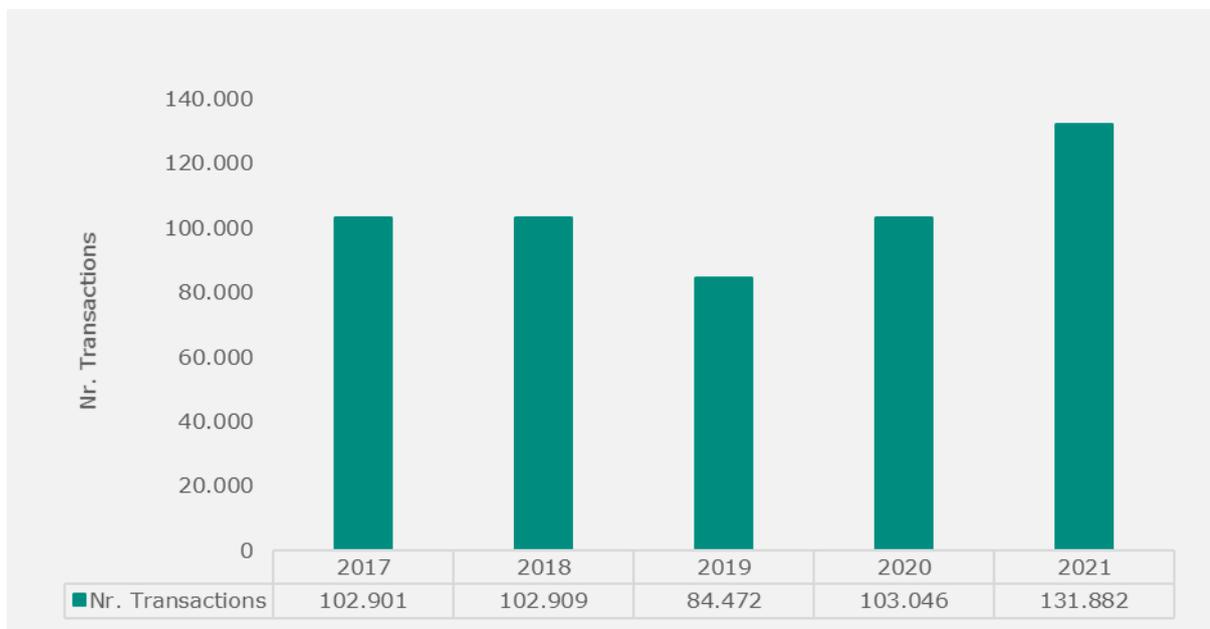
The amount of operations settled decreased by 7.4%, from 168,564 million euros settled in the previous year to 156,155 million euros settled in 2021.

DVP operations



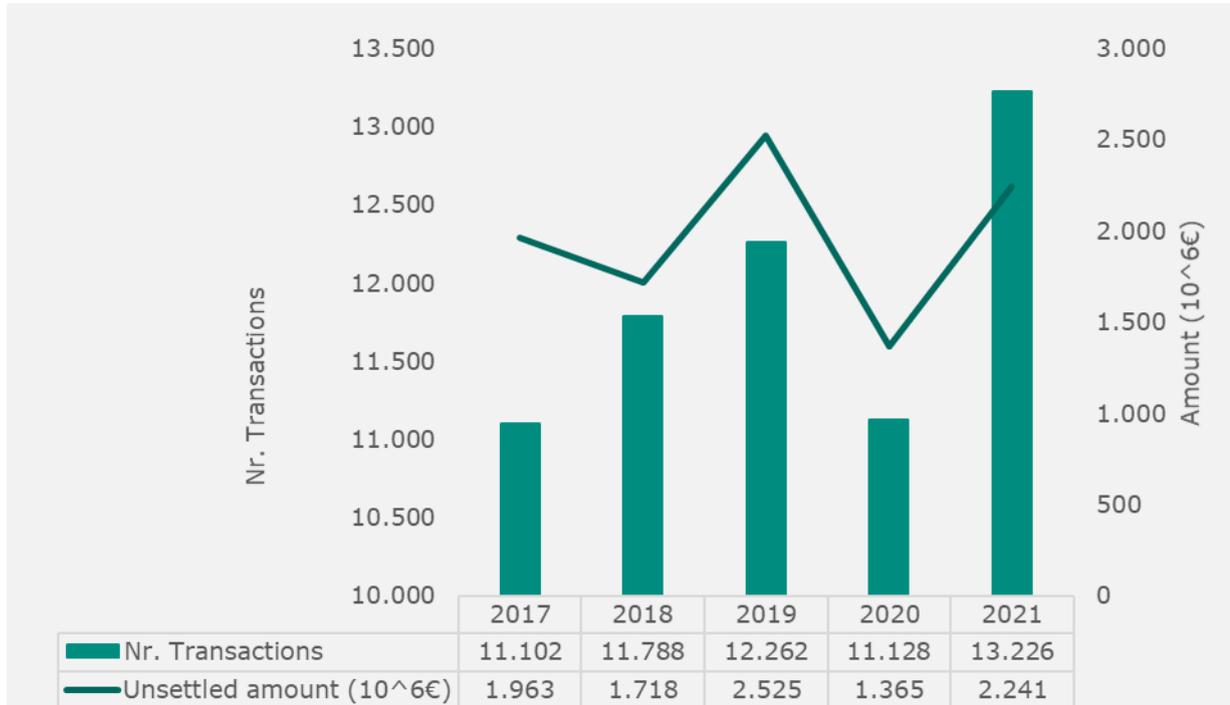
With regard to FOP (*Free of Payment*) instructions, the number of off-market operations rose to 131,882, representing, in absolute terms, an increase of 28,836 operations (+28.0%).

FOP operations



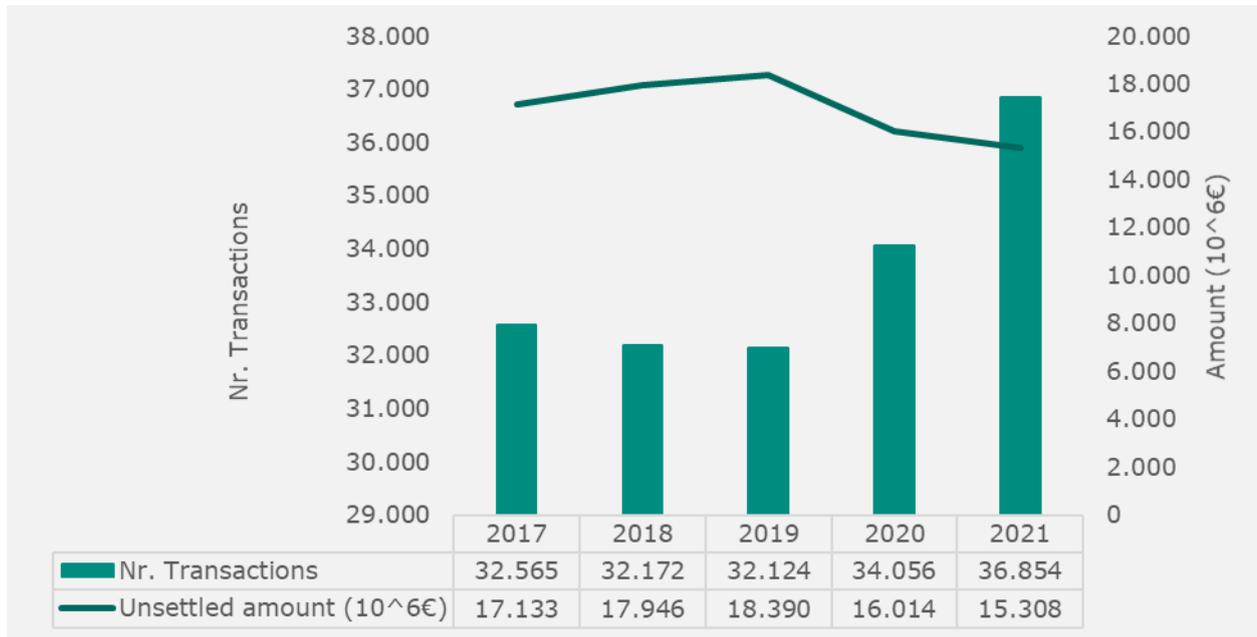
3.4.1.3. Unsettled transactions

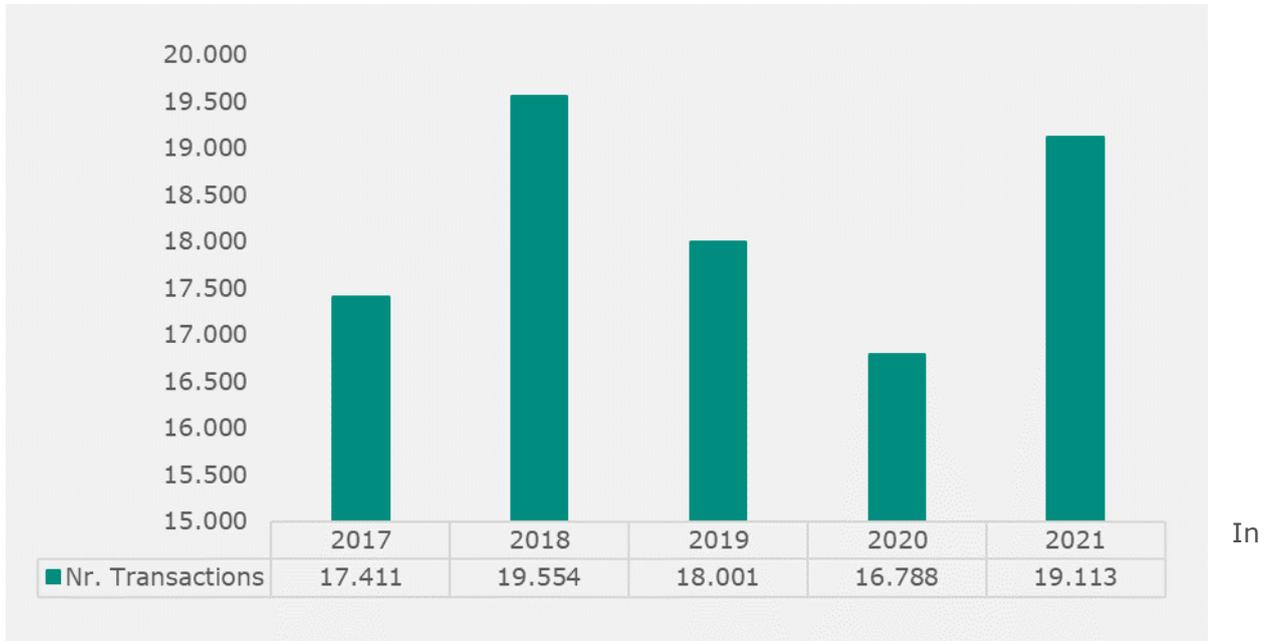
Unsettled operations resulting from secured and unsecured transactions carried out in markets managed by Euronext Lisbon and in other trading platforms, amounted to 13,226 operations representing a year-on-year increase of 18.9%. The amount involved in unsettled operations grew 64.2%, from € 1,365 million at the end of 2020 to €2,241 million in the period under review.



Unsettled operations carried out on the Market

Transactions not settled on the contracted settlement date (ISD), resulting from DVP operations carried out through the settlement systems managed by Euronext Securities Porto, showed an increase in the number of operations (2,798 more), with the amount involved in these operations falling from €16,014 million to € 15,308 million (-4.4%).



Unsettled FOP operations in ISD

2021, FOP operations not settled on the contracted settlement date (ISD), amounted to 19,113, which compares with 16,788 operations not settled in the same period of the previous year (+13.8%).

3.4.2. Foreign Currency Settlement

Euronext Securities Porto also manages a settlement system in a currency other than Euro, using a *commercial bank money* type payment system operated by CGD - Caixa Geral de Depósitos, S.A.,

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

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

This system allows the payments of income and the financial settlement of transactions carried out in the markets managed by Euronext Lisbon and not guaranteed by LCH, S.A. and of OTC (*over-the-counter*) transactions. Since September 2019, it also allows the settlement and payment of income relating to ETFs (*Exchange-Trade Funds*) denominated in currencies other than the euro.

The Foreign Currency Settlement System (SLME) 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 analysis, whenever necessary to meet the needs evidenced by the market.

In December 2021, 15 foreign currency issues were registered in the Centralised System (2 less issues than those registered at the end of 2020), of which 13 were issued in US dollars and 1 in Japanese yen and 1 in Chinese Renminbi.

The amount of the dollar issues amounted to USD 1,014 billion, with the issue in Japanese yen valued at JYP 1,000 million and the issue of participation units in Chinese currency, as at 31 December 2021, had no amount recorded.

4. ANCILLARY SERVICES

4.1. National Numbering Agency

As part of its duties, Euronext Securities Porto, as the National Numbering Agency, issued 14,542 new codes, which compares with the 14,984 codes attributed during the previous year. 14,251 codes were deactivated.

Thus, on 31 December 2021, 10,700 ISIN codes and respective CFI and FISN codes were active.

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

Euronext Securities Porto also promotes the disclosure of the codes attributed by this Agency, maintaining for that purpose the possibility for interested parties to subscribe to a database containing ISIN and CFI information and FISN, with daily or weekly updates.

4.2. Information Services

Euronext Securities Porto continued to provide regular statistical, historical and financial information.

In the Euronext Securities Porto portal, in a client area, there is a module available that allows Issuers to request information on the identification of the holders of registered securities in the system, receiving, in its dedicated area, the file containing the information requested for a given reference period.

However, it should be noted that the Centralised Systems manage global accounts, opened by the affiliated Financial Intermediaries, which, at each moment, contain the sum of the individual registration accounts opened by the investors with the Financial Intermediary (custodian/registrar) of their choice. Euronext Securities Porto therefore requests the Financial Intermediaries participating in the Systems managed by it to disclose information on the holders of securities that are the subject of the Issuer Entity's request and, after consolidating the information received, sends it to the Issuer Entity.

4.3. CSD Links

Euronext Securities Porto has established links with other European CSDs in order to allow its Participants to hold in their accounts, securities issued in foreign depositories and to concentrate the custody of domestic and foreign securities in a single account opened with this management entity.

Therefore, Euronext Securities Porto, as *Investor CSD*, is a participant in the systems of Euroclear France, Euroclear Nederland and Clearstream Banking AG, thus allowing its participants to hold in their securities accounts, debt instruments primarily registered in the systems of these European CSDs.

Interbolsa, as *Issuer CSD*, has as participants in its systems Clearstream Banking AG (CBF) and Iberclear, allowing through these links the cross-border transfer of securities from the participants of these CSDs to the accounts of Euronext Securities Porto participants.

DEVELOPMENT OF PRODUCTS AND SERVICES



1. PROJECTS COMPLETED IN 2021

Euronext Securities Porto, in defining its strategy and corresponding value proposal for its interlocutors, gives priority to the perspective of its clients' needs.

In this context, this managing entity permanently seeks to improve processes and procedures (in a context of adequate control and risk management), to improve communication channels to listen to customer needs and, in particular, to ensure service excellence and process quality, e.g. by providing reliable systems and developing new services.

The development of new products and services suited to the needs of local and international markets is one of the strategic objectives of Euronext Securities Porto.

Despite the impact of the COVID-19 pandemic on the activities and work organisation of Euronext Securities Porto, the capacity of Euronext Securities Porto to adapt in time to new scenarios and work methodologies, both of Euronext Securities Porto and its participants, allowed the projects scheduled for 2021 to be successfully completed.

TARGET2-SECURITIES (T2S)

Euronext Securities Porto throughout 2021, implemented the various *Releases* made by the European settlement platform - T2S:

- *Release 4.3* on 20 February - correction of 12 identified issues and 1 *Release* defect. None of the issues identified impacted Euronext Securities Porto;
- *Release 5.0* in June - the main annual *release* included the implementation of 19 *Change Requests*, which required the adaptation of Euronext Securities Porto's systems to the new T2S functionalities, and the correction of 27 problems and 12 *Release* defects;

With the implementation of *Release 5.0*, Euronext Securities Porto has extended the number of *ISO Transaction Codes* available to participants for the registration of instructions.

- *Release 5.1* in September - correction of 16 identified issues. None of the issues identified had an impact on Euronext Securities Porto;
- *Release 5.2* in November 2021, which includes 13 *change requests*, related, among others, to the *Eurosystem Collateral Management System* (ECMS) and to the update of the *non-repudiation of origin* (NRO) solution in *user-to-application* (U2A) mode. Four problems identified and five defects were also corrected.

SHAREHOLDERS RIGHTS DIRECTIVE II (SRD II)

SRD II sets out certain requirements in relation to the information to be provided by issuers to intermediaries, namely the Issuer CSD, and to be transmitted along the chain from intermediaries to shareholders, namely in relation to shareholder identification, general meetings and corporate actions.

On 6 September 2021, Euronext Securities Porto implemented a set of changes aimed at improving the service of identifying holders and notification of General Meetings, namely:

Identification of shareholders

- Implementation of SWIFT ISO 20022 messages;
- Possibility for the issuer to request the identification of holders with a reference date in the past (*Record Date* - RD) of up to 1 year, with effect only as from the date of implementation;
- Possibility of the request for identification of titleholders being made by an agent appointed by the Issuer, through a specific access in the Portal's private area (MY INTERBOLSA);
- Possibility for financial intermediaries in the intermediation chain (clients of Interbolsa participants) to send directly to Euronext Securities Porto the holders identified by them through a specific access in the Portal's private area (MY INTERBOLSA).

In 2021, the number of requests for identification of holders amounted to 379, compared to 268 requests made in the course of 2020.

General Assemblies

- Implementation of SWIFT ISO 20022 messages, as well as some specific changes to existing messages (ISO 15022 and STD messages), with the aim of improving and harmonising the information provided.

CSD REGULATION (CSDR)

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July on improving securities settlement in the European Union and on central securities depositories (also referred to as the *CSD Regulation for short*) entered into force on 17 September 2014, and provides for certain uniform obligations to be imposed on all market participants regarding certain aspects of the settlement cycle and discipline, establishing a set of common requirements applicable to the CSDs.

Together with EMIR and MiFID, this regulation completes the framework of common rules to be applied, in the European context, to the relevant market infrastructures, namely: trading venues, central counterparties, trade repositories and central securities depositories.

During 2021, Euronext Securities Porto continued the process of developing and implementing the CSDR regime on settlement discipline. The entry into force of this regime was postponed, in 2020, to February 2022, following the pandemic crisis.

The Settlement Discipline regime is a core requirement of the CSDR, which aims to promote the operational efficiency of CSDs and thus contribute to timely and efficient settlement within the European Union.

Under this regime, Euronext Securities Porto:

- Introduced a set of rules and procedures to encourage settlement of transactions on the agreed settlement date;
- Adopted a set of measures to avoid settlement failures;
- Reviewed the measures provided for in the CSDR to address settlement fails;
- Promoted dialogue and the sharing of relevant information with the market;
- Provided its Participants with the information and functionalities necessary to implement this new regime.

SINGLE COLLATERAL RULEBOOK FOR EUROPE (SCORE)

SCORE is an initiative led by the European Central Bank with the aim of creating common rules for collateral management.

During 2019, standards were approved by the *Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)*, relating to:

- Triparty Collateral Management: definition of common processes for interaction between all major European triparty providers and their participants, including the Eurosystem, using ISO 20022 messages;
- Corporate Actions: set of harmonised business processes and workflows for debt instruments, providing for the use of ISO 20022 messages; and
- Billing Processes: set of rules for the transmission of billing information by post-trading providers regarding the custody and management of collateral, including the alignment of billing frequency and dates and the use of ISO 20022 messages.

Following the postponement of this project in 2020 and with the aim of implementing one of the pillars of the Euronext Group's strategy, which aims to "Europeanise" the post-trade area, in 2021, it was decided to create a common harmonised platform for processing Corporate Actions, called CA4U, in order to comply with the ECMS (European Collateral Management System) requirements, enabling compliance with corporate action standards, including SCoRE, and supporting eligibility in the Eurosystem.

A number of benefits have been identified, both in terms of services and processes and in terms of technology:

Services and processes

- Harmonisation of services between markets where Euronext Securities operates;
- Harmonisation of processes;
- Efficient and standardised access to multiple markets;
- Alignment with CA & ISO international standards;
- Support for local and global financial intermediaries;
- Increased *Straight-Through Processing*, enabling more automation;
- More transparency, with a wider and more common scope of ISO messages.

Technology

- Common harmonised platform across markets where Euronext Securities operates;

- Avant-garde platform and architecture
- High degree of flexibility
- Enabling innovation and reducing the time to market for new services
- Harmonised communication in ISO 20022, ISO 15022 formats, while maintaining support for local reporting formats.

The implementation of this new platform will be made available to the markets in 3 phases:

- Phase 1 which will be available in November 2023 and provides corporate action for bond for the Portuguese and Danish markets;
- Phase 2 to be commissioned in the second quarter of 2025 and which foresees the extension of event processing to all asset classes for the Portuguese, Danish and Norwegian markets;
- Phase 3 to be made available in the fourth quarter of 2025 with the entry into the Italian market.

IT SYSTEMS

During 2021, Euronext Securities Porto implemented a set of improvements to its IT systems, with the aim of modernizing its *hardware* as well as updating its *software*, thus making the IT park that supports the services provided by Euronext Securities Porto more robust, reliable and secure, thus reducing its operational risk.

Hardware

In July 2021 the main internal network equipment (LAN *core switch*) was replaced by a new fully redundant solution.

In November 2021, Euronext Securities Porto proceeded to replace the IBM *mainframe*, the central processing unit of its systems, having acquired an IBM z15.

Software

With regard to SWIFT products, the upgrade from version 7.4 to version 7.6 of the SWIFTNet Link, SWIFT Alliance Gateway and SWIFT Alliance Access products began in 2021 and was completed in January 2022. The year's Standard Release with the new SWIFT message syntaxes was also implemented in November.

Following the replacement, VMware was upgraded to the latest version on both Datacenters on the switch centre server.

ORACLE Database

With the objective of updating the Oracle database management system from version 11g to 19c, operated in October 2021, in the same year the migration of the Oracle *Forms* and *Reports* of the Euronext Securities Porto applications to Oracle APEX was concluded.

Information backup

Euronext Securities Porto renewed the IBM mainframe Robot by a virtual tapes system with mirroring to the Alternative Centre. Subsequently, the physical tapes for storing information were migrated to virtual tapes, thus allowing backup and recovery times to be reduced, lowering operational costs.

This project, completed in 2020, allowed Euronext Securities Porto to implement in June 2021, in T2S Release 5.0, the elimination of the maintenance window during the week, which used to occur between 3am to 5am CET, thus extending the settlement time of the T2S platform.

Computer security

With regard to IT Security, during 2021, Euronext Securities Porto, together with the Euronext Group's Infosec team, implemented a set of measures, namely monitoring with the aim of reinforcing the security of Euronext Securities Porto's systems.

During the year, the revised protection of its systems by updating antivirus, *firewalls*, as well as protection products against *spam* and *ransomware*.

ISO 27001 CERTIFICATION

Euronext Securities Porto obtained on 28 October 2019 the certification regarding the conformity and full compliance with the requirements of the ISO 27001:2013 standard, regarding the Information Security Management System. This standard has as a general principle the adoption of a set of requirements, processes and controls with the objective of mitigating and adequately managing information security risk.

This obtained certification has as its scope of application: "the protection of information on settlement instructions related to operations carried out on the market and operations carried out over the counter (OTC) including operations against payment (DVP) carried out in Euro and operations free of payment (FOP)".

Obtaining this certification demonstrates the special importance that Euronext Securities Porto attaches to protecting the information of the business it manages, reinforcing and guaranteeing it:

- The use of the best international practices regarding Information Security Management;
- The protection, confidentiality, integrity and availability of data;
- An ongoing commitment to data protection and operational risk management.

In 2021 the recertification audit was carried out by the certifying entity.

BUSINESS CONTINUITY PLAN

Throughout its existence, Euronext Securities Porto has ensured the permanent operation of its services with the highest levels of security, reliability and availability.

In order to eliminate or minimize the impact on its clients, caused by an eventual unavailability of its systems, Euronext Securities Porto started by developing and operating a Disaster Recovery Plan. This plan was based on the use of an alternative centre capable of providing the infrastructures and services necessary for the affiliated Financial Intermediaries to continue their activity in a situation where the Euronext Securities Porto processing centre is down. This plan has evolved into a complete Business Continuity Plan that involves, in a crisis situation, the coordination of a vast set of activities in order to ensure the availability of information and essential services provided by Euronext Securities Porto in the shortest possible time.

In 2021, Euronext Securities Porto conducted 2 more tests, one being an internal test, performed on 8 May, in which the T2S platform was made available by the ECB for this purpose and in which the activation of the alternative Data Centre was tested; another was a full Business Continuity Plan test, performed on 30 October, with the participation of the Crisis Management Team and the recovery and market teams and for which the T2S platform was also made available.

This test with market allowed participants to check real-time data in the main centre, as well as the operating conditions after activation of the alternative centre, thus demonstrating Euronext Securities Porto's recovery strategy.

The positive result of all tests performed, in this context, by Euronext Securities Porto reinforces once again its commitment to comply with international recommendations and good practices of Business Continuity, thus contributing to mitigate the risk associated with the possible occurrence of disasters, ensuring business continuity and reinforcing the security and solidity of market structures, and consolidating the confidence of investors and participants, ultimately benefiting the Portuguese financial system as a whole.

2. SUPERVISION OF EURONEXT SECURITIES PORTO

2.1. Reconciliation measures

As part of its functions of supervising the operation of centralised securities systems, Euronext Securities Porto has the following preventive and corrective control mechanisms in place:

- Reconciliation between the issue accounts opened in the Centralised Securities Systems and the global accounts opened by the Financial Intermediaries affiliated to the said system through a report generated daily by the system. This internal report enables Euronext Securities Porto to detect irregularities between the quantities registered in the capital account and the sum of the quantities contained in the overall accounts opened in the Centralised Systems;
- Euronext Securities Porto provides its participants, on a daily basis, with the necessary information for the daily reconciliation of the balances of the accounts, global and individual register opened and managed by them.
- Fortnightly reconciliation between the global accounts opened by the Financial Intermediaries affiliated to the Centralised Securities Systems and the individual registration accounts opened with each Financial Intermediary.

This control mechanism consists of sending the Financial Intermediaries a file with the respective account positions. The Financial Intermediaries subsequently send the reconciliation reports, identifying the discrepancies detected. This procedure is carried out fortnightly, and is dependent on the actions of the Financial Intermediaries, so that the detection and reporting of discrepancies is within the sphere of activity of the Financial Intermediary.

2.2. Inspection actions

The purpose of the inspection is to reconcile the quantities in the global accounts opened in the Centralised Systems with those contained in the individual registration accounts opened by each Financial Intermediary, through on-site verification of the existence (or not) of discrepancies. In other words, the quantity of securities contained in each global account must correspond to the sum of a certain number of individual registration accounts.

The inspection actions are sporadic in nature, appearing as a complement to the other existing control mechanisms.

Together, the preventive and corrective mechanisms developed and implemented by Euronext Securities Porto ensure the control, operational normality and transparency of the centralised systems, as well as prevent or repress any fraudulent, illicit or irregular acts, proving to be adequate to fulfil the functions to which, at this level, Euronext Securities Porto is assigned.

With regard to surveillance actions, Euronext Securities Porto prepares an annual plan of visits based on the following selection criteria:

The Financial Intermediaries' failure to present the justifications required for the analysis/verification of the discrepancies detected/disclosed in the fortnightly reports (which includes situations in which the justifications presented are not considered valid);

Situations in which Euronext Securities Porto has direct or indirect, actual or assumed knowledge that there are unjustified discrepancies between the global accounts and the individual register accounts.

Whenever the two criteria above do not apply, Euronext Securities Porto considers, as a supplementary criterion, the frequency of occurrence of discrepancies, even when not covered by criterion (i).

Without prejudice to the cases provided for above, the services of Euronext Securities Porto carry out two to three inspections each year on a random basis, and the Financial Intermediaries inspected in a given year, subject to recommendations by Euronext Securities Porto, are inspected again the following year.

During the month of October 2021, Euronext Securities Porto supervised 4 Financial Intermediaries.

Analyzed globally, the results obtained in relation to the verification of procedures are satisfactory and show the preventive effectiveness of the reconciliation mechanisms developed and implemented by Euronext Securities Porto, namely, the fortnightly reconciliation reports between the global accounts and the individual registration accounts.

ORGANISATION POLICY S MANAGEMENT



INTERNAL USE ONLY

1. SOCIAL BODIES

General Meeting

President	Luís Fernando Sampaio Pinto Bandeira
Secretary	Helena Maria Teixeira Lopes

Board of Directors

As of 31 December 2021, the composition of the Board of Directors of Euronext Securities Porto was as follows:

Chairman

Pierre Eric François Davoust

CEO

Olga Maria Cardoso Jordão

Non-Executive Director

Isabel Rute Ucha da Silva

Independent Non-Executive Director

Filomena Raquel da Rocha Rodrigues Pereira de Oliveira

Independent Non-Executive Director

Joaquim António Pereira Cadete

As of 31 December 2021, the functions of Company Secretary were provided by:

Company Secretary

Company Secretary Helena Maria Teixeira Lopes

It should also be noted that a Statutory Auditor of the Company was also appointed for the year 2021:

Statutory Auditor

Ernst & Young Audit & Associados - SROC, S.A., represented by Sandra e Sousa Amorim

Alternate Statutory Auditor Pedro Jorge Pinto Monteiro da Silva e Paiva

Risk Monitoring Committees

In accordance with Article 48 of the Commission Delegated Regulation (EU) 2017/392 of 11 November 2016, the Board of Directors of Euronext Securities Porto approved the establishment of the following Risk Monitoring Committees:

Risk Committee

The Risk Committee is responsible for advising the Board of Directors on the overall current and future risk strategy and tolerance of Euronext Securities Porto.

Audit Committee

The Audit Committee is responsible for advising the Board of Directors on the performance of the internal audit function of Euronext Securities Porto, which it must oversee.

Remuneration Committee

The Remuneration Committee is responsible for advising the Board of Directors on the remuneration policy of Euronext Securities Porto, which it must oversee.

2. INTERNAL ORGANISATION

The internal organisation of Euronext Securities Porto is based on a functional structure, based on a criterion of specialisation of the tasks assigned to the different Departments.

The operational activity of Euronext Securities Porto is divided between two Divisions: Central Securities Depository and Information Technology.

The Central Securities Depository manages the centralised securities and settlement systems, thus ensuring the core business of the institution, with IT constituting its main technical and operational support.

The functional activities of a not directly operational nature are divided among the Legal and Compliance, Financial, Human Resources, Internal Audit, Risk and Program Office areas.

As of 31 December 2021, Euronext Securities Porto had a total of 31 employees (excluding members of the Board of Directors), distributed across the following areas:

	Number
Central Securities Depository and NNA	12
IT	15
Legal	1
Financial	1
<i>Program Office & Risk Management</i>	2

The Human Resources area is shared with Euronext Lisbon and the Risk, Internal Audit, Financial, Legal, Administrative and Cybersecurity areas are shared with the Euronext Group.

3. ADVISORY COMMITTEES

Euronext Securities Porto created two user committees in order to encourage and promote an effective interaction and connection between this management entity and the participants in the settlement systems and centralised securities systems it manages.

The creation of these autonomous consultation groups, comprising the most representative users of the settlement systems and centralised securities systems, is of great practical relevance in the areas that constitute the core business of Euronext Securities Porto.

Euronext Securities Porto also organises Workshops with its participants in order to present to the market specific topics resulting from regulatory or business changes with an impact on the activity developed by its participants, as it was the case of the migration of Euronext Securities Porto systems to the T2S platform, the implementation of the rules imposed by the CSD *Regulation* and, more recently, Workshops especially dedicated to *Settlement Discipline* and the Shareholders' Directive.

General Advisory Committee

Pursuant to Article 28 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 (*CSD Regulation* or CSDR for short), central securities depositories (CSDs) establish user committees composed of representatives of issuers and participants in the systems they manage.

In this context, the General Advisory Committee (GAC) of Euronext Securities Porto complies with international guidelines for the establishment of consultation committees composed of users of the systems managed by Central Securities Depositories, as established in the CSD *Regulation* and other international recommendations.

The General Advisory Committee (GAC) is called upon to give its opinion on issues and matters relating to the overall activity of Euronext Securities Porto that are of interest to all or a large majority of its users.

Operational Advisory Committee

The Operational Advisory Committee, which is called upon to give an opinion on essentially operational matters relating to the operation of the Euronext Securities Porto systems, as well as procedures and processes implemented or to be implemented.

During 2021, in view of the pandemic crisis and the confinement in place in Portugal, Euronext Securities Porto organised a single General Advisory Committee and Operational Advisory Committee.

This meeting, held on 20 October, had the following agenda:

- Euronext of CSDs - where the Euronext Group strategy for the 4 CSDs belonging to the Group was presented;
- The ECMS project the SCORE Standards and the project to develop a single platform of *Corporate Actions* for Euronext Securities was also presented;
- Projects under implementation, notably CSDR-Settlement Discipline, SRD II implementation, *T2S Releases* and consolidation of T2/T2S platforms;
- The change in pricing for 2022

4. RISK MANAGEMENT

Euronext Securities Porto pays strict and permanent attention to maintaining a prudent risk profile, balanced and appropriate to the experience and capacity of the organisation, preserving the basic objectives of solvency, profitability and adequate liquidity.

Euronext Securities Porto has identified the following risks for continuous monitoring purposes:

- (a) **Strategic Risk:** the effect of uncertainty in meeting the strategic and business objectives of Euronext Securities Porto, motivated by adverse economic and political conditions that cause a decrease in the levels of confidence of the financial market *stakeholders*;
- (b) **Financial Risk:** risks that may affect the way Euronext Securities Porto manages its financial resources as well as its results;
- (c) **Compliance Risk:** risk that Euronext Securities Porto may not comply with the legal or regulatory requirements established;
- (d) **Operational risk:** risk of losses resulting from deficiencies or failures in internal processes, human resources, systems or resulting from external circumstances.

Euronext Securities Porto as a Central Securities Depository, manager of Centralised Systems and Securities Settlement Systems, has an internal control system whose objective is to monitor the risks inherent to its activity, to minimise unforeseen events, to adapt to changes in the economic and competitive environment and to market changes, as well as to control the company's development and growth plans more effectively.

To mitigate the risks inherent to the systems managed by Euronext Securities Porto and, consequently, to the business, Euronext Securities Porto has rules, contained in regulations, circulars and notices, which describe the procedures governing the Settlement Systems and the Centralised Securities Systems.

Euronext Securities Porto has implemented a Business Continuity Plan aimed at ensuring the permanent operation of its services and systems with the highest level of security, reliability and availability. The Business Continuity Plan is tested annually, both internally and with the different market players.

Risks and Uncertainties

The new European regulatory framework for *post-trade*, namely the *CSD Regulation*, T2S and the European Commission's *Capital Markets Union* (CMU) initiative, promote efficiency and competition between CSDs.

Thus, the most relevant risk for domestic CSDs is the possibility that the issuer may choose any CSD authorised in the European Union to register its issues, with the most competitive regulatory and tax regimes prevailing in that choice.

Market developments and regulatory requirements are creating a strong need for investments in technology and operational developments.

In economic terms, the evolution of the national economy and of the Euro Zone should continue to condition the behaviour of the capital markets, following the Ukraine/Russia conflict that began in February 2022 (see note 30 to the Accounts - Subsequent Events).

The political framework in the Eurozone, also appears as a conditioning factor for the further construction of more structural policy solutions for the consolidation of the Eurozone.

Technological innovation is now more accessible, at reduced cost, thus creating several opportunities for new players to enter the market.

5. CORPORATE GOVERNANCE PRACTICES SUMMARY

Euronext Securities Porto is governed by the provisions of its Articles of Association, Regulation (EU) No. 909/2014 of 23 July and complementary information (*CSD Regulation*), the Legal Framework of Central Securities Depositories, approved by Law No. 35/2018 of 20 July, the Securities Code (CVM) and the Commercial Companies Code (CSC), as well as other applicable legislation and regulations.

Euronext Securities Porto is a public limited company, with a share capital of five million five hundred thousand euros, fully paid up in cash and represented by five million five hundred thousand shares, dematerialised, registered, with a nominal value of one euro each. All shares issued by Euronext Securities Porto are ordinary shares and confer the same political and economic rights. Euronext Securities Porto may issue preference shares with or without voting rights, redeemable or not, up to a maximum of fifty per cent of its share capital, as well as issue bonds, convertible or not into shares, as well as other debt securities permitted by law, under the terms and conditions defined by the General Meeting.

The share capital of Euronext Securities Porto is entirely owned by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A..

Euronext Securities Porto, as a Central Securities Depository (CSD), manager of settlement systems and centralised securities systems, is subject to the supervision of the Portuguese Securities Market Commission (CMVM).

In June 2021, under CMVM Regulation no. 5/2018 on "Central Securities Depositories", Euronext Securities Porto, as CSD, prepared and submitted to the CMVM a report on corporate governance practices, which is the subject of an opinion issued by its supervisory body.

In that report they were exhaustively evidenced:

- (a) The guiding principles of the society's governance policy;
- (b) A description of the management entity's organisational structure and human resources;
- (c) The exercise of voting rights and shareholder representation rights;
- (d) Shareholder control and transfer of company shares;
- (e) The existing incentive plans for employees and members of the governing bodies;
- (f) Business dealings and operations carried out with members of the corporate bodies;
- (g) The remuneration policy of the governing bodies;
- (h) The internal corporate rules;

- (i) The dividend distribution policy adopted;
- (j) The risk control system and internal control procedures applied; and
- (k) The situations that could be improved or corrected, as well as the adopted measures to that end.

It is the understanding of this management entity that good governance practices should be seen and adopted as a fundamental part of corporate life, since they focus on relevant matters related, namely, to

- (a) The accountability of the Board of Directors in the exercise of the direction and control of the company;
- (b) The relevance of the rights of the people whose interests are linked to the company's activity (also called "company stakeholders");
- (c) The exercise of voting rights by shareholders and their active participation in general meetings.

In general and in summary, the corporate governance policy implemented in Euronext Securities Porto aims to ensure competent, efficient and transparent management, whose guiding principles are as follows

- (a) Professionalism and competence, both on the part of the Administration and the Workers;
- (b) Transparency, both of the organisation and its decision-making process;
- (c) Accountability, both of the Administration and of the Workers;
- (d) Creation of value, as the primary objective of the Administration and Workers;
- (e) Rigour in managing the various risks underlying the activity pursued;
- (f) Quality, in the pursuit of the activity that is committed to the company;
- (g) Performance and merit, as fundamental criteria of the evaluation policy and remuneration policy of the Workers and the Administration;
- (h) Accurate and timely information, available both to the shareholder(s) and to other persons with a relevant interest in the company.

In conclusion, Euronext Securities Porto believes that it has a Corporate Governance Policy that, having as its objective the adoption of good practices both in terms of the corporate relations established and the monitoring of the risks inherent to its activity, contributes to the adaptation of the company to changes in the economic and competitive environment and to changes in the market.

As a result, Euronext Securities Porto is convinced that the corporate governance system it has defined contributes decisively to avoid the practice of acts that may put at risk the regularity of the operation, transparency and credibility of the systems it manages, providing the market with an extensive set of necessary and indispensable guarantees regarding their proper functioning.

FINANCIAL ANALYSTS AND DIVIDEND PROPOSAL



INTERNAL USE ONLY

1. FINANCIAL ANALYSIS

1.1. Introduction

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

1.2. Results

The net profit of Euronext Securities Porto reached € 11,4 million at the end of 2021, which represents a decrease of 4.4% compared to the result achieved in the previous year.

Operating income amounted to € 15,5 million, a reduction of € 704 thousand when compared with the same period of 2020. In percentage terms, this indicator shows a year-on-year decrease of 4.4%.

The 36.6% increase in costs, together with the 6.9% growth in revenues, contributed to the variation in operating income.

values expressed in euro

	31/12/2021	31/12/2020	Var	% change
Revenues	24,411,378	22,835,619	1,575,759	6.9%
Operating costs	8,536,695	6,250,562	2,286,133	36.6%
EBITDA	15,874,683	16,585,057	-710,374	-4.3%
Depreciation and Amortisations	414,301	420,710	-6,409	-1.5%
Operating Results	15,460,382	16,164,347	-703,965	-4.4%
Financial Results	-10,963	-5,286	-5,677	107.4%
Results before Taxes	15,449,419	16,159,061	-709,642	-4.4%
Taxes	4,088,256	4,275,319	-187,063	-4.4%
Net Profit	11,361,164	11,883,742	-522,578	-4.4%

1.3. Income and gains

Euronext Securities Porto presents, in the financial year 2021, operating income of € 22,4 million, which represents an absolute increase of € 1,6 million, compared to the amount recorded in the previous year.

Distribution of Operating Income

values expressed in euros				
Recipes	31/12/2021	31/12/2020	Var.	% change
System usage	747,070	747,375	-306	0.0%
Settlement Systems	1,767,198	1,808,372	-41,174	-2.3%
Exercise of Rights/Other Events	659,250	603,550	55,700	9.2%
Value Maintenance	19,777,349	18,176,517	1,600,832	8.8%
Registration of issues	287,690	287,685	5	0.0%
Cancellation of issues	229,825	251,150	-21,325	-8.5%
T2S Information	82,743	90,103	-7,360	-8.2%
Other Services	703,159	677,339	25,820	3.8%
Total Services Rendered	24,254,284	22,642,091	1,612,193	7.1%
Other Income	157,094	193,528	-50,047	-25.9%
Total Income	24,411,378	22,835,619	1,575,759	6.9%

The total income from Euronext Securities Porto shows a percentage and year-on-year increase of 6.9%.

This increase is essentially explained by the increase in income generated by maintaining values, following the increase in the average values of private debt (+6.6%) and shares and participation units (+9.4%) as a result of the increase in market prices and the increase in issues of participation units integrated in centralised systems (issues increased from 108 in December 2020 to 255 in December 2021 and the amount of this segment increased by 81%).

In turn, the public debt shows a decrease of 1.5%, explained by the reduction in the average value of Treasury Bills registered in the centralised system (-44%).

The revenue generated by the Use of the Systems remained constant in comparison with the same period of 2020.

The settlement systems showed a decrease in revenues of 2.3%, justified by the reduction in OTC operations settled during 2021, compared to the same period in 2020. Market operations varied in the opposite direction, with a percentage and year-on-year increase of 4% at the end

of 2021.

The exercise of rights recorded a positive variation of 9.2% in revenues, motivated by a 21% year-on-year increase in dividend processing operations, following the response of companies to the recommendations of national and international entities not to distribute dividends in 2020. In 2021 there was also an increase in interest payment operations (+5%) and amortisations (+18%) compared to the same period in 2020.

Revenue generated by the registration of issues remained constant in relation to the same period of the previous year, following the increase in revenue generated by the registration in the centralised securities system (+53%) and which was cancelled out by the decrease in revenue from the registration of *warrants* and certificates. In turn, the revenue generated by the cancellation of issues shows a decrease of 8.5% justified by the increase in revenue generated by the cancellation of issues (+17 thousand euros) which was not offset by the reduction in revenue generated by the cancellation of issues of warrants and certificates (-38 thousand euros).

The revenues generated by the information made available via the T2S platform fell 8.2%, due to the decrease of data communications (SWIFT messages) made with the T2S platform.

The item "Other Services" includes all services provided by Euronext Securities Porto which are not broken down in the previous items, namely deposits and withdrawals of securities, special management fee for physical securities, commissions charged within the scope of the management of the National Numbering Agency, as well as income generated by the private communications network of Euronext Securities Porto and SWIFT communications for connection to the T2S platform. The values registered in this item show an increase of 26 thousand euros (+3.8%) justified by the increase in income with the communications network of Euronext Securities Porto and the increase in income relative to the safekeeping of physical securities. Also recorded under this heading is the amount contributed by the IEFPP, following the internship programmes in force at Euronext Securities Porto, which aim to promote the integration of young people into the labour market - ACTIVAR.PT Internship Programme

1.4. Costs and losses

Euronext Securities Porto presents, in 2021, operating costs of € 9,0 million, which represents an absolute increase of € 2,3 million, compared to the amount recorded in the previous year.

This variation is explained essentially by the increase in costs with professional services consultancy.

Main Items of the Statement of Financial Position

values expressed in euros

Costs	31/12/2021	31/12/2020	Var.	% change
Personnel expenses	3,052,885	3,026,335	26,550	0.9%
IT and communications costs	722,862	681,518	41,344	6.1%
Consultancy and professional services	3,540,662	1,381,392	2,159,270	156.3%
Equipment and premises	177,696	164,570	13,126	8.0%
Provisions, adjustments and impairments	21,650	11,413	10,237	89.7%
Supervisory fees	761,776	766,085	-4,309	-0.6%
Other expenses	259,163	219,250	39,913	18.2%
Total Operating Costs	8,536,695	6,250,562	2,286,132	36.6%
Depreciation and Amortisation	414,301	420,710	-6,409	-1.5%
Total Operating Costs	8,950,996	6,671,272	2,279,723	34.2%

Personnel Costs show a year-on-year increase of 0.9%, essentially due to increased training costs, costs related to the reinforcement of the operational and IT team and one-off costs assumed in 2021.

Expenses with information and communication technologies show an increase of 6.1%, justified by the acquisition of software licenses and the increase in maintenance contracts, together with the increase in costs with SWIFT communications - communications system used to connect to the T2S platform.

The item "Consultancy and professional services" shows an absolute increase of €2,2 million. Euronext Securities Porto, as an entity belonging to the Euronext Group, has over the years benefited from a number of services provided by other companies and areas of the Euronext Group. Therefore, it was decided, to adopt in Euronext Securities Porto (as well as in the other Euronext Group entities) a new cost allocation policy, embodied in three vectors; the "Intragroup Central Services Agreement - ICSA"; the "Shareholder Cost Reallocations - CSD" and

"*Management Fee*" with the objective of mirroring, in each company, the true costs that support the activity they develop. Thus, in 2021, costs amounting to €2,0 million were recorded, which include management costs, costs related to the activity support areas (Financial Department, Infosec, Legal, Risk, Audit and Strategy and Innovation), *management costs and IT costs* (related to costs with communications and *End-User Computing* (EuC)).

It should also be noted that the increase in costs with external supplies and services is also justified by the settlement of accounts with the ECB made in 2020, following invoicing errors relating to the use of the T2S platform, the hiring of specialised work in the IT area, recruitment costs, as well as the reduction in costs with *contractors* following the transfer of these costs to Euronext Technologies. The increase in costs compared to 2020 amounted to € 208 thousand.

Costs with equipment and premises rose 8.0%, justified by the increase in costs with the maintenance of equipment in the building where Euronext Securities Porto is installed.

Other expenses, which include travel and accommodation costs, vehicle costs, insurance and other costs, showed an increase of 18.2%, essentially due to the increase in banking costs (+€ 24 thousand) and insurance costs.

Depreciation and Amortisation fell by 1.5%, mainly due to the end of the useful life of assets recorded in previous years.

1.5. Equity Structure

The Net Assets of Euronext Securities Porto amounted to € 28,2 million as of December 31, 2021, representing a reduction of € 76 thousand compared to December 2020. Contributing to this variation was, on one hand, the decrease in the amounts registered as current assets: "cash and cash equivalents" decreased € 1,3 million and the item "debtors and other assets" grew € 285 thousand and, on the other hand, the increase in non-current assets, namely following the increase in the Rights of Use justified by the conclusion of IT equipment lease contracts and by the rent review of Euronext Securities Porto's premises.

Detail of the ownership structure

	values expressed in euros			
	31/12/2021	31/12/2020	Var	Var %
Net Assets	28,239,808	28,315,998	-76,190	-0.3%
Net Liabilities	5,180,615	5,208,579	-27,964	-0.5%
Equity	23,059,193	23,107,419	-48,226	-0.2%

Liabilities presented a homologous decrease of 0.5%, justified by the positive variation of non-current liabilities, due to the increase in funding obtained (Rights of use) and the decrease in Employee benefits following the valuation of the assets that constitute the Euronext Securities Porto pension fund. Current liabilities varied in the opposite direction, namely the decrease in the amount of corporate income tax following the contraction of the results of Euronext Securities Porto.

Shareholders' equity amounts to € 23,1 million thousand at the end of 2021, 0.2% less than the amount recorded in 2020, justified by the combination of the following factors: the decrease in net profit for the period, together with the positive effect of actuarial deviations related to the Euronext Securities Porto Pension Fund, as well as the increased effect of the *stock option* plan in force.

2. PROPOSAL FOR THE APPLICATION OF RESULTS

In the financial year 2021, INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., obtained a net profit of € 11,361,163.70 (eleven million, three hundred and sixty-one thousand, one hundred and sixty-three euros and seventy cents).

In accordance with the Commercial Companies Code and exercising the powers conferred upon it by article 19 of the Articles of Association, the Board of Directors proposes the following appropriation of net profit for the year:

- **Legal reserve:** The Commercial Companies Code establishes that at least 5% of the annual net profit must be allocated to the reinforcement of the legal reserve, until it represents at least 20% of the share capital. The value of the legal reserve of Euronext Securities Porto is already equal to the value of the share capital, therefore there is no need to create a Legal Reserve.
- **Dividend distribution:** € 11,361,163.70 (eleven million, three hundred and sixty-one thousand, one hundred and sixty-three euros and seventy cents).
- **Retained earnings:** € 500,000.00 (five hundred thousand euros).

The prudential ratios, set out in Article 47 of Regulation (EU) No 909/2014 of 23 July (CSD *Regulation*), are guaranteed.

The Board of Directors believes, even given the context experienced following the escalation of the Russian invasion of Ukraine in early 2022, that there is no materiality for legal and regulatory purposes that calls into question the distribution of the dividend as proposed.

Under the terms of article 397 of the Portuguese Companies Code, Shareholders are hereby informed that the company did not grant any loans or credits to its directors, did not make any payments on their behalf, did not provide any guarantees for their obligations, did not advance any remuneration to them, and did not enter into any contracts with its directors, either directly or through a third party.

Oporto, 30 March 2022

Chairman	Pierre Davoust
CEO	Olga Jordão
Member	Isabel Ucha
Member	Filomena Oliveira
Member	Joaquim Cadete

3. STATEMENT ON THE CONFORMITY OF THE FINANCIAL INFORMATION PRESENTED

Pursuant to article 245.1 c) of the Securities Code (CVM), we hereby declare that for the year ended 31 December 2021, to the best of our knowledge, the information in the Financial Statements was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial position and results of INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., and that the management report faithfully sets out the evolution of the business, performance and position of this management entity, as well as a description of the main risks and uncertainties facing Euronext Securities Porto.

Oporto, 30 March 2022

The Board of Directors

Chairman	Pierre Davoust
CEO	Olga Jordão
Member	Isabel Ucha
Member	Filomena Oliveira
Member	Joaquim Cadete

FINANCIAL STATEMENTS AND NOTES



Statement of Financial Position as of 31 December 2021 and 2020

		Amounts expressed in Euros	
	Notes	December 21	December 20
Assets			
Tangible fixed assets	15	232,804	236,730
Intangible assets	16	947	4,737
Right-of-use assets	17	1,415,470	431,263
Other financial assets	18	2,786	2,016
Deferred tax assets	19	29,804	53,398
Total Non-Current Assets		1,681,811	728,144
Debtors and other assets			
Debtors and other assets	20	2,896,850	2,611,711
Cash and cash equivalents	21	23,661,147	24,976,144
Total Current Assets		26,557,997	27,587,855
Total Assets		28,239,808	28,315,998
Equity			
Issued capital	22	5,500,000	5,500,000
Legal reserves	23	5,500,000	5,500,000
Other reserves	23	(2,065,601)	(2,520,601)
Retained earnings	23	2,827,058	2,827,058
Other equity instruments - <i>Share plan</i>	23	(63,427)	(82,780)
Net profit result attributable to shareholders		11,361,164	11,883,742
Equity attributable to Shareholders		23,059,193	23,107,419
Liabilities			
Employee benefits	24	1,161,092	1,658,092
Obtained financing	25	1,047,195	216,804
Total Non-Current Liabilities		2,208,286	1,874,896
Creditors and other liabilities			
Creditors and other liabilities	26	2,210,132	2,196,061
Obtained financing	25	375,321	227,553
Calculated corporate income tax (IRC)	11	386,876	910,070
Total Current Liabilities		2,972,329	3,333,684
Total Liabilities		5,180,615	5,208,579
Total Equity and Liabilities		28,239,808	28,315,998

The annex is an integral part of the statement of financial position as of 31 December 2021

Statement of Consolidated Income for the twelve-month periods ended on 31 December 2021 and 2020

Amounts expressed in Euros

	Notes	December 21	December 20
Services Rendered			
Settlement, custody and others	3	24,254,284	22,642,091
Other profits	4	157,094	193,528
		24,411,378	22,835,619
<i>Expenses and losses</i>			
Personnel expenses	6	3,052,885	3,026,335
Amortisation and depreciation	7	414,301	420,710
IT and communications costs	8	722,862	681,518
Consulting and and professional services	9	3,540,662	1,381,392
Premises and related services	10	177,696	164,570
Adjustments and impairments	5	21,650	11,413
Other expenses	11	1,020,939	985,335
		8,950,996	6,671,272
Operational results		15,460,382	16,164,347
Financial gains	12	-	536
Financial expenses	12	10,963	5,823
Financial result	12	(10,963)	(5,286)
Results before tax		15,449,419	16,159,061
Taxes on profits			
- Current Tax	13	4,064,662	4,226,329
- Deferred Tax	13/ 19	23,594	48,990
Net profit		11,361,164	11,883,742
Other consolidated income			
Gains and (losses) directly recognised in reserves:			
After-employment benefits - actuarial deviations	22/24	455,000	(71,000)
Share plan	23	19,353	(10,435)
		474,353	(81,435)
Comprehensive income		11,835,516	11,802,307
Result by Basic Share - Euro		2.15	2.15
Result by Diluted Share - Euro		2.15	2.15

The annex is an integral part of the statement of comprehensive income for the year ended on 31 December 2021.

Statement of Cash Flows for the twelve-month periods ended on 31 December 2021 and 2020

Amounts expressed in Euros

	December 21	December 20
<i>Cash flows from operational activities</i>		
Receiving from customers	27,739,081	26,014,338
Payment to suppliers	(5,036,615)	(3,164,253)
Payments to personnel	(1,688,594)	(1,871,840)
(Payment)/receiving of income tax	(4,587,856)	(3,847,542)
Other receivings / (payments)	(5,367,845)	(5,072,517)
Cash flow from operational activities (1)	11,058,172	12,058,186
<i>Cash flows from investing activities</i>		
Payments related to:		
- Tangible assets	(152,387)	(102,159)
- Intangible assets	-	-
- Financial investments	-	-
- Other assets	-	-
Receivings related to:		
- Tangible assets	-	44,500
- Intangible assets	-	-
- Financial investments	-	-
- Other assets	-	-
- Investment grants	-	-
- Interest and similar income	-	-
- Dividends	-	-
Cash flow from investing activities (2)	(152,387)	(57,659)
<i>Cash flows from financing activities</i>		
Receivings related to:		
- Obtained financing	-	-
- Paying up of capital and other equity instruments	-	-
- Coverage of losses	-	-
- Donations and subsidies	13,613	4,707
- Other financing operations	-	-
Payments related to:		
- Amortisation of lease contracts	(342,706)	(305,590)
- Interest and similar expenses	(7,946)	(5,977)
- Dividend	(11,883,742)	(10,862,630)
- Capital reductions and other equity instruments	-	-
- Other financing operations	-	-
Cash flow from financing activities (3)	(12,220,781)	(11,169,490)
Variation of cash and cash equivalents (1+2+3)	(1,314,997)	831,036
Effect of exchange rate differences	-	-
Cash and cash equivalents at the beginning of the period	24,976,144	24,145,108
Cash and cash equivalents at the end of the period	23,661,147	24,976,144

The annex is an integral part of the statement of cash flows for the year ended on 31 December 2021.

Statement of Changes in Equity for the years ended on 31 December 2021 and 2020

	Amounts expressed in Euros					
	Total equity	Share capital	Legal reserve	Other reserves	Retained earnings	Net profit
31 December 2019	22,167,742	5,500,000	5,500,000	(2,521,946)	2,827,058	10,862,630
Comprehensive income:						
- 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
Distribution of results						
- Distribution of dividends	(10,862,630)	-	-	-	-	(10,862,630)
	(10,862,630)	-	-	-	-	(10,862,630)
31 December 2020	23,107,419	5,500,000	5,500,000	(2,603,381)	2,827,058	11,883,742
Comprehensive income:						
- Net profit for the period	11,361,164	-	-	-	-	11,361,164
- Actuarial (Losses)/Gains recognised in the period	19,353	-	-	19,353	-	-
- Share plan	455,000			455,000		
	11,835,516	-	-	474,353	-	11,361,164
Distribution of results						
- Distribution of dividends	(11,883,742)	-	-	-	-	(11,883,742)
	(11,883,742)	-	-	-	-	(11,883,742)
31 December 2021	23,059,193	5,500,000	5,500,000	(2,129,028)	2,827,058	11,361,164

The annex is an integral part of the statement of changes in equity for the year ended on 31 December 2021.

Notes to the Financial Statements for the twelve months period ending on 31 December 2021

1 INTRODUCTORY NOTE

The transformation of INTERBOLSA - Associação para a Prestação de Serviços às Bolsas de Valores into INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A was formalised by a public deed executed at the 1st Notar's Office in Lisbon on the 10th February 2000, complying with the deliberation of INTERBOLSA's General Meeting on 20th December 1999 and under the terms set forth in the Decree-Law no. 394/99, of 13th October (currently revoked by Decree-Law no. 357-C/2007, of 31st October), and the Ministerial Order no. 1.194-A/99 (Series II), of 8th November.

INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (hereinafter **Euronext Securities Porto**) is a public limited company, whose share capital is totally held by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. (hereinafter Euronext Lisbon). While being a company totally owned by Euronext Lisbon, Euronext Securities Porto is currently part of the Euronext Group.

In fulfilment of its mission and in accordance with its corporate object and with what is set forth in the Regulation (EU) No. 909/2014 of 23rd July (abbreviated as *CSD Regulation*), Euronext Securities Porto carries out a wide range of activities in the following areas: Initial registration of securities in a centralised registration system; Structuring and administration of Centralised Securities Systems; Management of Securities Settlement Systems and Non-banking-type ancillary services.

Euronext Securities Porto is registered with the Oporto Commercial Registry - 2nd Section under number 502962275.

Euronext Securities Porto is governed by the provisions of its Articles of Association, Regulation (EU) No. 909/2014 of 23rd July including any complementary information (*CSD Regulation*), in the Legal Framework of Central Securities Depositories, approved by Law No. 35/2018 of 20th July, the Portuguese Securities Market Code and in the Portuguese Commercial Companies Code, as well as any other applicable legislation and regulations.

On 12 July 2018, the CMVM granted Euronext Securities Porto authorisation to act as a CSD under the *CSD Regulation*.

The financial statements are presented with amounts in euro, rounded to the nearest unit.

The financial statements for the period ended on 31 December 2021 were prepared by the Managing Board giving the publishing authorisation on 30 March 2022.

The Managing Board believes that these financial statements give a true and fair view of the operations, financial performance and cash flows of Euronext Securities Porto.

2 ACCOUNTING POLICIES

The main accounting policies applied in the preparation of the financial statements are described below. These policies were consistently applied to all the years presented, unless otherwise stated.

2.1 PRESENTATION BASE

The financial statements of Euronext Securities Porto for the period ended on 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the *International Accounting Standards Board* ("IASB") and interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC") or by the former *Standing Interpretations Committee* ("SIC"), adopted by the European Union.

The financial statements have been prepared with the assumption of business continuity from the books and accounting records of the company and under the historical cost convention, modified where applicable by the valuation of financial assets and liabilities (including derivatives) at fair value.

In preparing the financial statements in accordance with IFRS, the Managing Board resorted to the use of estimates, assumptions and critical judgments with impact on the value of assets and liabilities and the recognition of income and expenses for each reporting period. Although these estimates were based on the best information available at the date of preparation of the financial statements, current and future results may differ from those estimates. The areas involving a higher degree of judgment and estimates are presented in Note 2.22.

Euronext Securities Porto, in the preparation and presentation of the financial statements, declares that it complies, explicitly and without reservation, with the IAS/IFRS standards and their SIC/IFRIC interpretations, approved by the European Union.

OTHER NOTES

An agreement with the employees of Euronext Securities Porto was concluded in December 2001 which sets out a number of principles to be followed in case of termination of employment contracts at the initiative of this employing entity, as well as a number of conditions part of a

retirement and pre-retirement scheme, albeit private, both of which were subsequently regulated in July 2002.

2.2 CHANGES IN THE ACCOUNTING POLICIES AND REPORTING

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union have mandatory application for the first time in the financial year beginning 1 January 2021:

-Amendments to IFRS 4 - Insurance Contracts and Deferral of IFRS 9. This amendment addresses the temporary accounting consequences that result from the difference between the effective date of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts. Specifically, the amendment made to IFRS 4 postpones until 1 January 2023 the expiry date of the temporary exemption from IFRS 9 in order to align the effective date of the latter with that of the new IFRS 17.

The temporary exemption referred to is of optional application and only available to entities whose activities are predominantly insurance-related.

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of benchmark interest rates - phase 2. These amendments are part of the second phase of the IASB's "IBOR reform" project and allow for exemptions related to the reform of the *benchmark for benchmark* interest rates by an alternative interest rate (Risk Free Rate (RFR)). The amendments include the following practical expedients:

- A practical expedient that requires contractual changes, or changes in cash flows that are directly required by the reform, to be treated in the same way as a floating interest rate change, equivalent to a movement in the market interest rate;
- Allow changes required by reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary operational relief to entities that have to comply with the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

-Changes to IFRS 16 - Leases - COVID-19 Related Concessions at the level of rents beyond 30 June 2021. On 28 May 2020, the amendment to IFRS 16 entitled 'Concessions related to COVID-19' was issued, having introduced the following practical expedient: a lessee can choose not to assess whether a Covid-19 related rental concession is a lease modification.

Lessees electing to apply this expedient account for the change to rental payments resulting from a concession related to COVID-19 in the same way as they account for a change that is not a lease modification in accordance with IFRS 16.

Initially, the practical expedient applied to payments originally due by 30 June 2021, however, due to the prolonged impact of the pandemic, on 31 March 2021, it was extended to payments originally due by 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

In short, the practical expedient can be applied as long as the following criteria are met:

- the change in the lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration immediately before the change;
- any reduction in lease payments only affects payments due on or before 30 June 2022; and
- there are no material changes to other terms and conditions of the lease.

These standards and changes had no material impact on the financial statements.

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have, up to the date of approval of these financial statements, been adopted ("endorsed") by the European Union:

-Amendments to IFRS 3 - References to the Framework for Financial Reporting. Applicable in the European Union for annual periods beginning on or after 1 January 2022. This amendment updates the references to the Framework in the text of IFRS 3, with no changes being made to the accounting requirements for business combinations. It also clarifies the accounting treatment to be adopted regarding liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination. The amendment is of prospective application.

-Amendments to IAS 16 - Income before start-up. Applicable in the European Union in financial years beginning on or after 1 January 2022. Clarifies the accounting treatment given to the consideration obtained from the sale of products resulting from the production in test phase of tangible fixed assets, prohibiting their deduction from the acquisition cost of the assets. The entity recognises the income obtained from the sale of such products and the costs of their production in profit or loss.

-Amendments to IAS 37 - Onerous Contracts - costs of fulfilling a contract. Applicable in the European Union for annual periods beginning on or after 1 January 2022. This amendment specifies that in assessing whether a contract is onerous, only expenses directly related to the performance of the contract may be considered, such as incremental costs related to direct labour and materials and the allocation of other directly related expenses such as the allocation of depreciation costs of tangible assets used to perform the contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly charged to the counterparty in accordance with the contract. This amendment shall be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without restating the comparative.

-Amendments to IFRS 1 - Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union in financial years beginning on or after 1 January 2022. This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the parent company's consolidated financial statements (assuming that no adjustment to the consolidation process has occurred), the measurement of the cumulative translation differences of all foreign operations can be made at the amounts that would be recorded in the consolidated financial statements, based on the parent company's date of transition to IFRS.

-Changes to IFRS 9 - Derecognition of financial liabilities - Fees to be included in the '10 per cent' change test (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union in financial years beginning on or after 1 January 2022. This improvement clarifies which fees an entity should include when assessing whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of the derecognition tests performed on renegotiated liabilities, only the fees paid or received between the debtor and the creditor should be included, including fees paid or received by the debtor or the creditor on behalf of the other.

-Amendments to IAS 41 - Taxation and fair value measurement (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union in financial years beginning on or after 1 January 2022. This improvement eliminates the requirement to exclude tax cash flows in the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13 - Fair Value.

-IFRS 17 - Insurance Contracts. Applicable in the European Union for annual periods beginning on or after 1 January 2023. IFRS 17 applies to all insurance contracts (i.e. life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as

some guarantees and some financial instruments with discretionary participation features. Overall, IFRS 17 provides an accounting model for insurance contracts that is more useful and more consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Company did not early adopt any of these standards in its financial statements for the twelve-month period ended 31 December 2021. No significant impacts on the financial statements are expected as a result of their adoption.

The following standards, interpretations, amendments and revisions, with mandatory application in the financial year and in future financial years, have not, at the date of approval of these financial statements, been endorsed by the European Union:

Amendments to IAS 1 - Presentation of financial statements - Classification of current and non-current liabilities. This amendment seeks to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer payment at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether the entity will exercise that right), or by events that occur after the reporting date, such as non-compliance with a *covenant*. However, if the right to defer settlement for at least twelve months is subject to compliance with certain conditions after the reporting date, those criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current. This amendment also includes a new definition of "settlement" of a liability and is applicable retrospectively.

-Amendments to IAS 8 - Defining accounting estimates. The amendment clarifies the distinction between change in accounting estimate, change in accounting policy and correction of errors. In addition, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

-Amendments to IAS 1 - Disclosure of accounting policies. These amendments aim to assist the entity in disclosing 'material' accounting policies, previously called 'significant' policies. However due to the inexistence of this concept in the IFRS standards, it was decided to replace it by the concept 'materiality', a concept already known to users of financial statements. In assessing the materiality of accounting policies, the entity has to consider not only the size of the transactions but also other events or conditions and the nature of these.

-Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction. The amendments clarify that payments that settle a liability are tax deductible, however it is a matter of professional judgement whether such deductions are attributable to the liability that is recognised in the financial statements or to the related asset. This is important in determining whether there are temporary differences in the initial recognition of the asset or liability. According to these amendments, the initial recognition exception is not applicable to transactions that gave rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of a leasing asset and a leasing liability gives rise to taxable and deductible temporary differences that are not equal.

-Changes to IFRS 17 - Insurance contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information. This amendment to IFRS 17 relates to the presentation of comparative information for financial assets in the initial application of IFRS 17. The amendment adds a transition option that permits an entity to apply an 'overlay' in classifying a financial asset in the comparative period(s) presented in initial application of IFRS 17. The *overlay* permits all financial assets, including those held in relation to non-contractual activities within the scope of IFRS 17 to be classified, instrument by instrument, in the comparative period(s) in a manner aligned with how the entity expects those assets to be classified on initial application of IFRS 9.

These standards have not yet been *endorsed* by the European Union and so have not been applied by the Company for the twelve months ended 31 December 2021. No significant impacts on the financial statements are expected as a result of their adoption.

2.3 SEGMENT REPORTING

A business segment is a group of assets and operations subject to specific risks and returns that are different from those of other business segments.

A geographical segment is a set of assets and operations located in a specific economic environment, subject to risks and returns that are different from those of other segments operating in other economic environments.

Given the nature of the activity and its clients, Euronext Securities Porto focuses on a single business segment - Settlement and Custody - and a single geographic segment - Portugal.

2.4 CLASSIFICATION OF THE STATEMENT OF FINANCIAL POSITION

Assets realisable and liabilities due in less than one year from the date of the statement of financial position are classified as current assets and liabilities, respectively.

2.5 CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with IAS 7, using the direct method.

The caption 'Cash and cash equivalents' includes investments that mature in less than three months and for which the risk of change in value is insignificant.

The cash flow statement is classified into operating, financing and investing activities. Operating activities include cash receipts from customers, payments to suppliers, payments to personnel and others related with operating activities. Cash flows from financing activities include payments and receipts relating to loans obtained, finance lease contracts and dividend payments.

2.6 FINANCIAL ASSETS

Financial assets are recognized in the Euronext Securities Porto statement of financial position on the trade or contracting date, which is the date on which Euronext Securities Porto commits to acquire or dispose of the asset. At inception, except for trade receivables, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss where transaction costs are immediately recognised in the income statement. Trade receivables, at inception, are recognised at their transaction price, as defined by IFRS 15.

Financial assets are derecognised when: (i) the contractual rights of Euronext Securities Porto to receive their cash flows expire; (ii) Euronext Securities Porto has substantially transferred all the risks and rewards associated with holding them; or (iii) notwithstanding the fact that it retains part, but not substantially all the risks and rewards associated with holding them, Euronext Securities Porto has transferred control over the assets.

Financial assets and liabilities are offset and shown as a net value when, and only when, Euronext Securities Porto has the right to offset the recognised amounts and intends to settle for the net value. Euronext Securities Porto classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Their classification depends on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes derivative financial instruments and equity instruments that the Group has not classified as financial assets through other comprehensive income at initial recognition. This category also includes all financial instruments whose contractual *cash flows* are not exclusively principal and interest.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in the income statement in the year in which they occur, including interest income and dividends.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual *cash flows* and the sale of financial assets, these contractual cash flows being solely repayments of principal and payments of interest on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost are those that are part of a business model whose objective is to hold financial assets in order to receive contractual *cash flows*.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the amounts recorded in the balance sheet with a maturity of less than three months as of the balance sheet date, which include cash, cash available in other credit institutions namely the balance of the individual account of Euronext Securities Porto, an account opened during 2018, on behalf of Euronext Securities Porto, with the banking entity that aggregates the *cash pooling* system of the Euronext group.

2.7 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments are classified according to their contractual substance regardless of their legal form. Equity instruments are contracts that evidence a residual interest in the assets of Euronext Securities Porto after deducting the liabilities. The equity instruments issued by Euronext Securities Porto are recorded at the amount received, net of the costs incurred with their issuance. Financial liabilities are derecognised only when extinguished, i.e. when the obligation is settled, cancelled or expired.

Under IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, with the exception of:

- (a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value;

- (b) Financial liabilities arising when a transfer of a financial asset does not meet the conditions for derecognition or when the continuing involvement approach applies;
- (c) Financial guarantee contracts;
- (d) Commitments to grant a loan at a below-market interest rate;
- (e) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

The financial liabilities of Euronext Securities Porto include: loans obtained and accounts payable.

IMPAIRMENT OF FINANCIAL ASSETS

At each statement of financial position date, Euronext Securities Porto analyses and recognises expected losses for its debt securities, loans and receivables. Expected losses are the difference between all the contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognize lifetime expected credit losses on financial instruments that have experienced significant increases in credit risk since initial recognition, assessed on an individual or collective basis taking into account all reasonable and supportable information, including that which is forward looking. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance in respect of that financial instrument at an amount equal to 12-month expected credit losses.

For receivables and assets, resulting from contracts under IFRS 15, Euronext Securities Porto adopts the simplified approach when calculating expected credit losses. Therefore, Euronext Securities Porto does not monitor changes in credit risk, recognizing impairment losses based on the expected credit loss at each reporting date. Euronext Securities Porto presents an impairment loss criterion that is based on historical credit losses, adjusted for prospective factors specific to clients and economic environment

2.8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which it can be exchanged in a normal market transaction between knowledgeable parties willing to make the exchange, without any intention or need to settle, or to enter into a transaction on adverse terms.

The fair value is obtained based on listed market prices or on the prices of Financial Intermediaries operating in active markets, when available. In their absence, the fair value is based on the use of prices of recent transactions carried out under market conditions or, in their absence, using valuation techniques. These valuation techniques include discounted future cash flows considering available observable market data.

2.9 RECOGNITION OF COSTS AND REVENUES

Costs and income are recorded in the period to which they refer regardless of when paid or received, in accordance with the accrual accounting principle. The differences between amounts received and paid and the corresponding revenues and expenses are recorded under Other assets or liabilities depending on whether they are receivable or payable amounts.

Revenue comprises the amounts invoiced for services rendered, net of value added tax, write-offs and discounts.

2.10 TANGIBLE FIXED ASSETS

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Euronext Securities Porto decided to change the depreciation rates of tangible fixed assets, with reference to 1 January 2006, in accordance with the Euronext Group's practice. Subsequent costs are recognised as tangible fixed assets only if it is probable that future economic benefits will result from them for Euronext Securities Porto. Maintenance and repair costs are recognised as costs as incurred, in accordance with the accrual principle.

Depreciation of tangible fixed assets is calculated on a straight-line basis in accordance with the following periods of expected useful life of the assets:

	Number of years
Buildings	2 a 5
IT equipment	2 a 3
Transport equipment	4
Administrative equipment	2 a 10
Other tangible fixed assets	3 a 10

When there is an indication that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated and impairment loss should be recognised whenever the net book value of the asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is determined as the greater of its fair value less costs to sell and its value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

2.11 INTANGIBLE ASSETS

"Software"

Costs incurred with the acquisition of *software* are capitalised, as are the additional expenses incurred by Euronext Securities Porto necessary for its implementation. Where the requirements defined in International Accounting Standard 38 - Intangible Assets are met, direct internal costs incurred in *software* development are capitalised as intangible assets. These costs are amortised on a straight-line basis over the expected useful life of these assets (3 years).

Costs directly related to the development of *software* by Euronext Securities Porto, which are expected to generate future economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated to the projects, and are amortised on a straight-line basis over the expected useful life of these assets (3 years).

Software maintenance costs are recognised as costs in the period in which they are incurred.

2.12 RIGHTS OF USE AND LEASES

A lease is defined as a contract, or part of a contract, that transfers the right to use an asset (the underlying asset), for a period of time, in exchange for a consideration.

At the inception of each contract, it is assessed and identified whether it is or contains a lease. This evaluation involves an exercise of judgment as to whether each contract depends on a specific asset, if Euronext Securities Porto obtains substantially all the economic benefits from the use of that asset and if Euronext Securities Porto has the right to control the use of the asset.

All contracts constituting a lease are accounted for *on the* basis of a single *on-balance sheet model* similar to the treatment that IAS 17 establishes for finance leases. At the inception date of the lease, Euronext Securities Porto recognises the liability relating to the lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset over the lease term (i.e. the *right-of-use* or ROU).

The interest cost on lease liabilities and depreciation of the ROU are recognised separately. The lease liability is remeasured upon the occurrence of certain events (such as a change in the lease period, a change in the future payments resulting from a change in the benchmark index or in the rate used to determine those payments). This remeasurement of the lease liability is recognised as an adjustment to the ROU.

Rights of use of Assets

Euronext Securities Porto recognises the right to use the assets at the commencement date of the lease (i.e. the date when the underlying asset is available for use).

The right to use assets is recorded at acquisition cost, less accumulated depreciation and impairment losses and adjusted for any new measurement of the lease liabilities. The cost of the right to use assets includes the recognised value of the lease liability, any direct costs initially incurred and payments already made before the initial date of the lease, less any incentives received.

Unless it is reasonably certain that Euronext Securities Porto will obtain ownership of the leased asset at the end of the lease term, the right to use the assets recognised is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Rights of use are subject to impairment.

Lease liabilities

At the lease starting date, Euronext Securities Porto recognises liabilities measured at the present value of future payments to be made up to the end of the lease contract.

Lease payments include fixed payments (including fixed payments in substance), less any incentives receivable, variable payments, dependent on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option, if it is reasonably certain that Euronext Securities Porto will exercise the option, and termination penalty payments, if it is reasonably certain that Euronext Securities Porto will terminate the contract.

Variable payments that do not depend on an index or rate are recognised as an expense in the period in which the event giving rise to them occurs.

When calculating the present value of lease payments, Euronext Securities Porto uses the incremental borrowing rate at the inception date of the lease if the implied interest rate is not readily determinable.

After the lease commencement date, the value of the lease liability increases to reflect the accrued interest and reduces by the payments made. Additionally, the carrying value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the decision to purchase the underlying asset.

2.13 TRANSACTIONS IN FOREIGN CURRENCY

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency that are carried at historical cost are translated into Euros at the exchange rate ruling at the balance sheet date. Exchange differences arising on this translation are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted into Euros at the exchange rate in force on the date on which the fair value was determined.

2.14 EMPLOYEE BENEFITS

Euronext Securities Porto Pension Fund

The Euronext Securities Porto Pension Fund was created for an indefinite period of time on 27 December 2001. The Articles of Incorporation were amended on 29 December 2006 and 6 August 2016, to adjust its wording to the changes made to the legal framework of pension funds (Decree-Law no. 12/2006, 20 January, as amended by Decree-Laws no. 180/2007, 9 May, 357-A/2007, 31 October, 18/2013, 6 February, and 124/2015, 7 February). No. 12/2006 of 20 January, as amended by Decree-Laws No. 180/2007 of 9 May, 357-A/2007 of 31 October, 18/2013 of 6 February and 124/2015 of 7 July) by Law No. 147/2015 of 9 September

In 2016 Euronext Securities Porto decided to change the post-retirement benefits of its employees, through the creation, effective 1 January 2017, of a defined contribution pension plan and proceed to amend the current defined benefit plan, in the sense that the latter no longer covers new Participants, as well as to fix, by reference to 31 December 2016, the length of service provided until that date and the pensionable remuneration, maintaining the associated benefits until that date, namely old age, disability and survivor's pension.

The constitutive contract of the Euronext Securities Porto pension fund was amended on 7 December 2017, to reflect the options set out above, with said amendments having been submitted to and approved by the Insurance and Pension Funds Supervisory Authority.

The Fund's sole shareholder is INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., and the Fund's management entity is BPI Vida e Pensões - Sociedade Gestora de Fundos de Pensões, S.A.

The Euronext Securities Porto Pension Fund aims at guaranteeing the payment of the cash benefits resulting from the above-mentioned pension plans, securing old age, disability (absolute or relative), survivor's pension, regardless of Social Security or any other similar scheme to which the member of the Fund is subject.

The Euronext Securities Porto Pension Fund finances the following Pension Plans:

- (a) A Defined Benefit Pension Plan:
- (b) A Defined Contribution Pension Plan;

Since by their nature the two Pension Plans have very different characteristics, namely in terms of the pattern of liabilities and implicit risks, the Fund is made up of three sub-funds to allow for a better match between the assets allocated to finance each Plan and the respective liabilities:

- (a) a Defined Benefit Sub-Fund, corresponding to the share of the Fund allocated to finance the Defined Benefit Plan;

- (b) A Conservative Sub-Fund and a Dynamic Sub-Fund, corresponding to the share of the Fund allocated to financing the Defined Contribution Plan, differentiated by their potential risk-return binomial.

The funding of the Defined Benefit Plan is entirely the responsibility of Euronext Securities Porto. The Defined Contribution Plan is funded by monthly contributions from Euronext Securities Porto in favour of each Participant and by voluntary monthly contributions from the Participants themselves, calculated, in both cases, on their pensionable salary. The Participants may also make extraordinary contributions.

The amounts received by the Management Entity shall be invested in accordance with current legislation and the Investment Policy defined for the Fund in the respective Management Agreement, with the aim of meeting the objectives of greater profitability and security of the investments.

Defined Benefit Plan:

The calculation of the contributions to be paid by Euronext Securities Porto to the Fund under the Defined Benefit Plan will be updated annually, taking into account the actuarial studies and the pension payment plans that must be met. At each moment of calculation, the following assumptions will be considered as particularly relevant:

- (a) Evolution of the group of Participants and Beneficiaries;
- (b) *Cash-flow* discount rate forecast, namely based on the estimated Yield, at the end of the year to which the valuation refers, of high quality corporate bonds of a currency and term consistent with the currency and term of the bonds underlying the Pension Plan.

Whenever necessary Euronext Securities Porto will make extraordinary contributions to the Fund in order to finance the Defined Benefit Plan, namely when its needs so require.

The actuarial study referred to above is prepared by Mercer, Human Resource Consulting, S.A.

The actuarial calculation is made based on the projected unit credit method for retirement due to old age, disability and immediate and deferred survival, having used disability decrements for retirement due to old age and deferred survival, as well as actuarial and financial assumptions in accordance with the parameters required by IAS 19 (Revised).

Current service costs and past service costs, together with the expected return on plan assets less the *unwinding of the* plan liabilities, are recorded against operating costs.

The net obligation of Euronext Securities Porto regarding the defined benefit pension plan is calculated by estimating the amount of future benefits that each employee should receive in return

for the service rendered in the current and prior periods. The benefit is discounted in order to determine its present value, and the fair value of any plan assets must be deducted. The discount rate applied corresponds to the rate of AAA-rated bonds with a similar maturity on the date of termination of the plan's obligations.

In 2013, and as recommended in IAS 19 Revised (IAS 19 R), Euronext Securities Porto changed the accounting policy for the measurement of gains and losses resulting from differences between the actuarial and financial assumptions used and the values effectively verified with regard to the liabilities and expected income of the pension fund, as well as those resulting from changes in actuarial assumptions (actuarial gains and losses).

Actuarial gains and losses are now recognised under "other reserves" in equity. The application of this change was made retroactively.

Additionally, IAS 19R provides that the financial cost of the funded benefit plan should be calculated by applying the discount rate to the net balance of the estimated liabilities and fair value of plan assets, whether the balance is positive or negative.

Payments to the fund are made annually in accordance with a contribution plan determined in such a way as to ensure the solvency of the fund.

Also, according to IAS 19R the monthly contributions made by Euronext Securities Porto to the defined contribution plan are charged against operating costs.

Defined Contribution Plan

The contributions of Euronext Securities Porto to the defined contribution plan, started on 1 January 2017, are recognised as an expense in the period to which they relate (when the employees covered by the plan have provided the services that entitle them to the benefits).

2.15 FINANCIAL RESULTS

Interest is recognised in accordance with the accruals principle, considering the effective interest rate method. Interest related to finance leases are recognised considering the effective interest rate method.

2.16 TAXES ON PROFITS

Income tax for the period comprises current tax and deferred tax. Taxes on income are recorded in the statement of comprehensive income, except where they relate to items that are recognised directly in equity. The amount of current tax payable is determined on the basis of the profit before tax, adjusted in accordance with the tax rules in force.

Euronext Securities Porto is taxed under the group taxation regime led by Euronext Lisbon, by authorisation obtained under the provisions of article 69 of the IRC Code. The current tax amount, positive or negative, is calculated by each company included in the Tax Group based on its individual tax situation. The eventual gain or loss resulting from the group taxation regime is fully recognised by Euronext Lisbon, S.A..

Deferred taxes are recognised using the liability method based on the balance sheet, considering temporary differences resulting from the difference between the tax base of assets and liabilities and their values in the financial statements.

Deferred taxes are calculated using the tax rate that has been enacted or officially announced at the balance sheet date and that is expected to apply when the deferred tax assets are realised or the deferred tax liabilities are settled.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are reduced whenever their future use is no longer probable.

2.17 SHARE-BASED PAYMENT

Benefits granted to employees under share purchase or share option incentive plans are recognised in accordance with IFRS 2 - Share based payments.

In accordance with IFRS 2, as it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of the equity instruments (treasury shares in Euronext NV), in accordance with their share price at the grant date.

This cost is recognised linearly over the period in which the service is provided by employees, under the caption "Staff costs" in the income statement, together with the corresponding increase in "Other equity instruments - Share plan". The accumulated cost recognised at each statement of financial position date reflects the best estimate of the Euronext Group of the number of own shares that will be distributed, weighted by the time elapsed between the acquisition of the shares and their attribution to the employees. The impact in the income statement of each year represents the accumulated cost variation between the beginning and the end of the period.

2.18 CAPITAL

Legal reserve

Portuguese commercial legislation establishes that at least 5% of the annual net profit must be appropriated to a legal reserve until the latter represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation, but may be used to absorb losses, after all other reserves are exhausted, and for incorporation in the share capital.

Reserves for medium-term incentive plans

In accordance with IFRS 2 - "Share based payments", the responsibility with the medium term incentive plans settled through the delivery of own shares is recorded, as a credit entry, under the caption "Other equity instruments - Share based payments", as this reserve is not distributable or can be used to absorb losses.

Other reserves - Gains and losses recognised directly in reserves

These refer to gains and losses arising from differences between the actuarial and financial assumptions used and the values effectively verified with regard to the liabilities and expected income of the pension fund, as well as those resulting from changes in actuarial assumptions (actuarial gains and losses).

Other reserves and retained earnings

This caption includes the realised results available for distribution to shareholders and gains through increases in the fair value of financial instruments, financial investments and investment properties which, in accordance with paragraph 2 of art. 32 of the CSC, will only be available for distribution when the elements or rights that gave rise to them are sold, exercised, extinguished or liquidated.

2.19 REVENUES

Euronext Securities Porto's revenue is based on the five-step model established by IFRS 15:

- (1) Identification of the contract with the customer;
- (2) Identification of performance obligations;
- (3) Transaction pricing;
- (4) Allocation of the transaction price to performance obligations; and
- (5) Revenue recognition.

Thus, at the beginning of each contract, Euronext Securities Porto assesses the promised services and identifies, as a performance obligation, each promise to transfer to the customer any service.

These promises in contracts with customers may be explicit or implicit, provided that such promises create a valid expectation in the customer that the entity will transfer a good or service to the customer, based on published policies, specific statements or customary business practices of the entity.

Revenue recognition occurs at the moment of fulfilment of each performance obligation. Revenue obtained from Settlement is recognised when this service is completed while custody revenue is recognised over the period in which it is provided. Revenue comprises the fair value of the services rendered, net of taxes and discounts received or receivable. Services rendered are recognised in the period to which they relate, in accordance with the accrual accounting principle.

2.20 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the company's shareholders by the number of ordinary shares in issue.

2.21 PROVISIONS

Provisions are recognised when:

- (i) there is a present obligation as a result of past events, and it is probable that the settlement of this obligation will require the expenditure of internal resources; and
- (ii) the amount or value of such obligation is reasonably estimable.

When one of the conditions described above is not met, Euronext Securities Porto discloses the events as a contingent liability, unless the possibility of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions for ongoing legal actions against Euronext Securities Porto are made according to risk assessments made by Euronext Securities Porto and its legal advisors, based on success rates.

Restructuring provisions are only recognised when Euronext Securities Porto has a detailed and formalised plan identifying the main features of the programme and after these facts have been communicated to the entities involved.

Provisions for dismantling costs, removal of assets and restoration of the site, are recognised when the assets are installed, according to the best estimates at that date. The amount of the liability recognised reflects the effects of the passage of time, the corresponding financial updating being recognised in the income statement as a financial cost.

Present obligations arising from onerous contracts are recorded and measured as provisions. An onerous contract exists when the Company is an integral part of a contract, whose compliance has associated costs that exceed future economic benefits.

Provisions are reviewed and updated at the date of the statement of financial position to reflect the best estimate, at that time, of the obligation in question.

2.22 ACCOUNTING ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES

The IFRS establish a set of accounting treatments that require the Board of Directors to use the necessary judgement and estimates in applying the most appropriate accounting principles.

The main accounting estimates and judgements used in the application of the accounting principles by Euronext Securities Porto are analysed as follows, in order to improve the understanding of how their application affects the reported results of Euronext Securities Porto and its disclosure. A broader description of the main accounting policies used by Euronext Securities Porto is presented in notes 2.1 to 2.23 to the financial statements.

Considering that in some situations accounting standards allow for an alternative accounting treatment to the one adopted by the Board of Directors, the results reported by Euronext Securities Porto could be different if a different treatment was chosen. The Board of Directors believes that the criteria adopted are appropriate and that the financial statements present fairly, in all material respects, the financial position of Euronext Securities Porto and its operations.

The alternative outcomes discussed below are presented solely to provide a better understanding of the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Amortisation/depreciation/amortisation of tangible and intangible assets

Tangible and intangible fixed assets are depreciated by the straight-line method taking into account the estimated useful life expected to be available for use and this should be reviewed at least annually.

The determination of the amortisation/depreciation method and of the useful lives of assets and determination of the residual value has direct impacts on the amount of amortisation/depreciation to be recognised in the statement of comprehensive income.

Tangible fixed assets and intangible assets are subject to impairment tests when there are facts or circumstances indicating that their net value is not recoverable.

Considering the uncertainties regarding the recoverable amount of tangible and intangible assets, as it is based on the best information available at the date, changes in assumptions can result in impacts in the determination of the level of impairment and, consequently, in the results of the company.

Expected credit losses

The expected credit losses are based on the evaluation made by the Management of the probability of recovering the balances of accounts receivable, ageing of balances, cancellation of debts and prospective factors specific to clients and economic environment. Certain circumstances and facts may change the estimated impairment losses of accounts receivable in relation to the assumptions considered, namely changes in the economic environment, industry trends, deterioration of the credit situation of major customers and significant defaults. This evaluation process is subject to numerous estimates and judgements. Changes in these estimates may result in the determination of different levels of impairment and consequently different impacts on results.

Taxes on profits

The determination of the overall amount of income taxes requires certain interpretations and estimates. There are several transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the period.

The Tax Authorities may review the calculation of the tax base made by Euronext Securities Porto for a period of four years. As such, it is possible that there may be corrections to the taxable income, resulting mainly from differences in interpretation of the tax law. However, the Board of Directors of Euronext Securities Porto believes that if there are any corrections, they will not be significant corrections to the income taxes recorded in the financial statements.

Pensions and other employee benefits

Determining pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investments and other factors that can impact on the costs and liabilities of the pension plan.

Changes to these assumptions could have a significant impact on the values determined.

Deferred tax assets

Deferred tax assets are recognised only when there is the expectation and certainty of future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed.

At the end of each period the valuation of deferred tax assets is carried out.

Fair Value Estimate

The fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability, at the measurement date, under current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability can occur:

- (a) In the main market of the assets and liabilities, or
- (b) In the absence of a principal market, the transaction is assumed to take place in the most advantageous market. This is the one that maximises the amount that would be received on the sale of the asset or minimises the amount that would be paid to transfer the liability, after taking into account transaction costs and transport costs.

Because different entities and different businesses within a single entity may have access to different markets, the principal or most advantageous market for the same asset or liability may vary from one entity to another, or even between businesses within the same entity, but are assumed to be accessible to Euronext Securities Porto.

The fair value measurement uses assumptions that market participants would use in setting the price of the asset or liability, assuming that market participants would use the asset in a way that maximises its value and use.

Euronext Securities Porto uses valuation techniques appropriate to the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which classifies into three levels the data to be used in the fair value measurement, detailed below:

- (a) Level 1 - Quoted market prices, unadjusted, in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) Level 2 - Valuation techniques that use inputs, which are not quoted, are directly or indirectly observable;

- (c) Level 3 - Valuation techniques using inputs not based on observable market data, i.e. based on unobservable data.

The Board of Directors believes that the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value.

2.23 RISK MANAGEMENT

Euronext Securities Porto pays strict and permanent attention to maintaining a prudent and balanced risk profile that is appropriate to the experience and capacity of the organisation, preserving the basic objectives of solvency, profitability and adequate liquidity.

Euronext Securities Porto, as the manager of the centralised and settlement systems, has an internal control system whose objective is to monitor the risks inherent to its activity, minimise the unforeseen, adapt to changes in the economic and competitive environment and to changes in the market, as well as to ensure more effective development and growth of the company.

Euronext Securities Porto continues to closely monitor the evolution of COVID-19, as well as the risks posed by the pandemic crisis to its employees and the normal provision of its business, scrupulously following the guidelines of the World Health Organization (WHO), national and international health agencies and the Portuguese government's guidelines on all measures to be adopted.

Thus, Euronext Securities Porto adopted a set of measures, which were adjusted in accordance with the evolution of the pandemic situation, having adopted teleworking for almost all its employees, which has allowed it to operate a fully functional and efficient market infrastructure, thus ensuring the normal operation of the settlement systems, centralised securities systems and ancillary services.

Financial risks

(a) Exposure to credit risk

There is no significant concentration of credit risk in a single counterparty or group of counterparties. The maximum exposure to credit risk for each class of financial assets is represented by the carrying amounts of the respective assets.

(b) Exposure to interest rate risk

Euronext Securities Porto has not constituted any bank loan and its financial investments are made in assets without risk or with reduced risk, such as term deposits with fixed rate and maturity equal to or less than one year. These investments are made with financial institutions of recognised credibility.

Euronext Securities Porto does not use any derivative financial instruments to hedge interest rate or exchange rate risks.

Settlement and custody risk

As of December 31, 2021, the valuation of the issues integrated in the Central Securities Depository amounted to 396,619,651,130 euros, as detailed below:

Type	Number of Issues	Valuation (€)
Shares	418	123,019,679,898
Rights	21	1,413,999,030
Public debt bonds	27	161,019,883,921
Treasury Bills	4	6,432,321,488
Private debt bonds	594	98,596,985,097
Convertible securities (VMOC)	3	139,062,000
Commercial Paper	43	1,789,300,000
Participation Bonds	2	79,103,038
Participation Units	255	3,455,728,658
Autonomous Warrants	898	-
Certificates	78	-
Structured Securities	17	673,588,000

The valuation referred to in the previous table is based on ⁽¹⁾ the nominal value, in the case of debt securities and other securities not admitted to trading on a market; the market prices, for securities admitted to trading on a market, other than debt securities, published by the respective management entity; the value of the unit informed by the management entity, for units not

⁽¹⁾ In the above table, the valuation of warrant and certificate issues is not shown.

admitted to trading on a market and the issue value of shares without par value, not admitted to trading on a market, corresponding to the portion of share capital in question.

The procedures for warning of the existence of failures in settlement, as well as the internal control procedures implemented, allow the risks inherent in these operations to be monitored and mitigated.

2.24 SUBSEQUENT EVENTS

Events occurring after the balance sheet date that provide additional information about conditions that existed at the balance sheet date are reflected in the financial statements. Events occurring after the balance sheet date that provide information on conditions occurring after the balance sheet date, if material, are disclosed in the notes to the financial statements.

3 SERVICES RENDERED AND OTHER INCOME

The value of this item is made up of:

	31/12/2021 Euros	31/12/2020 Euros
System Usage	747,070	747,375
Settlement Systems	1,767,198	1,808,372
Exercise of Rights/Other Corporate Actions	659,250	603,550
Securities Maintenance	19,777,349	18,176,517
Issue Registration	287,690	287,685
Cancellation of Issues	229,825	251,150
T2S Information	82,743	90,103
Other Services	703,159	677,339
	24,254,284	22,642,091

4 OTHER INCOME

	31/12/2021 Euros	31/12/2020 Euros
Other Income	143,481	144,321
Sale of tangible fixed assets	-	44,500
Subsidies obtained (Job Placement Measure)	13,613	4,707
	157,094	193,528

The Other Income item includes, among others, the income resulting from contracts for the provision of office space in the Euronext Securities Porto premises and the contract for IT services to third parties.

In October 2019 two applications by Euronext Securities Porto were approved for the Job Internships Measure programme, managed by the Institute of Employment and Professional Training, IP (IEFP), covering 4 interns.

The amounts received were as follows:

Case number	No. of internships	Amount received 2020	Amount received 2021	TOTAL
1294/TE/19	3	4.707	11,070	15,777
0166/TE/20	1	-	2,543	2,543
TOTAL	4	4.707	13,613	18,320

5 IMPAIRMENT LOSSES ARISING FROM EXPECTED CREDIT LOSSES

The movements made were as follows:

	31/12/2021 Euros	31/12/2020 Euros
Opening balance of the asset account "Impairment losses on expected credit	121,373	109,960
Adjustments in accounts receivable for expected credit losses	21,850	21,933
Reversals of adjustments of accounts receivable due to expected credit	-	-
Use of adjustments to accounts receivable for expected credit losses	(200)	(10,520)
Closing balance of the asset account "Adjustments to accounts receivable	143,023	121,373

6 PERSONNEL COSTS

The number of employees in the service of Euronext Securities Porto on 31 December 2021 and 2020 (excluding the members of the Board of Directors), distributed by departments, was as follows:

	31/12/2021 Number	31/12/2020 Number
Settlement and Custody - Central de Valores Mobiliários	12	11
Support - Financial Area	1	1
Support - Legal Area	1	1
Support - IT	15	15
Support - Program Office	2	2
	31	30

The value of this item is made up of:

	31/12/2021 Euros	31/12/2020 Euros
Remunerations	2,271,267	2,205,628
Mandatory social charges	374,980	382,428
Charges with share plan programmes	62,287	109,215
Charges with pensions and employee benefits (Note 20)	242,298	261,726
Training	44,882	4,296
Other costs	57,171	63,042
	3,052,885	3,026,335

The amount of remuneration received by the Governing Bodies:

	31/12/2021	31/12/2020
	Euros	Euros
Remunerations	382,157	325,605
Mandatory social charges	30,979	40,218
Other costs	2,926	3,452
	416,062	369,275

7 AMORTISATION AND DEPRECIATION FOR THE YEAR

The value of this item is made up of:

	31/12/2021	31/12/2020
	Euros	Euros
<i>Tangible fixed assets:</i>		
LHI - Buildings	515	-
M&E - IT equipment	68,242	116,453
OFA - Other Tangible Fixed Assets	13,043	3,787
	81,800	120,240
<i>Intangible assets:</i>		
SW - Software	3,789	11,454
Leases - Right of Use	328,712	289,016
	332,501	300,470
	414,301	420,710

8 INFORMATION TECHNOLOGY AND COMMUNICATION COSTS

	31/12/2021	31/12/2020
	Euros	Euros
Licences, maintenance and <i>hardware</i> acquisition	38,667	49,621
<i>Software</i> licenses and maintenance	547,522	495,394
Costs of and with communications	107,500	115,678
Other information technology expenses	29,173	20,825
	722,862	681,518

The item "*Software licenses and maintenance*" records the cost of licenses to support the settlement and maintenance systems for securities, as well as the cost of *software* licenses needed for the operation and security of personal computers used by Euronext Securities Porto employees.

9 CONSULTANCY AND PROFESSIONAL SERVICES

The value of this item is made up of:

	31/12/2021 Euros	31/12/2020 Euros
Tax and accounting consultants	6,100	2,800
Legal advice	3,360	5,306
Auditing and Statutory Auditing	16,600	25,060
<i>Outsourcing</i>	984,475	787,299
Services provided within the Euronext group	1,950,759	8,706
Other professional services and consultancy	579,368	552,221
	3,540,662	1,381,392

Under Other Consultancy and professional services is registered, among others, the amount relating to the management and maintenance contract of the private communications network of Euronext Securities Porto (connections between the Euronext Securities Porto system and the systems of its participants).

In the *Outsourcing* item, among others, is registered the amount related with the transaction settlement services carried out through the T2S platform, managed by the European Central Bank (ECB).

Under services rendered intra Euronext Group is registered

	31/12/2021 Euros	31/12/2020 Euros
<i>Support Services Charges (ICSA)</i>	1,378,496	-
<i>Shareholder cost reallocations (CSD)</i>	454,778	-
<i>Management fee</i>	117,485	8,706
	1,950,759	8,706

In 2021, the Euronext Group implemented a cost allocation policy shared by the various Group companies. To that end, two new cost allocation policies were created and the management fee policy was updated in 2021.

Thus:

(a) Support Services Recharges (ICSA - Intercompany Central Services Agreement)

The Euronext Group has support areas that are shared by all the Group's entities. In order to allocate to each Group entity the costs related to the services that are shared, a cost sharing policy was implemented and its calculation is described below:

- i. Identification of the costs borne by each entity relating to the support areas which provide services to other group entities (such as, for example, the financial, human resources, legal and IT department, among others);
- ii. Application of a 5% margin;
- iii. Allocation of costs/entity based on a revenue matrix;
- iv. Compare the result of the previous point with the costs accounted for in the entity itself, (in this case Euronext Securities Porto accounts) - plus a margin of 5%;
- v. If the result of point (iv) is positive the entity will receive an invoice and record a cost, if negative the entity will issue an invoice and record an income.

In the case of Euronext Securities Porto, in 2021, the result was negative so the Euronext Group issued an invoice for the amount of € 5,748,402. This result is essentially due to the weight that the costs supported with the financial department of the IT department (end user, Infosec, ...) have (not all IT areas are transversal costs and enter into this calculation).

(b) Shareholder cost reallocations (CSD)

Refers to the re-invoicing of costs incurred on behalf of Euronext NV (parent company of the Euronext Group). Costs such as; the costs incurred for members of the Management Bodies as they allocate part of their time to Group tasks; premises, communications,

For this purpose an allocation key was developed for these costs, the result being invoiced to Euronext NV

(c) Management Fee

Cost sharing with the Executive Bodies of the Euronext Group on the basis of a key allocation based on a revenue matrix.

10 FACILITIES AND RELATED SERVICES

The value of this item is made up of:

	31/12/2021	31/12/2020
	Euros	Euros
Condominium costs	37,737	38,942
Security	56,988	56,586
Gas, water and electricity	43,799	37,656
Maintenance and cleaning services	30,420	24,663
Other	8,752	6,723
	177,696	164,570

11 OTHER EXPENSES

The value of this item is made up of:

	31/12/2021	31/12/2020
	Euros	Euros
Supervisory fees (CMVM)	761,776	766,085
Vehicle costs	36,572	38,997
Insurance	80,142	71,999
Travel expenses	33,273	20,342
Office and maintenance equipment	2,334	3,754
Membership fees	20,644	20,644
Bank charges	57,153	32,807
Mail	3,479	4,532
Other	25,566	26,175
	1,020,939	985,335

Portaria n.º 342-B/2016 of 29 December, which amends Portaria 913-I/2003 of 30 August, establishes in its article 2 the supervision fees due by Euronext Securities Porto to CMVM. The calculation of the fee is based on the amount settled, in the case of the settlement system, establishing that the amount to be charged cannot be less than € 1,500 nor more than € 7,500 or, in the case of the centralised securities system, on the amount of the issues included in the centralised system on the last day of each month, establishing that the collection cannot be less than € 45,000 nor more than € 60,000. Moreover, it is defined that the entity managing both settlement systems and centralised securities systems will only be subject to the payment of the higher rate. Euronext Securities Porto in 2020 and 2021 supported the maximum limit established by CMVM in the monthly amount of € 60,000.

Ministerial Order 342-A/2016 of 29 December also authorises the CMVM to proportionally increase the fees, rates or other amounts it charges to market agents under its supervision, in order to meet the cost of the provision to the Competition Authority. In 2021 the amount supported by Euronext Securities Porto with this fee was €41,250 (in 2020 it was €45,000).

12 FINANCIAL INCOME AND EXPENSES

The value of this item is made up of:

	31/12/2021	31/12/2020
	Euros	Euros
Other financial income / (expenses) (exchange rate variations)	(76)	529
Interest expenses with land use rights (Rentals)	(7,946)	(5,737)
Other interest expenses	(2,941)	(78)
Financial result	(10,963)	(5,286)

13 PROVISION FOR INCOME TAXES

Euronext Securities Porto is taxed under the group taxation regime led by Euronext Lisbon, by authorisation obtained under the provisions of article 69 of the IRC Code. The amount of current tax, positive or negative, is calculated for each company included in the Tax Group based on its individual tax situation.

Euronext Securities Porto is subject to Corporate Income Tax (IRC) at a rate of 21%, plus Municipal Surcharge at a rate of 1.50%, and State Surtax at a rate of 3% on taxable profit between 1,500,000 euros and 7,500,000 euros, and 5% on profit above 7,500,000 euros.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (see Note 2.16), except when tax benefits have been granted, or tax inspections, claims or contestations are in progress, in which cases, depending on the circumstances, the periods are extended or suspended.

Thus, tax returns of Euronext Securities Porto for the years 2018 to 2021 may still be subject to review. The Board of Directors believes that any corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the financial statements.

The charge to income tax for the year is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
Current tax for the year	4,076,762	4,232,999
Correction of previous years	(12,100)	(6,670)
	4,064,662	4,226,329
Deferred tax (see Note 19)		
Temporary differences	23,594	48,990
Tax Rate Variation	-	-
	23,594	48,990
	4,088,256	4,275,319

The calculation of the current tax is analysed as follows:

	31/12/2020 Euros	31/12/2020 Euros
Profit before tax	15,449,419	16,159,061
Costs not accepted for tax purposes:		
Share-based payment	67,439	109,215
Non-deductible provisions beyond legal limits	-	80,770
Other costs not accepted for tax purposes	5,152	33,429
	67,439	223,414
Deductions from the tax base		
Share-based payment	88,249	66,608
Reversal of taxed provisions	80,770	351,754
Other deductions from the tax base	10,250	61,695
Deductions from the tax base	(179,269)	(480,057)
Taxable income	15,337,589	15,902,418
Current income tax (1)		
• Taxable amount - Rate 21	3,220,894	3,339,508
• Municipal Surcharge - Rate 1.50%	230,064	238,536
• State Surtax	571,879	600,121
Expenses taxed autonomously (2)	53,925	54,834
Current income tax (1) + (2)	4,076,762	4,232,999

Reconciliation between cost for the year and balance sheet	31/12/2021 Euros	31/12/2020 Euros
Current income tax		
- Recognition as cost in the year (1) + (2) - (3)	4,076,762	4,232,999
- Less: Payments on account and special payments on account	(3,689,886)	(3,322,929)
- Less: Withholding taxes	-	-
- Current balance payable (receivable)	386,876	910,070

The nominal tax rate and the effective tax rate for the twelve months period ended 31 December 2021 and 2020 are as follows:

	31/12/2021 Euros	31/12/2020 Euros
Current tax for the period:		
Current tax charged to profit/loss	4,064,662	4,226,329
Deferred tax	23,594	48,990
Total tax recorded in the income statement (1)	4,088,256	4,275,319
Profit before tax (2)	15,449,419	16,159,061
Effective tax rate ((1)/(2))	26.46%	26.46%

14 FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN ACCORDANCE WITH THE CATEGORIES OF IFRS 9 - FINANCIAL INSTRUMENTS

The accounting policies set out in IFRS 9 for financial instruments have been applied to the following items:

	A 31/12/2020					
	FINANCIAL ASSETS	FINANCIAL DERIVATIVE INSTRUMENTS	FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS / LIABILITIES	NON-FINANCIAL ASSETS / LIABILITIES	TOTAL
ASSETS						
Other non-current financial assets (note 18)	2,016	-	-	2,016	-	2.016
Derivative financial instruments	-	-	-	-	-	-
Accounts receivable - trade receivables (note 20)	2,430,416	-	-	2,430,416	-	2.430.416
Customer contract assets	-	-	-	-	-	-
Accounts receivable - other (note 20)	23,052	-	-	23,052	-	23.052
Cash and cash equivalents (note 21)	24,976,144	-	-	24,976,144	-	24.976.144
TOTAL FINANCIAL ASSETS	27.431.628	-	-	27,431,628	-	27,431,628
LIABILITIES						
Borrowings	-	-	444,357	444,357	-	444.357
Derivative financial instruments	-	-	-	-	-	-
Accounts payable - suppliers (note 26)	-	-	23,344	23,344	-	23.344
Accounts payable - other	-	-	-	-	-	-
Accrued expenses (note 26)	-	-	1,488,539	1,488,539	-	1.488.539
TOTAL FINANCIAL LIABILITIES	-	-	1,956,240	1,956,240	-	1,956,240

	A 31/12/2021					
	FINANCIAL ASSETS	FINANCIAL DERIVATIVE INSTRUMENTS	FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS / LIABILITIES	NON-FINANCIAL ASSETS / LIABILITIES	TOTAL
ASSETS						
Other non-current financial assets (note 18)	2,786	-		2,786	-	2.786
Derivative financial instruments	-	-		-	-	-
Accounts receivable - trade receivables (note 20)	2,624,891	-		2,624,891	-	2.624.891
Customer contract assets	-	-		-	-	-
Accounts receivable - other (note 20)	96,492	-		96,492	-	96.492
Cash and cash equivalents (note 21)	23,661,147	-		23,661,147	-	23.661.147
TOTAL FINANCIAL ASSETS	26.385.316	-		26,385,316	-	26,385,316
LIABILITIES						
Borrowings		-	1,422,515	1,422,515	-	1.422.515
Derivative financial instruments		-	-	-	-	-
Accounts payable - suppliers (note 26)		-	(3,116)	(3,116)	-	(3.116)
Accounts payable - other		-	-	-	-	-
Accrued expenses (note 26)		-	1,554,518	1,554,518		1.554.518
TOTAL FINANCIAL LIABILITIES		-	2,973,917	2,973,917	-	2,973,917

The balances of taxes recoverable and taxes payable, given their nature, were considered as financial instruments not covered by IFRS 7. Also, the caption 'Deferred costs to be recognised' was not included in this note, as the nature of such balances are not within the scope of IFRS 7.

15 TANGIBLE FIXED ASSETS

This item is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
<i>Cost:</i>		
ART - Art	52,816	52,816
F&F - Administrative equipment	75,299	85,023
M&E - IT equipment	1,032,047	1,171,513
LHI - Buildings	127,778	127,778
TEQ - Transport equipment	99,900	99,900
OFA - Other Tangible Fixed Assets	144,415	98,397
	1,532,255	1,635,427
<i>Accumulated depreciation:</i>		
For the current financial year	(81,800)	(120,240)
Related to previous years	(1,217,651)	(1,278,457)
	(1,299,451)	(1,398,697)
	232,804	236,730

The movements under the caption "Property, plant and equipment" in the twelve months period ended 31 December 2021 and 2020 are analysed as follows:

	Balance at 31/12/2020	Sales/Write- off	Acquisitions/Endowments	Balance at 31/12/2021
<i>Cost:</i>				
ART - Art	52,816	-	-	52,816
F&F - Administrative equipment	85,023	-	-	85,023
M&E - IT equipment	1,074,379	-	97,134	1,171,513
LHI - Buildings	119,838	-	7,940	127,778
TEQ - Transport equipment	223,080	(123,180)	-	99,900
OFA - Other Tangible Fixed Assets	117,823	(43,426)	24,000	98,397
	1,672,959	(166,606)	129,074	1,635,427
<i>Accumulated depreciation:</i>				
ART - Art	-	-	-	-
F&F - Administrative equipment	85,023	-	-	85,023
M&E - IT equipment	911,807	-	116,453	1,028,260
LHI - Buildings	119,838	-	-	119,838
TEQ - Transport equipment	223,080	(123,180)	-	99,900
OFA - Other Tangible Fixed Assets	105,316	(43,426)	3,787	65,677
	1,445,063	(166,606)	120,240	1,398,697
	227,896	-	8,834	236,730

	Balance at 31/12/2020	Sales/Write- offs	Acquisitions/Endowments	Balance at 31/12/2021
<i>Cost:</i>				
ART - Art F&F -	52,816	-	-	52,816
Administrative equipment	85,023	9,724	-	75,299
M&E - IT equipment	1,171,513	171,323	31,857	1,032,047
LHI - Buildings	127,778	-	-	127,778
TEQ - Transport equipment	99,900	-	-	99,900
OFA - Other Tangible Fixed Assets	98,397	-	46,018	144,415
	1,635,427	181,047	77,875	1,532,255
<i>Accumulated depreciation:</i>				
ART - Art F&F -	-	-	-	-
Administrative equipment	85,023	9,724	-	75,299
M&E - IT equipment	1,028,260	171,323	68,242	925,179
LHI - Buildings	119,838	-	515	120,353
TEQ - Transport equipment	99,900	-	-	99,900
OFA - Other Tangible Fixed Assets	65,677	-	13,043	78,720
	1,398,697	181,047	81,800	1,299,451
	236,730	-	(3,925)	232,804

16 INTANGIBLE ASSETS

This item is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
<i>Cost:</i>		
Purchased <i>software</i>	737,289	751,447
In-house developed <i>software</i> - T2S	2,129,399	2,129,399
	2,866,688	2,880,846
<i>Accumulated depreciation:</i>		
For the current financial year	3,789	11,454
Related to previous years	2,861,952	2,864,655
	2,865,741	2,876,109
	947	4,737

The movements in Intangible Assets, at 31 December 2021 and 2020, are analysed as follows:

	Balance at 31/12/2019	Sales/ Write-off	Acquisitio ns/ Endowme nts	Balance at 31/12/2020
<i>Cost:</i>				
Purchased software	751,447	-	-	751,447
In-house developed software	2,129,399	-	-	2,129,399
	2,880,846	-	-	2,880,846
<i>Accumulated depreciation:</i>				
Software	735,256	-	11,454	746,710
In-house developed software".	2,129,399	-	-	2,129,399
	2,864,655	-	11,454	2,876,109
	16,191	-	(11,454)	4,737

	Balance at 31/12/2020	Sales/ Write-off	Acquisitio ns/ Endowme nts	Balance at 31/12/2021
<i>Cost:</i>				
Purchased software	751,447	14,158	-	737,289
In-house developed software	2,129,399	-	-	2,129,399
	2,880,846	14,158	-	2,866,688
<i>Accumulated depreciation:</i>				
Software	746,710	14,158	3,789	736,342
In-house developed software".	2,129,399	-	-	2,129,399
	2,876,109	14,158	3,789	2,865,741
	4,737	-	(3,789)	947

17 RIGHT OF USE

As of 31 December 2021, Euronext Securities Porto had four active lease contracts; three related to IT equipment and one related to the spaces it occupies to develop its activity.

	Start of amortisation	End of amortisation	Measured on 31/12/2020	Measured on 31/12/2021
Building	01/01/2019	31/08/2021	80,711	-
IT equipment	01/01/2019	30/06/2021	34,396	-
IT equipment	01/02/2019	31/01/2024	139,094	93,982
IT equipment	01/02/2020	31/01/2024	177,062	113,424
IT equipment	01/07/2021	31/12/2025	-	436,309
Building	01/09/2021	31/08/2026		771,754
Total			431,263	1,415,470

The movements in this caption, on 31 December 2021 and 2020, are analysed as follows:

	Balance at 31/12/2019	Acquisition s /Endowme nts	Sales/ Write-offs	Balance at 31/12/2020
<i>Cost:</i>				
Buildings	321,024	1,082	-	322,106
IT equipment	397,537	231,164	-	628,701
	718,561	232,246	-	950,807
<i>Accumulated depreciation:</i>				
Buildings	120,384	121,011	,	241,395
IT equipment	110,144	168,005	-	278,149
	230,528	289,016	-	519,544
	488,033	(56,770)	-	431,263

	Balance at 31/12/2020	Acquisition s /Endowme nts	Sales / Write-offs	Balance at 31/12/2021
<i>Cost:</i>				
Buildings	322,106	826,880	-	1,148,986
IT equipment	628,701	486,038	-	1,114,739
	950,807	1,312,918	-	2,263,725
<i>Accumulated depreciation:</i>				
Buildings	241,395	135,837	,	377,232
IT equipment	278,149	192,875	-	471,024
	519,544	328,712	-	848,256
	431,263	984,206	-	1,415,470

18 OTHER FINANCIAL ASSETS

This item is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
ANNA (1 share)	1,250	1,250
FCT - Workers' Compensation Fund	1,536	766
	2,786	2,016

The Labour Compensation Fund (FCT) is an autonomous fund, with legal personality, and financed by the employers, being the managing entity the Institute for the Management of Social Security Capitalization Funds, I.P. The adherence to the regime established by Law 70/2013 of 30 August is mandatory for all employers who enter into employment contracts regulated by the Labour Code, from 1 October 2013, with the exceptions provided therein.

The FCT is an individual capitalization fund aimed at partial payment (up to 50%) of the compensation for termination of the employment contract of its employees.

The contributions to be made by employers to the FCT correspond to 0.925% of the basic salary and seniority for each employee covered, with these contributions having a capitalisation nature for the employer. The reimbursement will correspond to the amount delivered to the fund, individualized by the respective employee with termination of employment contract, plus any gain generated by the capitalization of that amount in the fund.

The financial asset relating to the FCT contributions was measured at fair value and changes in fair value are recognised in the income statement of the period according to the value of the fund units at each reporting date disclosed by the management entity.

19 DEFERRED TAX ASSETS AND LIABILITIES

Euronext Securities Porto records in its accounts the tax effect arising from temporary differences between assets and liabilities determined from an accounting perspective and from a tax perspective, which is analysed as follows:

	31/12/2021		31/12/2020	
	Assets Euros	Liabilities Euros	Assets Euros	Liabilities Euros
Impairment losses arising from expected credit losses	3,863	-	1,992	-
Costs not accepted for tax purposes in 2018 and 2020 (indemnities recorded but not yet paid)	-	-	80,770	-
Share plan - remuneration	128,602	-	154,564	-
	132,465	-	237,326	-
	22,50%	-	22,50%	-
Deferred tax assets / liabilities	29,804	-	53,398	-

The movements in deferred taxes for the twelve months ended 31 December 2021 and 2020 are as follows:

	31/12/2021		31/12/2020	
	Assets Euros	Liabilities Euros	Assets Euros	Liabilities Euros
Balance at the beginning of the period	53,398	-	104,732	2,344
Appropriation to retained earnings	-	-	-	-
Appropriation to profit/loss for the period	(23,594)	-	(51,334)	(2,344)
Balance at the end of the period	29,804	-	53,398	-

Euronext Securities Porto, at 31.12.2021, has a liability related to the defined benefit pension fund amounting to Euro 1,161,092 (Euro 1,658,092 in 2020). Euronext Securities Porto does not estimate that the additional contributions to be made to the fund will be considered in the future as tax deductible expenses for tax purposes and as such considers that the future settlement of this liability will not be subject to deduction from taxable income. Therefore no deferred tax assets associated to the defined benefit pension fund were recorded.

20 DEBTORS AND OTHER ASSETS

This item is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
Current debtors and other assets		
- Customers	2,767,914	2,551,789
- Other debtors	96,492	23,052
- Deferrals (expenses to be recognised)	175,467	158,243
Impairment for debtors (See Note 5)	(143,023)	(121,373)
	2,896,850	2,611,711

21 CASH AND CASH EQUIVALENTS

This item is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
<i>Cash:</i>		
Box	-	-
<i>Bank deposits:</i>		
Sight deposits	23,661,147	24,976,144
	23,661,147	24,976,144

22 CAPITAL

The share capital of Euronext Securities Porto in the amount of Euros 5,500,000 represented by 5,500,000 shares with a nominal value of 1 Euro each, is fully paid up.

The share capital of Euronext Securities Porto, as of 31 December 2021, is held 100% by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A..

Earnings per share (EPS) attributable to the Euronext Securities Porto shareholder are analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
Net profit	11,361,164	11,883,742
No. of shares	5,500,000	5,500,000
Earnings per share (Basic)	2.07	2.16

Euronext Securities Porto calculates basic earnings per share using the number of shares issued during the reporting period.

23 RESERVES AND RETAINED EARNINGS

This item is analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
Legal reserve	5,500,000	5,500,000
Other reserves (Note 24)	(2,065,601)	(2,520,601)
Retained earnings	2,827,058	2,827,058
Share plan	(63,427)	(82,780)
	6,198,029	5,723,677

Legal reserve

The Portuguese Companies Act establishes that at least 5% of the annual net profit must be appropriated to a legal reserve, until such reserve represents at least 20% of the share capital. This reserve can only be used to cover losses or to increase the Company's share capital.

Other reserves

These refer to gains and losses arising from differences between the actuarial and financial assumptions used and the values effectively verified with regard to the liabilities and expected income of the pension fund, as well as those resulting from changes in actuarial assumptions (actuarial gains and losses).

Retained earnings

These refer to profits generated in previous years and not distributed.

24 EMPLOYEE BENEFITS

Defined benefit plans

By contract dated 27th December 2001, a defined benefit pension fund, named "Fundo de Pensões da Euronext Securities Porto", was set up, with the objective of guaranteeing the payment of retirement, disability and survival pensions, independently from the Social Security.

The aforementioned Pension Fund, with an indefinite duration, is managed by BPI Vida e Pensões - Companhia de Seguros, S.A. and covers liabilities with effect from the date of incorporation of Euronext Securities Porto.

Euronext Securities Porto changed the Defined Benefit Pension Plan, in the sense that the latter no longer covers new Participants and fixed by reference to 31 December 2016 the length of service and pensionable remuneration of the Fund's participants.

The liabilities arising from the Pension Fund were determined through an actuarial study prepared by Mercer, Human Resource Consulting, S.A..

The net liability of Euronext Securities Porto with the Pension Fund is calculated annually on the closing date of accounts, and therefore an estimate made by the above-mentioned entity is presented in this report.

As of 31 December 2021, and 31 December 2020, the number of participants covered by this retirement pension plan was as follows:

	30/12/2021	31/12/2020
Active employees	26	27
Former employees	11	11
Pensioner	11	10
	48	48

At 31 December 2021 the characterisation of the fund's population of participants and beneficiaries was as follows:

Participants	Age Average	Middle antiquity	Annual Average Salary	Average annual pension
Assets	56,0	23,8	46,251	N/A
Former employees	56,9	15	40,283	N/A
Pensioners	65,6	N/A	N/A	7,490

As mentioned in Note 2.14, actuarial gains and losses are recognised in the equity caption "other reserves".

Additionally, IAS 19R provides that the financial cost of the funded benefit plan should be calculated by applying the discount rate to the net balance of the estimated liabilities and fair value of plan assets, whether the balance is positive or negative.

The amounts recognised in net profit for the period and comprehensive income in respect of this defined benefit plan were as follows:

	31/12/2021 Euros	31/12/2020 Euros
Cost of current services		
Net financial cost	21,000	25,000
Components of the defined benefit cost recognised in net income for the period	21,000	25,000
Remeasurements in the net defined benefit liability:		
- Effect of changes in demographic assumptions	-	-
- Effect of changes in financial assumptions	-	261,000
- Other adjustments	(139,000)	(55,000)
- Return on plan assets	(316,000)	(135,000)
Components of the cost / (income) of defined benefit recognised in comprehensive income	(455,000)	71,000
Total cost / (income) components of defined benefit	(434,000)	96,000

The amount recognised in the Euronext Securities Porto statement of financial position resulting from the obligation of this defined benefit plan is as follows:

	31/12/2021	31/12/2020
Present value of the obligations of the defined benefit plan	7,412,092	7,534,092
Fair value of plan assets	6,251,000	5,876,000
Net liability resulting from the defined benefit plan	1,161,092	1,658,092

The movements in the present value of the defined benefit plan obligations are analysed as follows:

	31/12/2021	31/12/2020
Obligations of the defined benefits plan - Opening balance	7,534,092	7,284,092
Cost of current services	-	-
Interest cost	97,000	109,000
Benefits paid	(80,000)	(65,000)
Remensurings:		
- Effect of changes in demographic assumptions	-	-
- Effect of changes in financial assumptions	-	261,000
- Other adjustments	(139,000)	(55,000)
Obligations of the defined benefits plan - Closing balance	7,412,092	7,534,092

The movements in the value of plan assets are analysed as follows:

	31/12/2021	31/12/2020
Fair value of plan assets - Opening balance	5,876,000	5,653,000
Financial income	76,000	84,000
Contributions made by Euronext Securities Porto	63,000	69,000
Benefits paid	(80,000)	(65,000)
Remensurings:		
- Return on plan assets	316,000	135,000
Fair value of plan assets - Closing balance	6,251,000	5,876,000

The composition of the fair value of the fund's assets is in accordance with the set of guidelines and guiding principles, on the basis of which BPI Vida e Pensões - Sociedade Gestora de Fundos de Pensões, S.A. should conduct and control the management of the Fund.

On 31 December 2021 the plan's assets are divided into the following asset categories:

	Value of plan assets (in thousands of euros)	As % of assets
Shares	2,821	45.12%
Bonds	3,329	53.27%
Real Estate Funds	21	0.33%
Liquidity	80	1.28%
Total	6,251	100.00%

The comparative analysis of the actuarial assumptions is analysed as follows:

	30/12/2021	31/12/2020
Salary growth rate		
Assets	= inflation (1.70%)	= inflation (1.70%)
Acquired rights	= inflation (1.70%)	= inflation (1.70%)
Pension growth rate	1.70%	1.70%
Discount rate	1.30%	1.30%
Inflation rate	1.70%	1.70%
Mortality table	TV88/90	TV88/90
Invalidity table	EVK 80 100	EVK 80 100
Retirement age	66 years	66 years
Decrements used	100% EKV 1980	100% EKV 1980

The sensitivity analysis performed according to a variation of 0.25% in the discount rate and 0.50% in the pension growth rate and inflation rate on the present value of the obligations with the Fund is as follows:

Discount rate	1.55% (+0,25%)	1.30% (current)	1.05% (-0,25%)
Present value (in thousands of euros)	7,086	7,412	7,755

Pension growth rate	2.30% (+0,50%)	1.70% (current)	1.20% (-0,50%)
Present value (in thousands of euros)	7,862	7,412	6,993

Inflation Growth Rate	2.30% (+0,50%)	1.70% (current)	1.20% (-0,50%)
Present value (in thousands of euros)	7,656	7,412	7,177

DEFINED CONTRIBUTION PLAN

On 1 January 2017 Euronext Securities Porto set up a Defined Contribution Pension Plan, as referred to in Note 2.14.

The said Pension Fund is managed by BPI Vida e Pensões - Sociedade Gestora de Fundos de Pensões, S.A..

As of 31 December 2021 the number of participants was 31, and the total contributions made to this fund by Euronext Securities Porto and its employees amounted to:

Exercise	Contribution		
	Euronext Securities Porto	Collaborators	TOTAL
2017	233,302	-	233,302
2018	279,841	9,417	289,258
2019	248,846	8,421	257,267
2020	236,725	8,153	244,878
2021	221,298	9,609	230,907
TOTAL	1,220,012	35,600	1,255,612

The value of the fund's assets on 31 December is EUR 1,284,400, broken down as follows:

	Conservative Subfund		Dynamic Underground		TOTAL	
	Value of assets	As % of assets	Value of assets	As % of assets	Value of assets	As % of assets
	(in thousands of euros)		(in thousands of euros)		(in thousands of euros)	
Shares	166	22.37%	292	53.87%	458	35.67%
Obligations	555	74.80%	236	43.54%	791	61.60%
Liquidity	21	2.83%	14	2.58%	35	2.73%
Total	742	100.00%	542	100.00%	1.284	100.00%

25 LOANS OBTAINED

With the implementation, on 1 January 2019, of IFRS 16, Euronext Securities Porto recorded three lease contracts under this heading, one relating to the space it occupies to develop its activity and the other two relating to IT equipment. During 2021 Euronext Securities Porto recorded two new lease contracts.

The movements recorded under this heading on this date are as follows:

	Start date	End date	Financing obtained		
			Total 31/12/2020	short term 31/12/20	long-term 31/12/2020
Building	01/01/19	31/08/21	90,191	90,191	-
IT equipment	01/01/19	30/06/21	34,740	34,740	-
IT equipment	01/02/19	31/01/24	140,423	45,069	95,354
IT equipment	01/02/20	31/01/24	179,002	57,553	121,450
TOTAL			444,357	227,553	216,804

	Start Date	End date	Financing obtained		
			Total 31/12/2021	short term 31/12/2021	long-term 31/12/2021
Building	01/01/19	31/08/21	-	-	-
IT equipment	01/01/19	30/06/21	-	-	-
IT equipment	01/02/19	31/01/24	95,354	45,522	49,832
IT equipment	01/02/20	31/01/24	116,737	58,126	58,611
IT equipment	01/07/21	31/12/25	437,393	108,537	328,856
Building	01/09/21	31/08/26	773,031	163,136	609,895
TOTAL			1,422,515	375,321	1,047,195

Interest payments of € 7,946 (€ 5,738 in 2020) will be added to the loan repayments made in 2021 in the amount of € 339,569 (€ 299,853 in 2020).

26 CREDITORS AND OTHER LIABILITIES

This item is analysed as follows:

Accrued expenses are analysed as follows:

	31/12/2021 Euros	31/12/2020 Euros
Suppliers of goods and services	(3,116)	23,344
State and Other Public Entities	658,730	643,793
Collaborators	-	40,385
Accrued expenses	1,554,518	1,488,539
Current creditors	2,210,132	2,196,061

	31/12/2021 Euros	31/12/2020 Euros
Estimate for holidays and holiday allowance	303,242	302,783
Bonus estimate	438,646	369,364
Costs incurred but not yet invoiced	812,630	776,007
Other accruals	-	40,385
	1,554,518	1,488,539

In 2020, under "Other accruals", is recorded the amount related to (i) indemnities agreed for the termination of labour contracts, and which had not yet been paid.

27 TRANSACTIONS WITH RELATED PARTIES

The balances of Euronext Securities Porto as of 31 December 2021 and 2020 with related parties are summarised as follows:

Balance sheet:	31/12/2021	31/12/2020
Current Assets:		
Clients:		
Euronext Paris	450	450
Euronext NV	(900)	-
Current Liabilities:		
Creditors and other liabilities		
Euronext NV	490,175	447,241

Transactions with related parties during the year ended 31 December 2021 and 2020 were as follows:

	31/12/2021	31/12/2020
Income and gains:		
Euronext Paris	25,120	27,412
Euronext NV	1,000	500
Expenses and losses: (Note 8)		
Euronext Amsterdam	1,833,274	-
Euronext NV	117,485	8,706

28 CAPITAL MANAGEMENT

Bearing in mind that capital management is understood to be a broader concept than that of "equity" shown in the Balance Sheet, Euronext Securities Porto has set the following objectives in this regard:

- Comply with the capital requirements set out in Regulation (EU) No 909/2014 of 23 July (abbreviated as *CSD Regulation*);
- Ensure that the business continuity capacity of Euronext Securities Porto is constantly taken into consideration so that a return on investment and shareholder benefits continue to be provided; and
- Maintain a solid capital base to support the development of its activity.

Capital adequacy and regulatory capital utilisation are regularly monitored by Euronext Securities Porto, Euronext Group.

The CSD *Regulation* states in Article 47 that capital, together with retained earnings and reserves, should be proportionate to the risks arising from the CSD's activity.

Capital shall at all times be sufficient to ensure that the CSD has adequate protection against operational, legal, custody, investment and business risks, to enable the CSD to continue to provide services under normal business conditions and to allow for an orderly winding-down or restructuring of the CSD's activities over an appropriate time span of at least six months under a range of stress scenarios.

Euronext Securities Porto complies with the capital requirements set out in Article 47 of Regulation (EU) No 909/2014 of 23 July (abbreviated as *CSD Regulation*).

Monthly financial information is sent to the CMVM, which enables it to assess compliance with the legal provisions regarding the Euronext Securities Porto's own funds.

The Euronext Group and its subsidiaries, of which Euronext Securities Porto is an integral part, comply with all the established capital requirements to which they are subject.

29 CONTINGENT ASSETS AND LIABILITIES

Euronext Securities Porto does not have any disclosable contingent assets or liabilities.

30 SUBSEQUENT EVENTS

Developments on situation in Ukraine and Russia

Following the escalation of the Russian invasion of Ukraine in early 2022, the Euronext Group launched a process to assess the strategic, operational and financial risks posed to the Group by these actions. The Group is assessing the measures taken by the European Union/European Economic Area, United Kingdom and United States related to sanctions on Russia and their impacts on the Euronext Group.

Euronext Group does not own any entities in Russia and Euronext Securities Porto does not have any business with Russian clients and/or Russia based entities. Similarly, Euronext Group has no critical suppliers that are linked to Russia or Ukraine.

Operational risk may be impacted in case of potential retaliatory efforts by Russia attempting to disrupt the functioning of the European financial markets through a cyber-attack on one or more entities of the Group, of which Euronext Securities Porto is part of. If a cyber-attack on market infrastructure is successful and results in extended market disruption, the Group may face significant financial and potentially reputational losses. The Group's operations may be affected by high market volatility given the evolving situation.

Should the SWIFT system be interrupted, Euronext Securities Porto may have a significant impact on the execution of its operations with the T2S platform and with its clients and may have to assume additional burden to perform its operations.

The current situation has so far had no adverse impact on the activity developed by Euronext Securities Porto.

The invasion of Ukraine is expected to increase inflationary pressure, particularly for commodities exported by Russia, which may impact the cost base of the Group. Furthermore, protracted war and disruptions to Russian oil and gas exports may trigger a global energy shock resulting in negative consequences and in a worst-case scenario a European recession, which may negatively impact the Group results.

The Group is closely monitoring further developments in Russia and Ukraine and will continuously adapt its risk assessment to the current situation.

Up to the date of approval of this document, no other relevant subsequent events have occurred that merit disclosure in this report.

Oporto, 30 March 2022

Certified Accountant (no. 54050)

Miguel Brochado

The Board of Directors

Chairman	Pierre Davoust
CEO	Olga Jordão
Member	Isabel Ucha
Member	Filomena Oliveira
Member	Joaquim Cadete



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