

MANAGEMENT REPORT

1st QUARTER 2021



INSTITUTO VASCO
DE CEMENTOS S.A.



This translation does not represent a legally binding document.

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

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MISSION AND BUSINESS AREAS



1. INTRODUCTION

Mission

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

The mission of INTERBOLSA is:

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

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

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

Strategic Plan “Let’s Grow Together 2022”

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

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

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

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

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

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

This plan embodies the creation of a new business area of the Euronext Group, called Euronext of CSDs.

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

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

2. MAIN AREAS OF ACTIVITY

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

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

In detail, INTERBOLSA provides the following services:

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

The Participants in the Centralised Systems are the Issuing Entities, the Financial Intermediaries and other entities, which, under the terms of the law and the regulations in force, may become affiliated (custodians), the Bank of Portugal and INTERBOLSA itself, as a controlling entity.

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

2.2. MANAGEMENT OF SETTLEMENT SYSTEMS

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

The Settlement Systems have as functions:

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

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

2.3. NON BANKING ANCILLARY SERVICES

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

NATIONAL NUMBERING AGENCY

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

In this role, INTERBOLSA performs the following functions:

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

INVESTMENT FUNDS MANAGEMENT SERVICE (SFI)

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

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

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

CSD LINKS

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

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

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

INFORMATION MANAGEMENT

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

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

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

BUSINESS ACTIVITY



1. ACTIVITY IN THE 1st QUARTER 2021

1.1. INTERBOLSA SYSTEMS PARTICIPANTS

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

On 31 March 2021, INTERBOLSA had 33 financial intermediaries affiliated to the Centralised Securities Systems and the Settlement Systems it manages.

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

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

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

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

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

1.2. CENTRALISED SECURITIES SYSTEMS

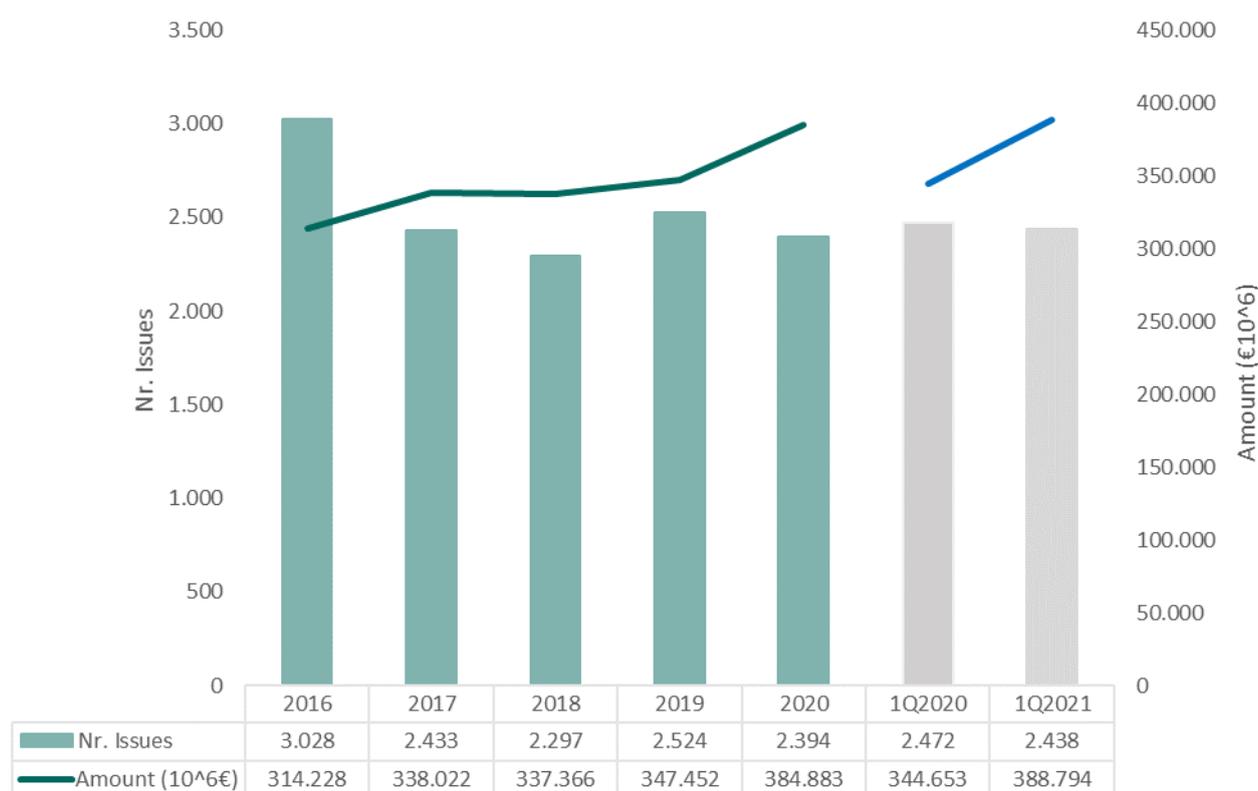
The Centralised System is made up of an interconnected set of accounts through which the creation and transfer of securities integrated in it is processed and the quantity of securities in circulation and the rights constituted over them are controlled.

As of 31 March 2021, 2,438 securities issues were under the management of the Centralised Securities Systems. In absolute terms, the number of securities issues decreased by 34 compared to the 2,472 issues registered at the end of the first quarter of 2020(-1.4%).

The total value of securities issues under custody was € 388,794 million, compared to € 344,653 million at 31 March 2020 (+ 12.8%).

It should be noted that, in the period under review, 1,021 issues of warrants and 147 certificates were registered, which are not valued.

Asset under custody



The table below shows the breakdown of issues registered in the systems managed by INTERBOLSA, by type of security, on 31 March 2021 and 2020.

Securities Type	31/03/2021		31/03/2020	
	Nr. Issues	Amount (10 ⁶ €)	Nr. Issues	Amount (10 ⁶ €)
Shares	419	112.125	435	98.435
Rights	19	1.356	14	1.178
Debt	670	272.317	626	242.918
Public Debt	35	175.085	33	158.276
Treasury Bonds	30	164.167	28	147.628
Treasury Bills	5	10.918	5	10.648
Private Debt	635	97.232	593	84.642
Bonds(1)	576	94.894	558	82.988
Convertible securities)	3	139	3	139
Commercial paper	54	2.120	30	1.436
Participation units	2	79	2	79
Other	1.330	2.996	1.397	2.122
Funds shares	135	2.274	70	1.349
Warrants (2)	1.021	-	1.185	-
Certificates (2)	147	-	106	-
Structured securities	27	722	36	773
Total assets under custody at INTERBOLSA	2.438	388.794	2.472	344.653

(1) Include Classic Bonds, cash bonds, Convertible bonds, Bonds with subscription rights, Participating Bonds, Covered Bonds and Securitised Bonds;

(2) Value is not calculated for warrants, certificates and other similar securities

The valuation indicated in the previous table is based on

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

The equities segment had 419 issues valued at € 112,125 million, compared with 435 issues valued at € 98,435 million. The number of shares therefore fell by 3.7%, while the valuation of shares rose 13.9% year-on-year following the increase in the market prices of shares admitted to trading on the market.

Regarding long-term public debt, the recorded amount of € 164,167 million shows a year-on-year increase of 11.2%, with the number of issues reaching 30, two more than in the same period of 2020. Treasury Bills issues remained at 5, with the valuation of these instruments increased by 2.5%.

Private debt, with a total of 635 issues (42 more than those registered in the same period of the previous year), totalled EUR 97.232 billion at the end of the quarter, a percentual year-on-year increase of 14.9%. In this segment, bonds grew 14.3% in value, and the amount of registered commercial paper increased by 47.6%.

The number of issues of units increased to 135 (compared with 70 issues registered in the 1st quarter of 2020), with the valuation of this segment showing a year-on-year increase of 68.6%.

The warrants activity presents, at the end of the quarter under analysis, a year-on-year decrease of 13.8% in the number of registered issues, being 1,021 in March 2021 against 1,185 issues registered at the end of the same period of 2020.

On 31 March 2021, 147 certificates were registered, 41 more than on the same period of the previous year (+38.7%).

Structured securities showed a decrease of 9 issues, and their value followed the trend and contracted 6.7%.

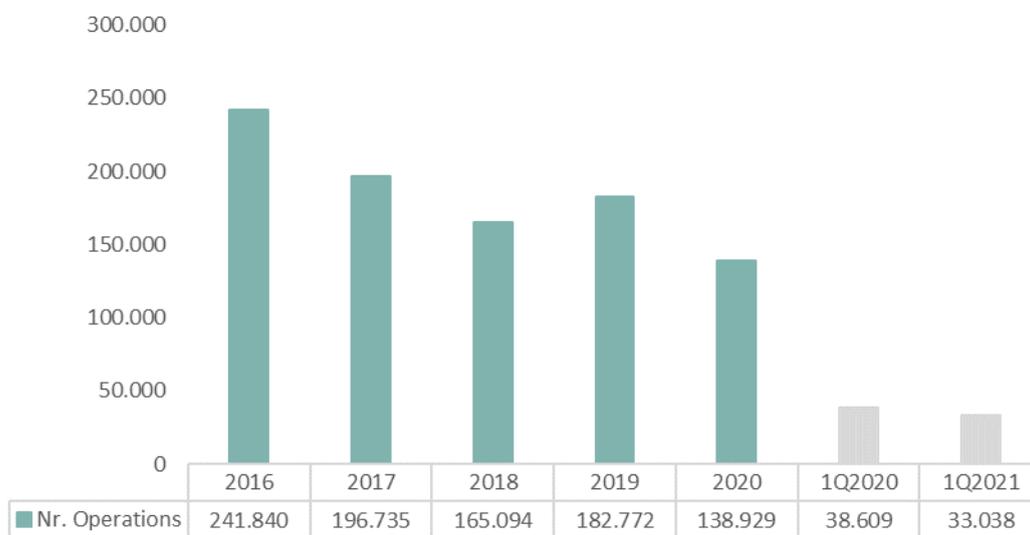
1.2.1. Control of issues

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

1.2.2. Account movements

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

Account movements



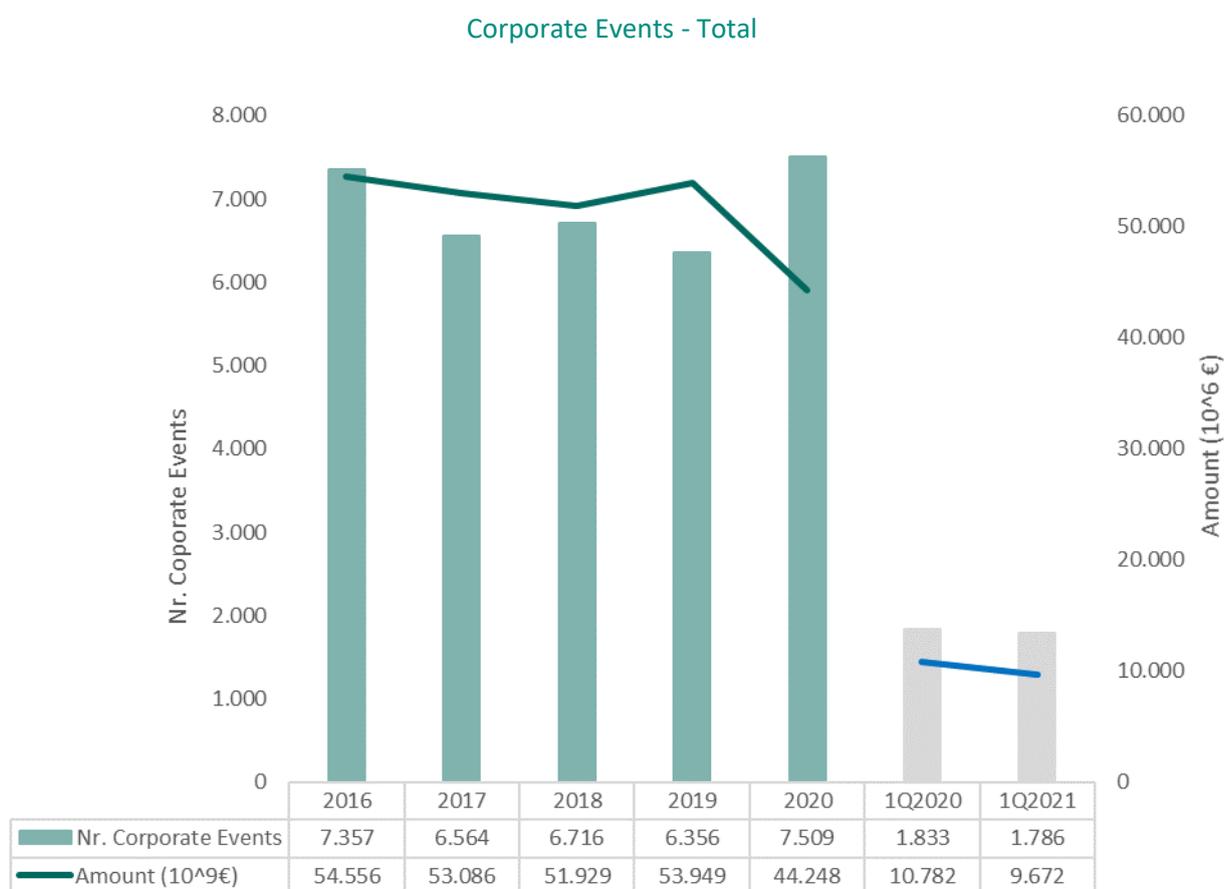
In the 1st quarter of 2021, 33,038 securities transfers were made, 5,571 less than in the same quarter of the previous year, representing a decrease of 14.4% compared to the number of account movements made during the same period of 2020.

1.2.3. Corporate Events

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

Analysing the exercise of rights during the first quarter of 2021 through the Centralised Systems, 9,672 operations involving the exercise of rights and other events were processed, representing, in absolute terms a decrease of 47 operations compared with the operations processed during the same period of 2020 (-0.7%).

The amount processed amounted to €9,672 million, compared to €10,782 million processed in the same period of the previous year, representing, in percentage terms and year-on-year terms, a decrease of 2.1%.



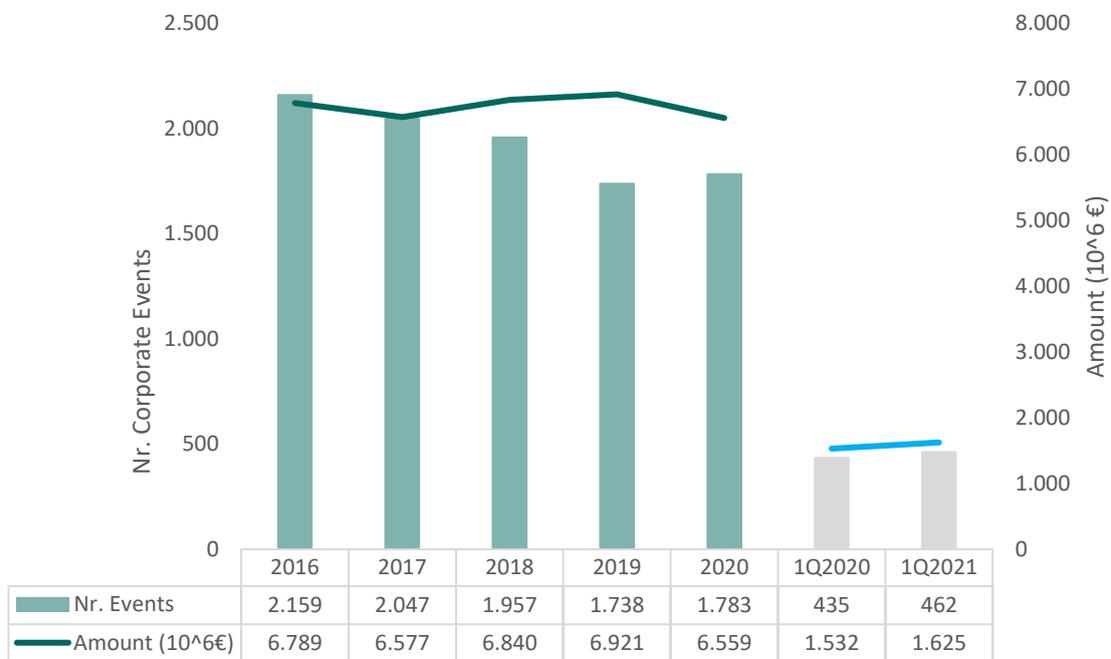
The following sections provide a detailed analysis of the different types of exercising of rights of equity content and other events processed in the Centralised Systems during the 1st quarter of 2021.

PAYMENT OF INTERESTS AND EQUIVALENT INCOME

During the first quarter of 2021 462 interest payment and similar income operations were processed, against 435 operations during the same period of the previous year (+1.6%).

The amount of interest paid came to € 1,625 million, representing an increase of 1.4% compared to the amount paid in the same period of 2020.

Corporate Events – Interest payment

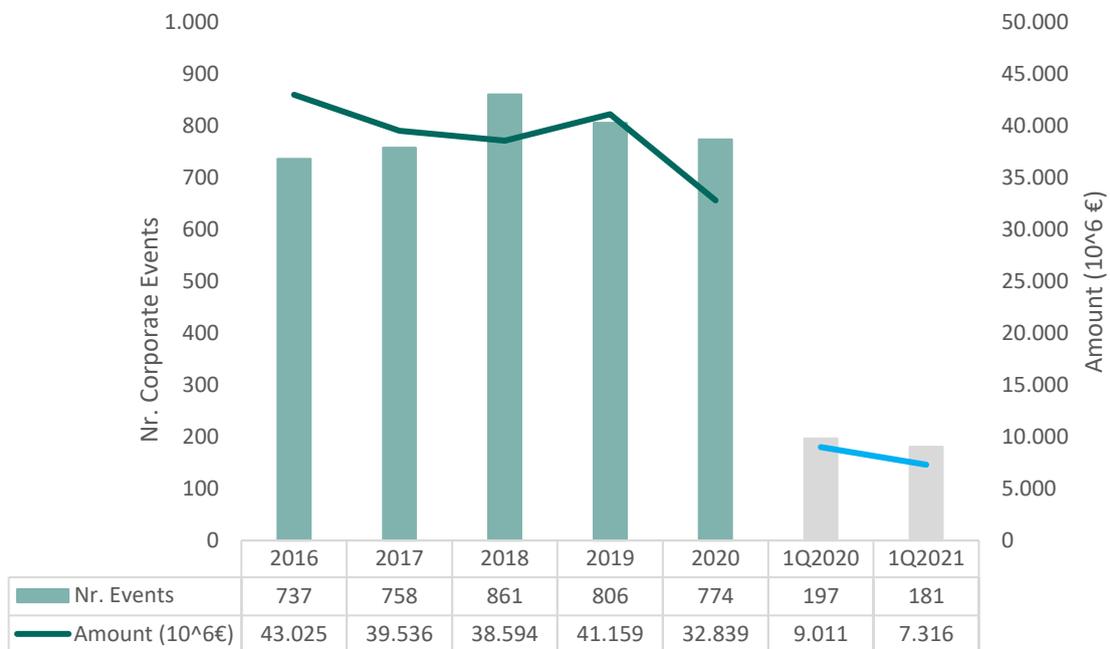


REDEMPTION PAYMENTS

The redemption operations processed decreased from 197 in the first quarter of 2020 to 181 in the period under review.

This evolution in the number of operations was accompanied also by the amount, which fell from € 9,011 million to € 7,316 million in the first quarter of 2021 (-4.1%).

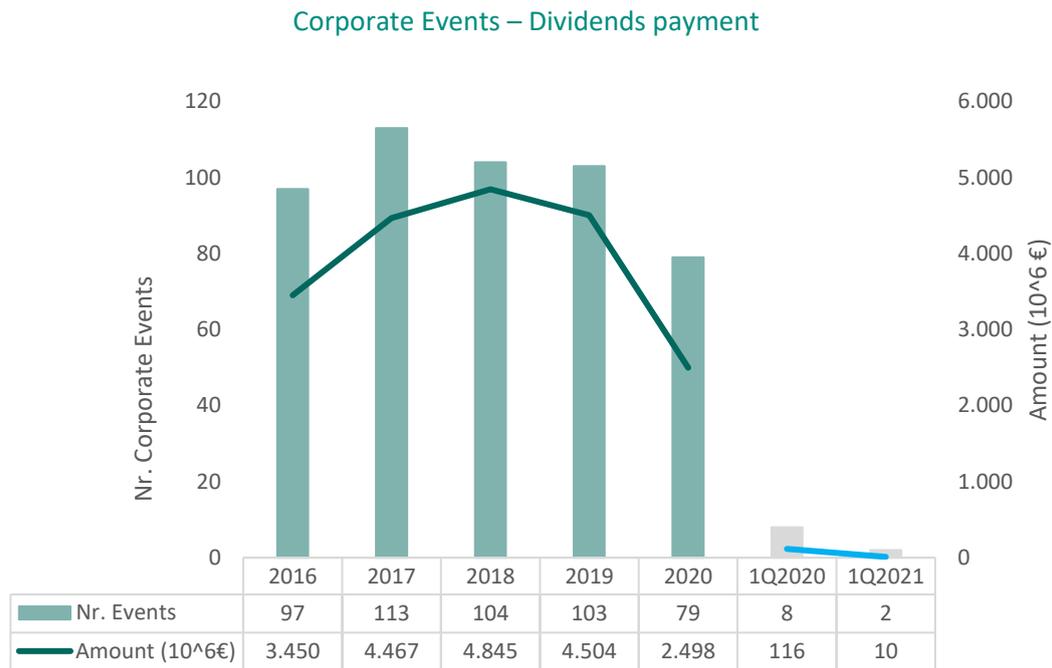
Corporate Events - Redemption



PAYMENT OF DIVIDENDS AND EQUIVALENT INCOME

The centralised securities system processed 2 dividend and equivalent income payment operations during the quarter under review, 6 less than in the same period last year.

The amount of dividends and other income paid out fell from €116 million to €10 million in comparative terms.



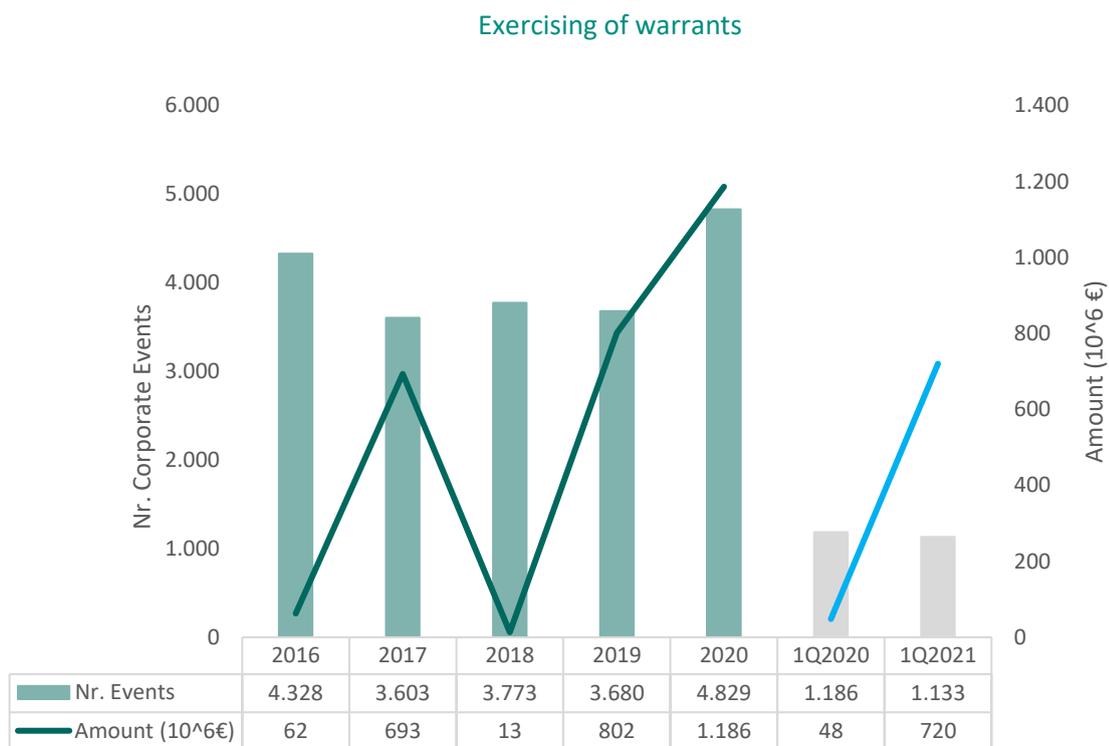
CAPITAL CHANGES

Analysed globally, in the 1st quarter of 2021, 5 capital change operations were processed, 4 of which were mergers of companies and 1 related to a capital reduction.

EXERCISING OF WARRANTS

During the 1st quarter of 2021, INTERBOLSA processed 1,133 warrant exercise operations, which compares with 1,186 operations processed in the same period of the previous year (-4.5%).

The amount involved in the exercise of warrants amounted to € 720 million, which compares with € 48 million recorded up to 31 March 2020.



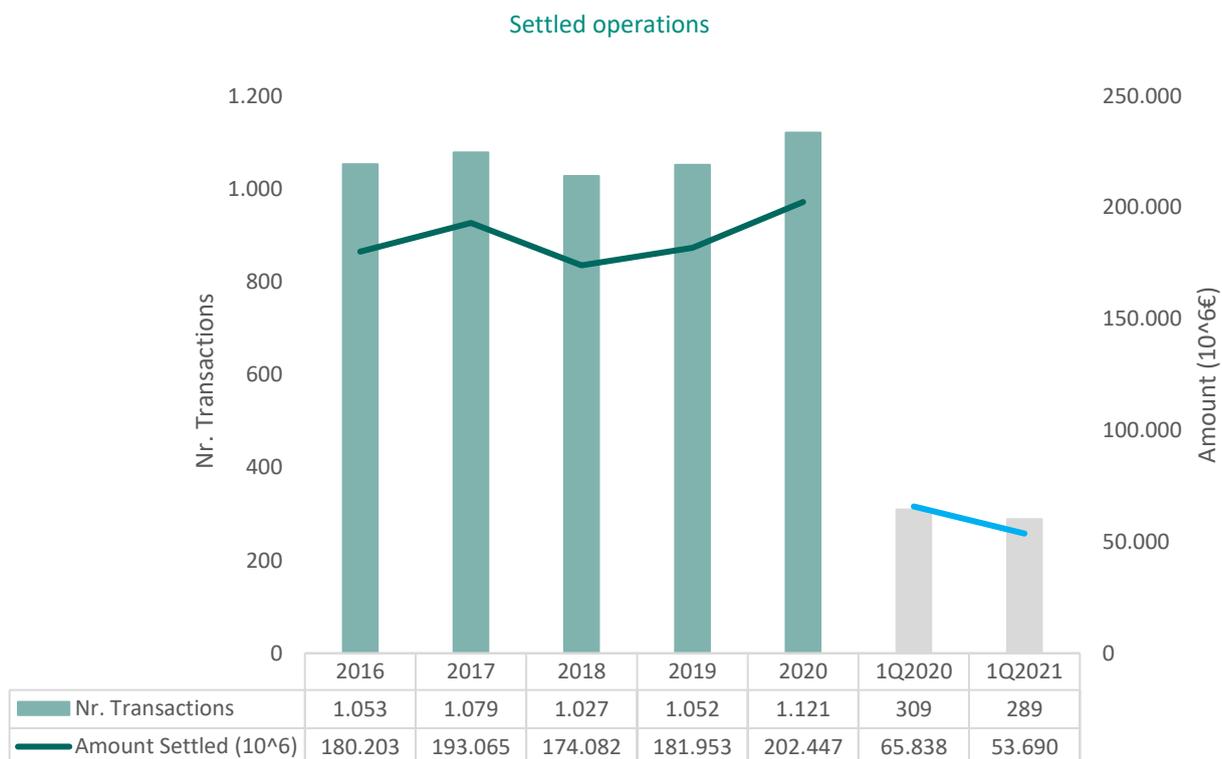
1.3. SETTLEMENT SYSTEMS

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

1.3.1. Euro settlement

In the 1st quarter of 2021, 289 thousand transactions were settled, amounting to € 53,690 million, compared with 309 thousand transactions, amounting to € 65,838 million, settled in the same quarter of the previous year.

The number of transactions fell by 6.7%, accompanied by the amount settled, which contracted by 18.5%. The negative change in the settlement of transactions is explained by the high volatility of the market in March 2020.



GUARANTEED AND NON-GUARANTEED MARKET OPERATIONS

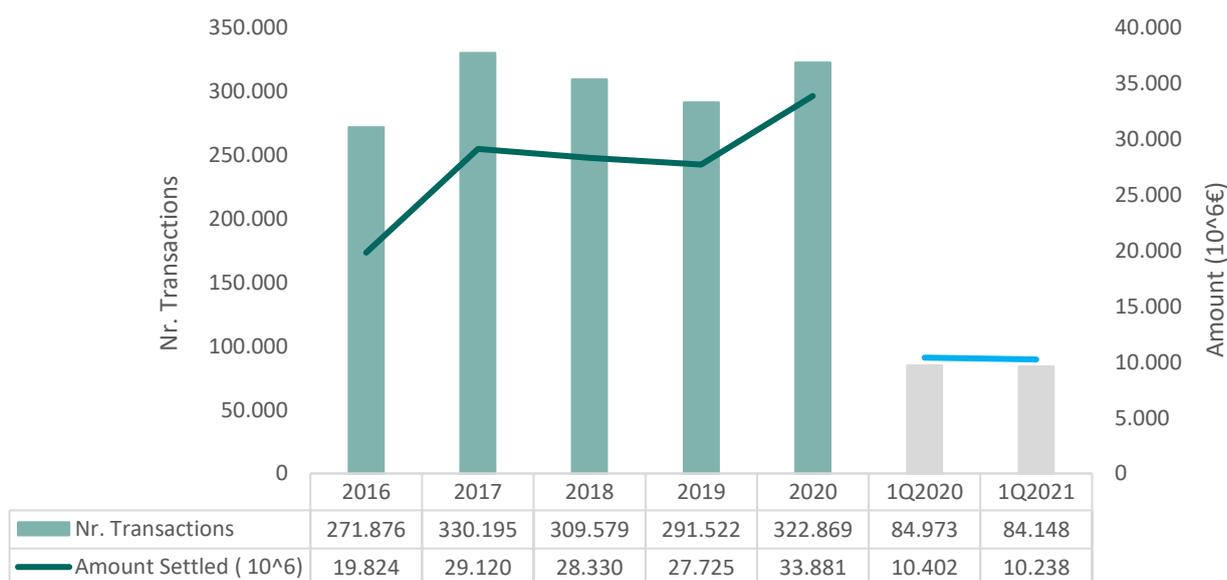
During the 1st quarter of 2021, 84,148 operations were settled in markets managed by Euronext Lisbon and other markets, guaranteed by a central counterparty.

The amount involved in these operations rose to € 10,238 million, compared to € 10,402 million settled in the same period of the previous year.

On a comparative and year-on-year basis, there was a decrease of 1.0% in the number of settled operations.

This trend was accompanied by the settled amount, which fell by 1.6%.

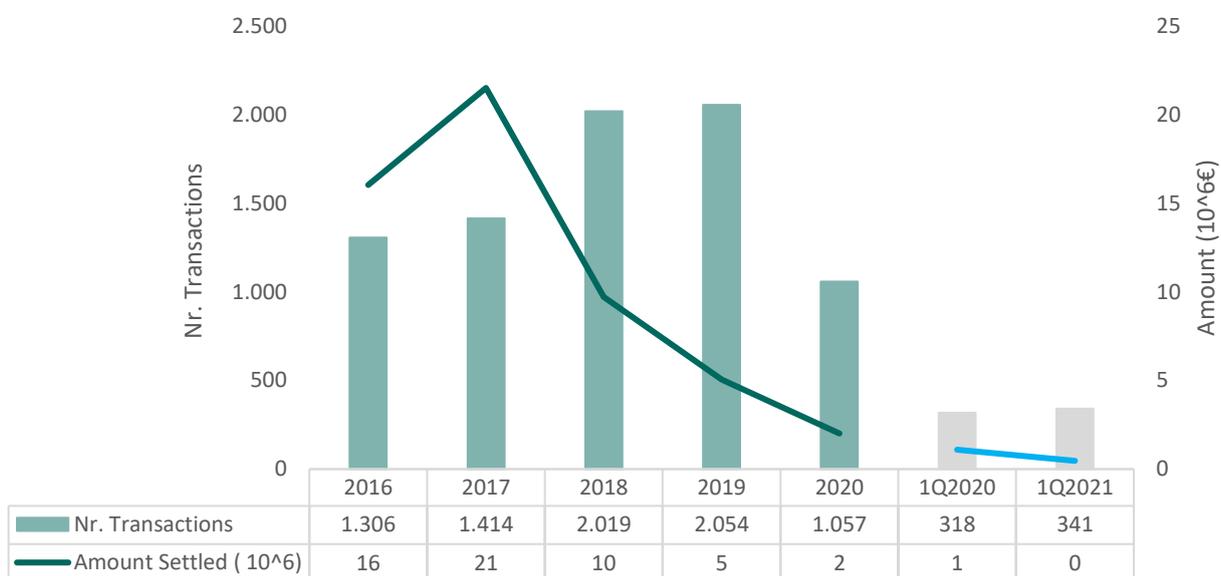
Settlement – Guaranteed market operations



Transactions on markets managed by Euronext Lisbon and other markets and not guaranteed by a central counterparty amounted to 341, 23 more than the transactions settled in the same period of the previous year (+7.2%).

The amount settled reached € 466 thousand in the 1st quarter of 2021, which compares with the € 1 million settled during the 1st quarter of 2020.

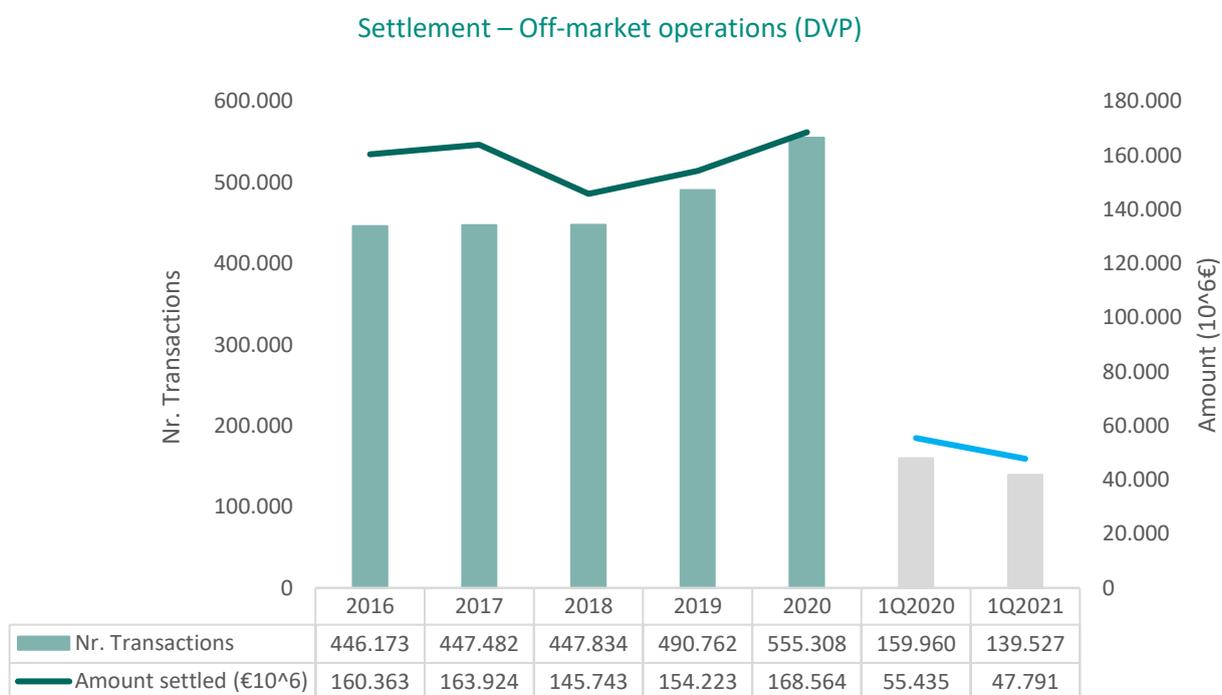
Settlement – Non guarantee market operations



OTHER DVP AND FOP OPERATIONS

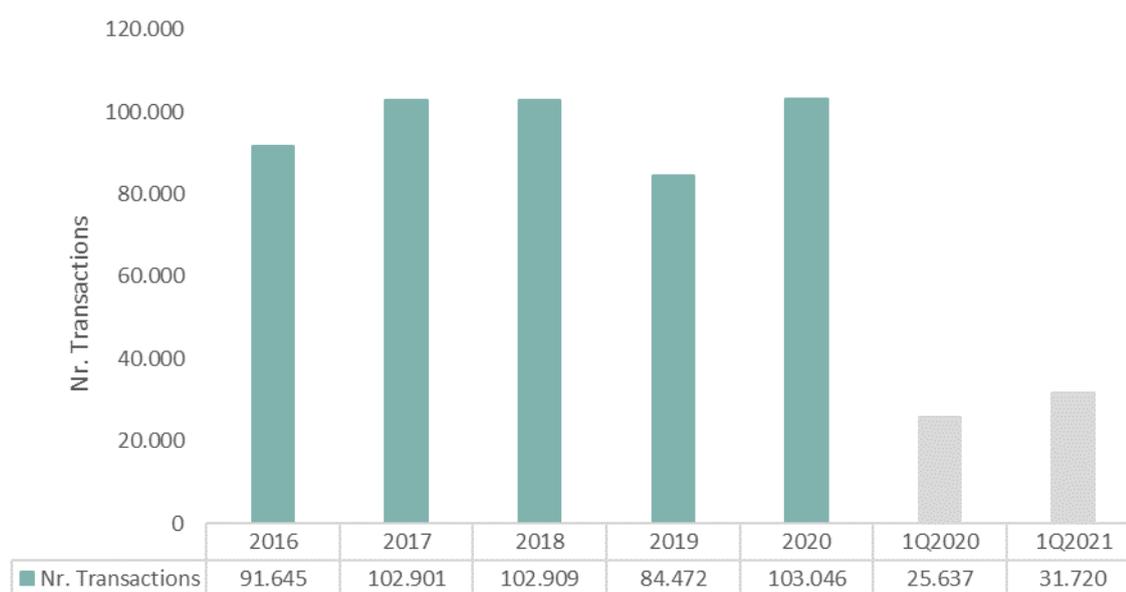
In the 1st quarter of 2021, 139,527 DVP operations were settled, related, namely, to off-market operations, against the 159,960 operations of this type settled in the same period of 2020 (-12.8%).

The amount of off-market DVP operations settled amounted to € 47,791 million, compared to the € 55,435 million settled during the same period in 2020. Therefore, in percentage and year-on-year terms, the number of DVP operations fell by 12.8% and the settled amount decreased by 13.8%.



Regarding FOP instructions the number of operations executed off the regulated market rose to 31,720, representing in absolute terms an increase of 6,083 operations (+23.7%).

Settlement – Off-market operations (FOP)

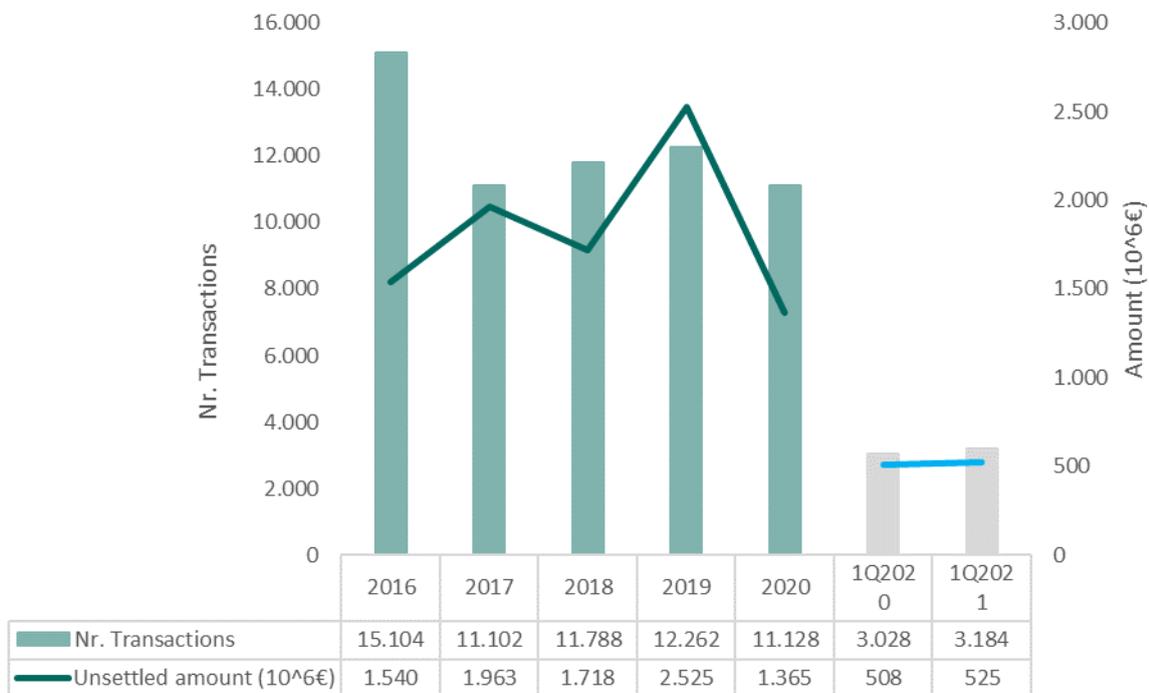


UNSETTLED OPERATIONS

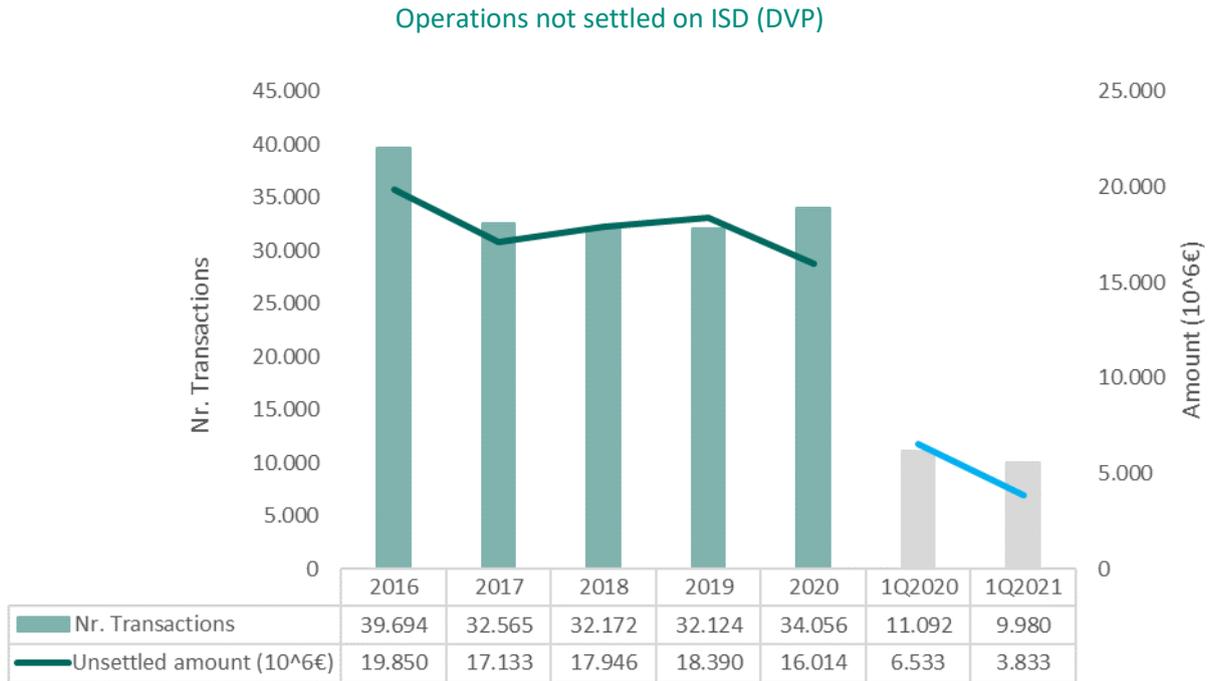
Unsettled operations resulting from guaranteed and non-guaranteed transactions carried out in markets managed by Euronext Lisbon and other markets, amounted to 3,184 operations, representing a year-on-year increase of 5.2%.

The amount involved in unsettled operations grew by 3.4% to € 525 million in the period under review.

Unsettled Market operations

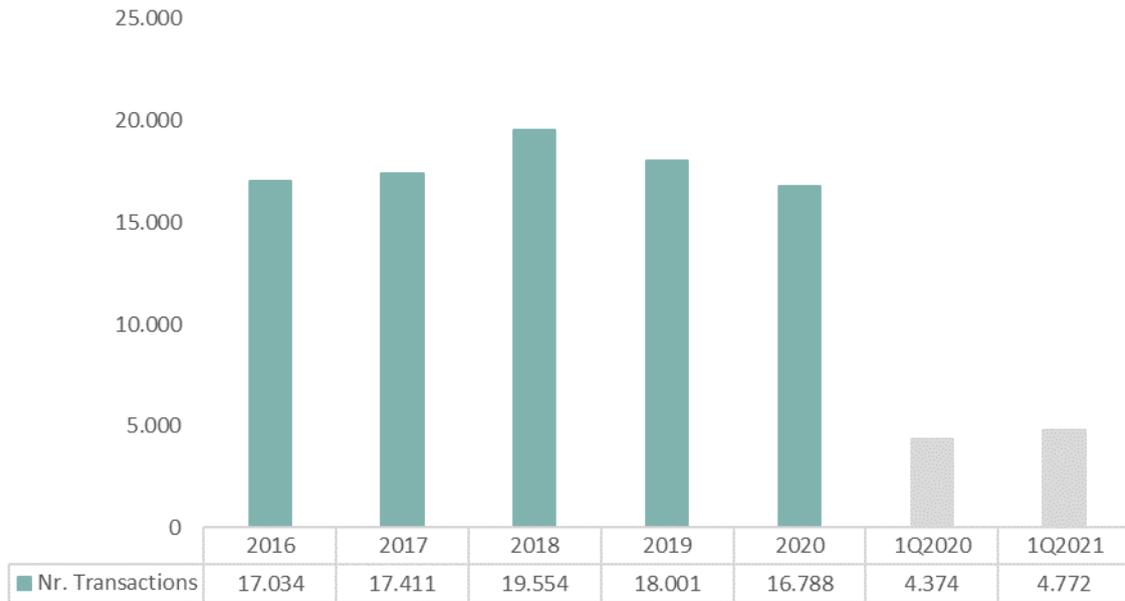


Transactions not settled on the intended settlement date (ISD), resulting from DVP operations to be settled through the settlement systems managed by INTERBOLSA, showed, in the 1st quarter of 2021, a decrease in the number of operations (less 1,112), with the amount involved in these operations falling from € 6,533 million to € 3,833 million (- 41.3%).



In the 1st quarter of 2021, FOP operations not settled on the contracted settlement date (ISD), amounted to 4,772, which compares with 4,374 operations not settled in the same period of the previous year (+9.1%).

Operations not settled on ISD (FOP)



1.3.2. Foreign Currency Settlement

INTERBOLSA also manages a settlement system using currencies other than the Euro, with a commercial bank money type payment system operated by CGD - Caixa Geral de Depósitos, S.A.

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

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

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

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

As of 31 March 2021, 19 foreign currency issues were registered in the Centralised System, of which 16 were issued in US dollars and 2 in Japanese yen and 1 in Chinese renminbi.

1.4. ANCILLARY SERVICES

1.4.1. NATIONAL NUMBERING AGENCY

As of 31 December 2020, 10,409 ISIN codes and respective CFI and FISN codes were active.

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

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

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

1.4.2. Information services

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

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

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

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

In the first quarter of 2021, the number of requests for identification of holders rose to 78, compared to 66 requests made in the first 3 months of 2020.

FINANCIAL ANALYSIS



1. FINANCIAL ANALYSIS

INTRODUCTION

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

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

1.1 FINANCIAL RESULTS

The net profit of INTERBOLSA amounted to € 3,202 thousand at the end of the 1st quarter of 2021, which represents an increase of 10.1% compared to the result achieved in the same period of the previous year.

The operating income amounted to € 4,372 thousand, an increase of € 425 thousand compared to the same period of 2020. In percentage terms, this indicator shows a year-on-year increase of 10.8%.

The increase in operating income is explained by the increase in revenues by € 400 thousand, along with the contraction of operating costs and depreciation and amortisation by 1.5% and 1.4%, respectively.

	Amounts in Euro			
	31/03/2021	31/03/2020	Var	Var.%
Revenues	6.025.860	5.626.062	399.798	7,1%
Costs	1.555.277	1.579.342	-24.065	-1,5%
EBITDA	4.470.583	4.046.720	423.863	10,5%
Depreciations and Amortisations	98.618	100.059	-1.441	-1,4%
Operational Results	4.371.965	3.946.661	425.304	10,8%
Financial results	-1.117	-1.603	486	30,3%
Results before taxes	4.370.848	3.945.058	425.790	10,8%
Taxes	1.169.024	1.037.634	131.390	12,7%
Net Profit	3.201.824	2.907.424	294.400	10,1%

1.2 OPERATING INCOME

At the end of the 1st quarter of 2021, INTERBOLSA's total income amounted to 6,026 thousand euros, which represents a year-on-year increase of 7.1%.

Revenues breakdown

	Amounts in Euro			
	31/03/2021	31/03/2020	Var.	Var.%
Systems usage	187.172	184.577	2.595	1,4%
Settlement and accounts movements	461.889	505.252	-43.364	-8,6%
Corporate actions	124.050	135.500	-11.450	-8,5%
Maintenance	4.887.228	4.421.896	465.331	10,5%
Registration of issues	70.385	77.305	-6.920	-9,0%
Cancellation of issues	60.130	66.720	-6.590	-9,9%
T2S information	21.100	28.365	-7.265	-25,6%
Other services	174.257	173.160	1.097	0,6%
Services rendering	5.986.211	5.592.776	393.435	7,0%
Other profits	39.649	33.286	6.363	19,1%
Operating income	6.025.860	5.626.062	399.798	7,1%

Based on the analysis of the table above, the revenue generated by the use of the systems shows a year-on-year increase of 1.4%, explained by the increase in the number of participants in the systems managed by INTERBOLSA.

Revenue generated by the settlement systems shows a decrease of 8.6%, justified by the increase in market volatility in March 2020, due to the COVID-19 pandemic. It should also be noted that market settlement instructions increased during Q1 2021, albeit at lower levels than during Q1 2020.

The revenue generated by securities maintaining grew by EUR 465 thousand (+10.5%) compared with the 1st quarter of 2020. This increase is essentially explained by the increase in the average values of public debt by 10.3% and private debt by 15.1%, when compared to the 1st quarter of 2020. In the segment of shares and investment trust units, the average value registered shows an increase of 12.8%. The number of share issues decreased from 435 at the end of the 1st quarter of 2020 to 419 in March 2021, with the amount integrated in the centralised system showing an increase of about 13%, as a result of the increase in market prices. The units show a relevant growth, both in terms of number of issues (70 in March 2020 and 135 in March 2021) and in the amount subscribed (+ 69%).

The corporate actions, presents a decrease of 8.5%, justified by the decrease in amortisation operations occurred in the 1st quarter of 2021 compared to the same period of 2020 (-25%), as well as the decrease in operations leading to the payment of interest on debt issues.

The registration and cancellation of issues showed a decrease of 9.0% and 9.9%, respectively. The registration of new issues decreased by 18% and the registration of warrants and certificates contracted by 8%. Cancellation of issues grew by 31%, while the cancellation of warrants and certificates decreased by 14%, both in comparative and year-on-year terms.

The revenues generated by the information made available via the T2S platform decreased by 25.6%.

The item "Other Services" includes all the services provided by INTERBOLSA that are not broken down in the previous items, namely deposits and withdrawals of securities, special management commission for securitised securities, commissions charged within the scope of the management of the National Numbering Agency, as well as income generated by INTERBOLSA's private communications network and SWIFT communications for connection to the T2S platform. The values recorded under this heading show a slight increase of 0.6%.

1.3 OPERATING COSTS

Operating costs rose to € 1,654 thousand at the end of the 1st quarter of 2021, a value which represents an absolute decrease of € 26 thousand, compared to the amount recorded in the same period of the previous year. This variation is explained essentially by the decrease in costs with professional services consultancy and equipment and facilities.

Main items of the Statement of Financial Position

	Amounts in Euro			
	31/03/2021	31/03/2020	Var	Var. %
Personnel expenses	688.615	690.690	-2.074	-0,3%
IT and communications costs	178.584	165.945	12.639	7,6%
Consulting and professional services	395.963	429.435	-33.472	-7,8%
Premises and related services	38.523	41.271	-2.748	-6,7%
Adjustments and impairments	0	0	0	-
Regulators	191.251	190.000	0	-
Other expenses	62.341	62.002	1.569	0,6%
Total costs	1.555.277	1.579.342	-24.065	-1,5%
Amortisation and depreciation	98.618	100.059	-1.441	-1,4%
Operating costs	1.653.895	1.679.401	-25.506	-1,5%

Personnel expenses decreased by €2 thousand (-0.3%).

Expenses with information technology and communications show an increase of 7.6%, justified by the acquisition of software licenses, along with the reduction in costs with SWIFT communications - communications system used to connect to the T2S platform.

The item "Consultancy and professional services" shows an absolute decrease of €33 thousand (-7.8%), mainly explained by the decrease in costs with T2S, following the reduction in instructions settled on this platform compared to the same quarter last year, as well as the reduction in costs related to information received from T2S for account reconciliation.

Costs with equipment and installations decreased 6.7%, justified by the reduction in costs of this nature, following the teleworking implemented in the company in compliance with the Government guidelines in the fight against the COVID-19 pandemic.

The item "Other expenses", which includes travel and accommodation costs, vehicle costs, insurance and other costs, shows an increase of 0.6%, justified on the one hand by the increase in insurance costs and on the other by the decrease in costs related to travel and accommodation following the travel limitation since the 1st quarter of 2020.

Depreciation and Amortisation decreased 1.4%, mainly explained by the end of life of assets recorded in previous years.

1.4 PATRIMONIAL STRUCTURE

Net Assets of INTERBOLSA amounted to € 32,463 thousand on 31 March 2021, representing an increase of € 4,147 thousand compared to December 2020. Contributing to this variation was the increase in the amounts recorded under "cash and cash equivalents" and debtors and other assets which totalled €4,273 thousand, along with the decrease in non-current assets in the amount of €125 thousand.

Patrimonial structure breakdown

	Amounts in Euro			
	31/03/2021	31/12/2020	Var	Var.%
Net Assets	32.462.909	28.315.998	4.146.911	14,6%
Net Liabilities	18.036.216	5.208.579	12.827.637	246,3%
Equities	14.426.639	23.107.419	-8.680.780	-37,6%

Liabilities presents a year-on-year increase of 246.3% compared to December 2020, essentially justified by the variation in the "Creditors and other liabilities", which includes the dividend payable to Euronext Lisbon

in April 2020, amounting to € 11,884, and the increase of the corporate income tax calculated in December 2020, not yet paid to the State, plus the estimated tax payable for the 1st quarter of 2021.

Equity amounted to € 14,427 thousand at the end of the 1st quarter of 2021, which compares to € 22,107 thousand justified essentially by the dividend payable to Euronext Lisbon in April 2020, the net result of the quarter under analysis, as well as by the variation of the stock options plan in force in the Euronext Group.

FINANCIAL STATEMENTS



Financial position as at 31 of March 2021 and 31 of December 2020

	Amounts in Euro	
	March 21	December 20
Assets		
Fixed tangible assets	197.240	236.730
Intangible assets	3.789	4.737
Right-of-use assets	357.765	431.263
Other financial assets	1.972	2.016
Deferred tax assets	41.471	53.398
Total non-current assets	602.238	728.144
Debtors and other assets	2.777.866	2.611.711
Cash and cash equivalents	29.082.806	24.976.144
Total current assets	31.860.671	27.587.855
Total of assets	32.462.909	28.315.998
Equity	5.500.000	5.500.000
Issued capital	5.500.000	5.500.000
Legal reserves	(2.520.601)	(2.520.601)
Other reserves – Gains and losses recognized directly in reserves	2.827.058	2.827.058
Retained earnings	(81.588)	(82.780)
Other equity instruments – <i>Share plan</i>	3.201.824	11.883.742
Net profit result attributable to shareholders	14.426.693	23.107.419
Equity attributable to equity holders	14.426.693	23.107.419
Liabilities		
Employee benefits	1.679.869	1.658.092
Obtained financing	191.027	216.804
Deferred tax liabilities	-	-
Total non-current liabilities	1.870.896	1.874.896
Creditors and other liabilities	13.921.457	2.196.061
Obtained financing	176.696	227.553
Calculated Corporate Income Tax (IRC)	2.067.167	910.070
Total current liabilities	16.165.320	3.333.684
Total liabilities	18.036.216	5.208.579
Total equity and liabilities	32.462.909	28.315.998

Statement of Consolidated Income
for the three-month periods ended on 31 March 2021 and 2020

	Amounts in Euro	
	March 21	March 20
Service rendering		
Settlement, custody and other	5.986.211	5.592.776
Other profits	39.649	33.286
	<u>6.025.860</u>	<u>5.626.062</u>
<i>Expenses and losses</i>		
Personnel expenses	688.615	690.690
Amortisation and depreciation	98.618	100.059
IT and communications costs	178.584	165.945
Consulting and professional services	395.963	429.435
Premises and related services	38.523	41.271
Adjustments and impairments	-	-
Other expenses	253.591	252.002
	<u>1.653.895</u>	<u>1.679.401</u>
Operational result	<u>4.371.965</u>	<u>3.946.661</u>
Financial gains	-	26
Financial expenses	1.117	1.629
Financial result	<u>(1.117)</u>	<u>(1.603)</u>
Result before taxes	<u>4.370.848</u>	<u>3.945.058</u>
Tax on profits		
- Current tax	1.157.097	1.037.946
- Deferred tax	11.927	(311)
Net profit	<u>3.201.824</u>	<u>2.907.424</u>
Gains and (losses) directly recognized in reserves:		
After-employment benefits – actuarial deviations	-	-
Share plan	1.192	(7.464)
	<u>1.192</u>	<u>(7.464)</u>
Comprehensive income	<u>3.203.016</u>	<u>2.899.959</u>
Result by Basic Share - Euro	0,58	0,53
Result by Diluted Share – Euro	0,58	0,53

Statement of Cash Flows
for the three months periods ended on 31 March 2021 and 2020

	Amounts in Euro	
	March 21	March 20
<i>Cash flow from operational activities</i>		
Receiving from customers	6.736.454	6.444.904
Payment to suppliers	(631.219)	(985.003)
Payment to personnel	(542.032)	(464.979)
Cash flow generated by operational activities	5.563.203	4.994.922
(Payment) / receiving of income tax	-	-
Other receivings / (payments)	(1.332.364)	(1.062.477)
Cash flow from operational activities (1)	4.230.839	3.932.445
<i>Cash flow from investing activities</i>		
Payments related to:		
- Tangible assets	(56.602)	-
- Intangible assets	-	-
- Financial investments	-	-
- Other assets	-	-
Receivings related to:		
- Tangible assets	-	-
- Intangible assets	-	-
- Financial investments	-	-
- Other assets	-	-
- Investment grants	-	-
- Interests and similar income	-	-
- Dividends	-	-
Cash flow from investing activities (2)	(56.602)	-
<i>Cash flows from financing activities</i>		
Receivings related to:		
- Obtained financings	-	-
- Paying-up of capital and of other equity instruments	-	-
- Loss coverage	-	-
- Donations e subsidies	11.070	4.707
- Other financing operations	-	-
Payments related to:		
- Amortisation of lease contracts	(77.640)	(72.671)
- Interests and similar expenses	(1.006)	(1.813)
- Dividends	-	-
- Capital reductions and of other equity instruments	-	-
- Other financing operations	-	-
Cash flow from financing activities (3)	(67.575)	(69.778)
Variation of cash and its equivalents (1+2+3)	4.106.662	3.862.667
Effect of exchange rate differences	-	-
Cash and its equivalents at the beginning of the period	24.976.144	24.145.108
Cash and its equivalents at the end of the period	29.082.806	28.007.775

Statement of changes in Equity for the years ended 31 of March 2021

	Amounts in Euro					
	Total dos capitais próprios	Capital social	Reserva legal	Outras reservas	Resultados transitados	Resultado líquido
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	3.201.824	-	-	-	-	3.201.824
- Actuarial (Losses) / Gains recognised in the period	-	-	-	-	-	-
- Share plan	1.192	-	-	1.192	-	-
	3.203.016	-	-	1.192	-	3.201.824
Distribution of results						
- Dividend distribution	(11.883.742)	-	-	-	-	(11.883.742)
	(11.883.742)	-	-	-	-	(11.883.742)
31 March 2021	14.426.693	5.500.000	5.500.000	(2.602.189)	2.827.058	3.201.824



INTERBOLSA

A EURONEXT COMPANY