



VISTA ALEGRE

1824



ANNUAL  
REPORT

2020

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# **VAA – Vista Alegre Atlantis, SGPS, SA**

*(Public Company)*

*Rua Nova da Trindade nº 1 r/c esqdo - 1200-301 Lisboa*

Taxpayer number 500 978 654 ▪ Share Capital 134,120,048.00 Euros Registered with the Commercial Registry of Lisbon under the number 466

## **Management Report and Separate Financial Statements**

**31<sup>st</sup> December 2020**

**(IFRS)**

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## Management Report

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### MANAGEMENT REPORT

Financial year 2020

## Separate Financial Statements

Dear Shareholders,

#### 1. Introduction

Under current legislation, the Board of Directors of VAA-Vista Alegre Atlantis SGPS, S.A., (“Company”, “Society” or “Vista Alegre”), with this document, states how the social businesses were carried out during the financial year of 2020.

Thus, we elaborated and submit to the Shareholders’ approval this Management Report and Financial Statements, which include: the Statement of Financial Position, the Profit and Loss Statement by nature, the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Cash-flow Statement, all regarding the financial year, which coincides with the calendar year of 2020, as well as the corresponding Annexes. We included as well the description of the shares hold by the Corporate Bodies (article 447, no 5 of the CSC), the list of the Shareholders who own a capital share higher than 10% (article 448, no 4 of the CSC), and the listing of qualifying shares (article 6 of the CVM regulation no 11/2000 with the wording given by CVM Regulation no 24/2000).

#### 2. Macroeconomic Environment

In 2020, economic activity in Portugal and in the rest of the world was profoundly affected by the spread of the SARS-CoV-2 virus, by measures to contain the pandemic and by its impact on the behaviour of economic agents.

In this context, the GDP is projected to decline by 8.1% in 2020, followed by growth of 3.9% in 2021, 4.5% in 2022 and 2.4% in 2023. The decrease in activity during 2020 is reflected in reduced domestic demand and exports, with a particularly negative contribution from exports of services (-4.8pp), in particular services related to tourism. The activity is expected to return to the pre-pandemic level by the end of 2022.

Imports of goods and services are projected to decrease by 14.4% during 2020 and to increase by 8.8% during 2021, 9.1% during 2022 and 5.1% during 2023. As with exports, imports of goods will recover faster than those of services, which remain highly limited to the development of tourism.

The current and capital account balance became negative during 2020, registering -0.6% of GDP, interrupting a cycle of external surpluses recorded since the previous crisis.

Within this context, economic prospects remain surrounded by high uncertainty, highly dependent on the evolution of the pandemic and on the speed and effectiveness of large-scale vaccination, conditioning the recovery of the economy. However, taking the most recent Eurosystem projections as a reference, the Portuguese economy is expected to grow above the euro area during the period 2022-23, which reflects a resumption of the gradual process of real convergence.

In the European context, after a projected GDP decrease of 7.5% in 2020, a growth dynamic of 3.6% in 2021 and 3.3% in 2022 (OECD data) will reposition the GDP back to its level pre-pandemic in late 2022. Persistent virus outbreaks and containment measures will continue to hamper activity until the vaccine is widely implemented and can sustain impacts on economies. Private consumption and investment will be most affected by widespread uncertainty and low confidence. Unemployment is expected to increase by mid-2021, approaching double-digit rates, and to begin to decline gradually thereafter. Fiscal support and moderate activity will keep Maastricht's public debt above 100% of GDP. The expected pace of economic recovery is different among countries, reflecting, among other factors, the weight in the production structure of the sectors most affected by social distance and the scope and duration of the economic policy response. Global financial conditions, particularly in the Eurozone, will remain favourable, within a framework of a convenient monetary policy and liquidity support measures. The scenario in the key European countries shows nuances of distinctive make-ups.

### **3. Group structure**

The structure presented below is the structure of the Grupo Vista Alegre Atlantis on 31<sup>st</sup> December 2020 and 2019:

Companies	Head office	Percentage of Participation	
		2020	2019
Vista Alegre Atlantis, SGPS, SA	Ílhavo	Parent company	Parent company
Bordalgest, SA	Lisbon	100.00%	100.00%
Cerexport - Cerâmica de exportação, SA	Ílhavo	100.00%	100.00%
Cerutil - Cerâmicas Utilitárias, SA	Sátão	100.00%	100.00%
Faianças Artísticas Bordalo Pinheiro, SA	Caldas da Rainha	86.14%	86.14%
Faianças da Capôa - Indústria Cerâmica, SA	Ílhavo	100.00%	100.00%
Mexicova, SA	Mexico City	100.00%	100.00%
Ria Stone Fábrica de Louça de Mesa em Grés, SA	Ílhavo	100.00%	100.00%
Ria Stone II, SA	Ílhavo	100.00%	-
Shree Sharda Vista Alegre Private Limited	Delhi	50.00%	50.00%
VA - Vista Alegre España, SA	Madrid	100.00%	100.00%
VAA Brasil – Comércio, Importação e Exportação, SA	S. Paulo	98.03%	89.93%
VAA I.I. – Sociedade Imobiliária, SA	Ílhavo	100.00%	100.00%
Vista Alegre Atlantis Moçambique, Lda	Maputo	99.00%	99.00%
Vista Alegre Atlantis UK LTD	London	100.00%	100.00%
Vista Alegre Atlantis, SA	Ílhavo	100.00%	100.00%
Vista Alegre France, SAS	Paris	100.00%	100.00%
Vista Alegre USA Corporation	New York	100.00%	100.00%

Grupo Vista Alegre comprises 18 companies, being divided into 5 business areas (Porcelain, earthenware, Oven to tableware, tableware, crystal and glass):

- ✓ Vista Alegre Atlantis, SGPS, SA, has as its corporate objects the management of shareholdings in other companies as an indirect way of carrying out economic activities. Its subsidiaries develop business in production, distribution and sale of porcelain, crystal and manual glassware, table and oven stoneware and earthenware, with horeca, retail and private label distribution channels.
- ✓ Vista Alegre Atlantis, SA, company of Portuguese law which holds the entire Group's production (porcelain, crystal, oven ware and manual glass), the national chain stores.
- ✓ Cerutil – Cerâmicas Utilitárias, SA, company of Portuguese law which holds the factory in Sátão (Viseu) that has more than 15,000 m<sup>2</sup> of productive area, in an optimized layout, which represents a national reference in the tableware and oven manufacture.
- ✓ Bordalgest, SA, company of Portuguese law which holds the company *Faianças Artísticas Bordalo Pinheiro, SA*.
- ✓ *Faianças Artísticas Bordalo Pinheiro, SA*. company of Portuguese law that in the scope of Grupo Vista Alegre is now autonomising as a business area in the faïence (tableware, gift ware and special editions). VAA also owns the production units in Portugal located in Caldas da Rainha and Aradas in this business area.

- ✓ *Vista Alegre España, SA*, society of Spanish law which, in that country, carries out the activities of distributor and retailer owning 37 points of sale in the shops El Corte Inglés, in addition to the two stores of the brand.
- ✓ *Faianças da Capôa-Indústria de Cerâmica, SA*, society of Portuguese law, owner of the factory in Aradas/Aveiro where VAA has its industrial production of faïence.
- ✓ *Cerexport-Cerâmica de Exportação, SA*, society of Portuguese law, owner of the building in Esgueira/Taboeira/Aveiro, where VAA has its industrial production of ovenware.
- ✓ *VAA Brasil – Comércio, Importação e Exportação SA*, society of Brazilian law, based in the city of Vitória, state of Espírito Santo, owned in 97.57% by *Cerexport-Cerâmica de Exportação, SA*, 0.46% by *Faianças da Capôa-Indústria de Cerâmica, SA* and 1.97% by a local partner. This company was constituted in July 2011, with the objective of trading Vista Alegre products.
- ✓ *Vista Alegre Atlantis UK LTD*, society of English law based in Kent, constituted in February 2012 with the objective of strengthening the presence of the group in this market.
- ✓ *Ria Stone, Fábrica de Louça de Mesa em Grés, SA*, society of Portuguese law, based in Ílhavo, constituted in June 2012, whose object consists in the production of tableware and domestic articles in stoneware, trade of articles stoneware, faïence and ceramics.
- ✓ *Ria Stone, Fábrica de Louça de Mesa em Grés, SA*, society of Portuguese law, based in Ílhavo, constituted in June 2020, whose object consists in the production of tableware and domestic articles in stoneware, trade of articles stoneware, faïence and ceramics.
- ✓ *Vista Alegre Atlantis Moçambique, Lda*, society based in Maputo, Mozambique, constituted in December 2012, with the objective of trade porcelain articles, faïence and others, domestic crystal and glass, allowing to have a local presence in this country.
- ✓ *Vista Alegre USA Corporation* it's an American society based in New York, where is located a showroom, being the first space of the brand in the United States of America.
- ✓ VAA I.I. – Sociedade Imobiliária S.A. is a company based in Portugal and will exercise its activity in the real estate and tourism area.
- ✓ *Shree Sharda Vista Alegre Private Limited* is a company based in India and will exercise the Grupo's commercial activity (porcelain, crystal, ovenware, faïence and manual glass).
- ✓ *Vista Alegre France, SAS*, is a company incorporated under French law, whose main activity is the trade of porcelain and faïence as well as related products, crystal and glass pieces and decoration items, import and export of similar products; as well as all activities whose end is related.
- ✓ *MEXICOVA, S.A.*, a company based in Mexico City, will be engaged in the commercial activity of Vista Alegre in Mexico (porcelain, crystal, ovenware, faïence and handmade glass).

#### 4. Activity evolution

VAA-Vista Alegre Atlantis, SGPS, SA only carries out indirect industrial and commercial activity through its subsidiaries, for which we will not make its description, as on the management report attached to the consolidated accounts is carried out an evolution analysis and an assessment of the Grupo's business.

In 2020 this company presented a negative net result of 3,497,173 Euro.

In January 2014, a service provision agreement was signed between Vista Alegre Atlantis, SGPS, S.A. and Vista Alegre Atlantis, S.A. (VAA, S.A.), in which VAA, SGPS, S.A. undertakes to provide

administrative and management technical services to VAA, S.A., in which share capital it holds 100% of the voting right. The amount of this services provision amounted to 720.000 Euro, in 2020 and 2019.

On the 31<sup>st</sup> December 2020 and 2019, the amount of retirement pension liabilities relates to a provision related to retirement supplements of a former director of Grupo Vista Alegre. The provision relates to the retirement supplement of a former administrator, based on the actuarial calculation made by the entity Futuro, Sociedade Gestora de Fundos de Pensões, S.A.. On December 2014, the *Supremo Tribunal de Justiça* validated the attribution of the pension of the former administrator. As of February 2018 the retirement pension was reduced under certain legal provisions. This decision is based on the legal advisors of Grupo Vista Alegre.

On the 31<sup>st</sup> December 2020, VAA-Vista Alegre Atlantis, SGPS, S.A. presents in its accounts an impairment adjustment of 78,502,577.56 Euro. When calculating this adjustment, the financial situation of each of the subsidiaries was taken into account, based on the forecasts of activities envisaged by the respective Boards of Directors.

Vista Alegre acquired the companies Cerutil and Faianças Artísticas Bordalo Pinheiro on 31<sup>st</sup> August 2018. These acquisitions aim to strengthen the position within the context of the sector and of competing companies, granting the Grupo Vista Alegre greater scale and diversity as well as giving it the opportunity to market the long-standing brand, "Bordallo Pinheiro".

As a result of the restructuring process described above, which included the acquisition of Cerutil and Bordalo Pinheiro, the net debt of VAA SGPS to Grupo Visabeira assumed a significant amount of approximately 26.9 million euros.

The purpose of these operations was to concentrate all holdings of the ceramics sector in VAA, in order to strengthen the financial and economic situation of the Grupo, as well as to strengthen its position within the context of the sector and towards the competing companies, allowing VA to demonstrate a greater importance and diversification of the century old brand "Bordallo Pinheiro".

On the 9<sup>th</sup> October 2018 the reverse stock split was completed. It was based on the regrouping of the 1.524.091.460 shares representing the company's share capital, by applying a regrouping ratio of 1:10, corresponding to every 10 (ten) shares 1 (one) new share, rounded up to the nearest whole number.

On the 22<sup>nd</sup> of October 2019, a process of issuing guaranteed bonds in the amount of 45,000,000 euros took place, with a fixed annual rate of 4.5% and maturity in October 2024 and guaranteed bonds in the amount of 5,000,000 euros with a fixed annual rate of 3.5% and final maturity in October 2024, all placed solely with institutional investors.

On the 12<sup>th</sup> of December 2019, VAA - Vista Alegre Atlantis, SGPS, SA increased its capital through new cash inflows, with the suppression of shareholders' pre-emptive rights, in the amount of 12,192,731.20 euros, resulting in a change in the capital of Vista Alegre from 121,927,316.80 euros to 134,120,048.00 euros, through the issue of 15,240,914 new shares, with a nominal value of 0.80 euros each, as communicated to the market in due course.

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company saw the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October of 2019 and approved by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30<sup>th</sup> of June 2020 and on the 31<sup>st</sup> of December 2020 will be 6x (Note 20).

2020 was an atypical year, marked by the Covid-19 pandemic, which changed the economic and business scenario around the world. VAA - Vista Alegre Atlantis, SGPS, S.A and its subsidiaries also suffered from the effects of this pandemic and its impacts are described in note 25 “Impacts of the Covid-19 pandemic”.

## 5. Proposal for the earnings application

Under the applicable law, we propose that the accrued loss of -2,135,977 euros, resulting from the company’s activity, be used as follows:

Description	Amount
Retained Earnings	-3,497,172.73

## 6. Prospects

Vista Alegre Atlantis, SGPS, SA will remain attentive and careful in the face of the risks that may arise for the business area of its subsidiaries, whether in operational, investment or financial terms. This internationally widespread pandemic has a significant impact on the world economy and financial markets, so it is essential to consider the impacts arising from Covid-19.

Vista Alegre Atlantis, SGPS, SA will remain alert and careful in the face of the risks that may arise for the business area, whether in operational, investment or financial terms.

We are convinced that with prevention, calmness and in conjunction with our partners, such as our Customers, Suppliers, Employees and local Communities, we are prepared to face this challenge.

We also refer to the considerations disclosed in Note 25 “Impacts of the Covid-19 pandemic” included in the Annex to the financial statements, which summarizes the main measures taken by the Board of Directors in response to the impacts of this situation.

## 7. Activity developed by the Non-Executive Members of the Board of Directors

In the meetings with the executive directors, which have had an almost monthly frequency, the non-executive members of the Board of Directors were informed of the most relevant decisions of the Company taken by the Executive Committee, and of all related information. But the decisions with a

larger impact for the Company, such as those related to business strategy and planning, funding, guarantees and large investments, were taken by the Board of Directors.

When carrying out their duties, the non-executive members of the Board of directors did not face any constraints.

## 8. Final note

In compliance with the legal and statutory provisions, the Parties, individually, declare that, according to their knowledge, the Annual Report for the year of 2020 have been prepared in accordance with applicable International Financial Reporting Standards, giving a true and fair view, in all materially relevant aspects, of the assets and liabilities, the financial situation and the consolidated income issuer, and that the Management Report (read together with the Management Report that accompanies the consolidated accounts) faithfully reflects the evolution of the business, performance and position of the issuer, as well as of the companies included in the consolidation companies, and it contains a description of the main risks and uncertainties they face.

In Vista Alegre Atlantis, SGPS, SA, the main financial liabilities are loans obtained from banks, commercial payables and other accounts payable. Financial liabilities are incurred in order to finance the Grupo's operations, namely the Companies' Group working capital and investments in expansion and maintenance of production capacity. Financial risk management is described in note 23 of the annex.

Ílhavo, 30<sup>th</sup> April 2021

The Board of Directors

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Nuno Miguel Rodrigues Terras Marques  
Chairman of the Board of Directors

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Paulo Jorge Lourenço Pires  
Vice-Chairman

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João Manuel Pisco de Castro  
Member of the Board

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Alexandra da Conceição Lopes  
Member of the Board

---

Alda Alexandra Abrantes Costa  
Member of the Board

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Teodorico Figueiredo Pais  
Member of the Board

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Paulo José Antunes Soares  
Member of the Board

---

Nuno Miguel Ferreira De Assunção Barra  
Member of the Board

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Jorge Paulo Sacadura Almeida Coelho  
Member of the Board

---

Cristina Isabel Sousa Lopes  
Member of the Board

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Nuno Maria Pinto de Magalhães Fernandes Thomaz  
Member of the Board

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Celine Abecassis Moedas  
Member of the Board

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Mário Godinho de Matos  
Member of the Board

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Cassiano Pereira  
Certified Public Accountant

## Financial Statements

### Financial Position

### 31<sup>st</sup> December 2020 and 2019

Headings	Notes	31-12-2020	31-12-2019
		IFRS	IFRS
<b>Non-current assets:</b>			
Financial investments in subsidiaries	7	190,484,593	192,130,773
Financial investments – others	6, 7	112,587	110,741
Tangible fixed assets	8	155,531	171,777
Deferred taxes	9	163,506	165,535
<b>Total non-current assets</b>		190,916,218	192,578,827
<b>Current assets:</b>			
Accounts receivable and others	6, 10	52,123,393	46,520,899
State and other public entities	16	1,000	55,528
Cash and cash equivalents	6	133,958	6,369,965
<b>Total current assets</b>		52,258,351	52,946,392
<b>TOTAL ASSETS</b>		<b>243,174,569</b>	<b>245,525,218</b>
<b>Equity:</b>			
Share capital	11, 24	134,120,048	134,120,048
Treasury capital	11	-1,854	-1,854
Supplementary benefits	11	38,181,653	38,181,653
Issue premiums	11	24,280,229	24,280,229
Retained earnings	12	-8,283,991	-20,123,977
Net income for the financial year		-3,497,173	11,839,985
<b>Total equity</b>		184,798,912	188,296,085
<b>Non-Current Liabilities:</b>			
loans	6, 13	50,027,548	49,416,309
Provisions for retirement pensions	15	726,695	735,713
<b>Total non-current assets</b>		50,754,243	50,152,022
<b>Current Liabilities:</b>			
loans	6, 13	1,017,591	1,141,983
Accounts payable and other debts	6, 14	6,558,676	5,921,933
State and other public entities	16	45,148	13,197
<b>Total current liabilities</b>		7,621,414	7,077,112
<b>TOTAL LIABILITIES</b>		<b>58,375,657</b>	<b>57,229,134</b>
<b>EQUITY + LIABILITIES</b>		<b>243,174,569</b>	<b>245,525,218</b>

## Statements of income by Nature 31<sup>st</sup> December 2020 and 2019

Headings	Notes	31-12-2020	31-12-2019
Services rendered	17	720,194	720,000
<b>Sales and services provided</b>		<b>720,194</b>	<b>720,000</b>
External supplies and services	18	-499,706	-180,928
Personnel costs	19	-802,013	-683,305
Depreciations	8	-16,246	-16,246
Provisions	15	-42,349	-49,964
Other operational costs and losses	20	-99,212	-132,772
Impairment of non-depreciable assets - (losses)/reversals	7	-1,694,334	10,736,670
Other profit and operating income	20	3,757	11,054
<b>Operating income</b>		<b>-2,429,908</b>	<b>10,404,507</b>
<b>Financial result</b>	21	<b>-1,400,220</b>	<b>972,949</b>
<b>Result before taxes</b>		<b>-3,830,129</b>	<b>11,377,456</b>
Income tax	9	332,956	462,529
<b>Result for the financial year</b>		<b>-3,497,173</b>	<b>11,839,985</b>
Number of common shares issued deducted from treasury shares		167,650,060	152,534,414
Basic earnings per share (euros per share)		-0.02	0.08
Diluted earnings per share (euros per share)		-0.02	0.08

## Statement of Comprehensive Income

### periods ended on the 31<sup>st</sup> December 2020 and 2019

	31-12-2020	31-12-2019
<b>Result for the financial year</b>	<b>-3,497,173</b>	<b>11,839,985</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income for the financial year attributable to:</b>		
Shareholders	-3,497,173	11,839,985
	<b>-3,497,173</b>	<b>11,839,985</b>

## Statement of changes in equity for the periods ended on the 31<sup>st</sup> December 2020 and 2019

Headings	Capital	Issue Premiums	Common shares	Supplementary Benefits	Accumulated results	Total
<b>Balance on the 1<sup>st</sup> January 2019</b>	<b>121,927,317</b>	<b>22,064,591</b>	<b>-1,854</b>	<b>38,181,653</b>	<b>-20,123,977</b>	<b>162,047,731</b>
Capital increase	12,192,731	2,215,638				14,408,369
Total comprehensive income						
Net income for the financial year					11,839,985	11,839,985
<b>Total</b>	<b>12,192,731</b>	<b>2,215,638</b>	<b>0</b>	<b>0</b>	<b>11,839,985</b>	<b>26,248,354</b>
<b>Balance on the 31<sup>st</sup> December 2019</b>	<b>134,120,048</b>	<b>24,280,229</b>	<b>-1,854</b>	<b>38,181,653</b>	<b>-8,283,991</b>	<b>188,296,085</b>

Headings	Capital	Issue Premiums	Common Shares	Supplementary Benefits	Accumulated results	Total
<b>Balance on the 1<sup>st</sup> January 2020</b>	<b>134,120,048</b>	<b>24,280,229</b>	<b>-1,854</b>	<b>38,181,653</b>	<b>-8,283,991</b>	<b>188,296,085</b>
Total comprehensive income						
Net income for the financial year					-3,497,173	-3,497,173
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,497,173</b>	<b>-3,497,173</b>
<b>Balance on the 31<sup>st</sup> December 2020</b>	<b>134,120,048</b>	<b>24,280,229</b>	<b>-1,854</b>	<b>38,181,653</b>	<b>-11,781,164</b>	<b>184,798,912</b>

## Statement of Cash Flows

### for the financial years ended on the 31<sup>st</sup> December 2020 and 2019

Headings	3-12-2020		31-12-2019	
<b>1. OPERATING ACTIVITIES:</b>				
Receivables from customers	577,449		888,855	888,855
Payments to suppliers	-830,268		-2,156,958	-2,156,958
Payments to staff	-749,969		-562,384	-562,384
Flows generated by operations		-1,002,788		-1,830,487
Other operating payments/receivables	241,555		-482,749	
<b>Flows from operating activities</b>		<b>-761,233</b>		<b>-2,313,236</b>
<b>2. INVESTMENT ACTIVITIES:</b>				
Receivables from:				
Loans and advances granted	54,420,307		58,951,500	
Dividends	0		2,200,000	
Interest and similar income	0		16,464	
		<b>54,420,307</b>		<b>61,167,964</b>
Payments relating to:				
Loans granted	-58,032,819		-90,256,000	
		-58,032,819		-90,256,000
<b>Flows from investment activities</b>		<b>-3,612,512</b>		<b>-29,088,036</b>
<b>3. INVESTMENT ACTIVITIES:</b>				
Receivables from:				
Loans obtained	12,090,007		51,250,000	
Interest and similar	739,782		0	
Capital increase, supplementary benefits (Note 11)	0		15,240,914	
		12,829,789		66,490,914
Payments relating to:				
Loans obtained	-11,842,002		-28,967,212	
Amortization of financial lease contracts	-20,933		-20,198	
Interest and similar	-2,829,116	-14,692,050	-1,392,998	-30,380,408
Flows generated by investment activities		-1,862,261		36,110,506
<b>4. CASH AND CASH EQUIVALENTS VARIATION</b>		<b>-6,236,007</b>		<b>4,709,234</b>
<b>5. EFFECT OF CURRENCY EXCHANGE DIFFERENCES</b>		<b>0</b>		<b>2,699</b>
<b>6. INITIAL CASH AND CASH EQUIVALENTS (Note 6)</b>		<b>6,369,965</b>		<b>1,658,032</b>
<b>7. FINAL CASH AND CASH EQUIVALENTS (Note 6)</b>		<b>133,958</b>		<b>6,369,965</b>

	31-12-2020	31-12-2019
Demand deposits	133,958	6,369,965
	<b>133,958</b>	<b>6,369,965</b>

## Notes to the Consolidated Financial Statements

The amounts are in euros

### 1. General Information

VAA – Vista Alegre Atlantis, S.G.P.S., S.A. hereinafter referred to as VAA, SGPS, S.A. (“Company”, “Society” or “VAA”) was established in 1980 as a private limited company, under the name of Fábrica de Porcelana da Vista Alegre, Lda.. The company’s general object is the industry of porcelain as well as other ceramic products. This activity had already been carried out since 1824 by another company belonging to the Grupo Vista Alegre, which at that time, and due to restructuring reasons, decided to empower certain business areas. Since the late 1987, the Company has been listed in the Lisbon and Oporto Stock Exchange.

Currently called VAA - SGPS, SA, the company has the corporate purpose of managing shareholding in other companies, as an indirect form of economic activities, which consist of the production, distribution and sale of porcelain, faience, ovenware, handmade crystal and glass, through its own retail network, with independent retailers and distributors. VAA - SGPS, S.A. is based at Lugar da Vista Alegre, 3830-292, Ílhavo. The company has its shares listed on the Stock Exchange of the official *Euronext Lisbon* market.

In January 2009, Vista Alegre Atlantis, SGPS, SA was informed, pursuant to and under the terms of article 175 of the CMV, by the Caixa-Banco de Investimento, SA and the Banco Millennium BCP Investimento, SA, in the name and representing Cerutil-Cerâmicas Utilitárias, SA, that it had decided to carry out a Public Offering for General Acquisition of the shares representing the share capital of VAA–SGPS, S.A..

At the end of all negotiations and credit assignments, Cerutil-Cerâmicas Utilitárias, SA, held 92.042.696 shares, representing 63.46% of the share capital of Vista Alegre Atlantis, SGPS, S.A..

Subsequently, in July 2010, Vista Alegre Atlantis, SGPS, SA’s share capital was increased from 11,603,199.20 euros to 92,507,861.92 euros, comprising the issuance of 1.011.308.284 common shares, book-entry and bearer shares, with a nominal value of 0.08 Euros each, of which:

- 125.000.000 shares were subscribed through a private offering by *Fundo de Capital de Risco AICEP Capital Global Grandes Projetos de Investimento*;
- 562.500.000 shares were subscribed by CERUTIL-Cerâmicas Utilitárias, S.A. in cash contributions through the conversion of CERUTIL credits to VAA-Vista Alegre Atlantis, SGPS, S.A. to the amount of 45,000,000 euros.
- and the remaining 323.808.284 shares were subscribed through a public subscription offering reserved to shareholders, exercising their pre-emptive rights. At the end of the process, Cerutil strengthened its position to 76.47%.

Regarding the Grupo Vista Alegre Atlantis, VAA's Board of Directors believes that the capital increase was a key factor for the success of the business restructuring that followed. The inflow of funds aimed at restoring the financial balance of the company, providing its structure with the capacity of meeting its commitments and allowing the necessary expansion and replacement investment.

On the 16<sup>th</sup> of October 2013, through a share purchase agreement signed with the Banco Comercial Português, S.A., GRUPO VISABEIRA, S.A. purchased, on that date, from the above mentioned bank, a total of 51.761.957 shares representing 4.48% of the share social and voting rights of VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.. As a result of such acquisition, GRUPO VISABEIRA, S.A. become directly entitled to this number of shares representing 4.48% of VAA – SGPS, S.A.. In 2017 the percentage of representative shares was 3.640% (2016: 4.798%).

On 22<sup>nd</sup> December 2017, the share capital was increased from 92,507,861.92 euros to 121,927,317.04 euros, comprising the issuance of 367.743.189 common shares, book-entry and bearer shares, with a nominal value of 0.08 Euros each, of which:

- 10,600,331 shares were subscribed through public offering for subscription with subscription reserved for VAA, SGPS, S.A. shareholders, in exercising their pre-emption rights (with the legal pre-emption rights having been withdrawn from shareholders of Visabeira Indústria SGPS, S.A., Grupo Visabeira SGPS, S.A., FCR Portugal Ventures Grandes Projetos de Investimento, Caixa Geral de Depósitos, S.A. and the Fundo de Capital de Risco Grupo CGD – Caixa Capital and limited to shareholder pre-emption rights of shareholders of CERUTIL – Cerâmicas Utilitárias, S.A. (“CERUTIL”) in subscribing to shares in the instalment of the increase to be paid in cash) (“Tranche A”);

- 357.142.858 shares were subscribed by CERUTIL in cash contributions through the conversion of CERUTIL credits to VAA, SGPS, S.A. to the amount of 50,000,000.12 euros (“Tranche B”).

Under the terms and pursuant to the article 248-B of the Securities Code, and article 14 of CMVM Regulation no. 5/2008, VAA – Vista Alegre Atlantis, SGPS, S.A. received a communication that, under two share purchase and sale agreements signed on the 27<sup>th</sup> December 2017, VISABEIRA INDÚSTRIA SGPS, S.A. acquired from CERUTIL – Cerâmicas Utilitárias, S.A., 1.252.453.447 shares representing the share capital of VAA – Vista Alegre Atlantis, SGPS, S.A.. After such transactions, VISABEIRA INDÚSTRIA SGPS, S.A. became the holder of 82.27% of the share capital and voting rights of a VAA – Vista Alegre Atlantis, SGPS, S.A..

Through a share purchase and sale agreement signed on the 28<sup>th</sup> December 2017, VISABEIRA INDÚSTRIA SGPS, S.A. acquired, outside the stock exchange, from the company Portugal Capital Ventures – Sociedade de Capital de Risco, S.A., 125.000.000 shares representing 8.20% of the share capital of VAA – Vista Alegre Atlantis, SGPS, S.A., after such transactions, became the direct owner of 1.378.923.847 shares, representing 90.48% of the share capital and voting rights of VAA – Vista Alegre Atlantis, SGPS, S.A..

Following VAA's reorganisation program, which included the capital increase operation carried out on December 2017, VAA followed this process recently purchasing Cerutil and Bordalo Pinheiro (through Bordalgest, which is entirely owned by Cerutil and, in turn, owns a share of 83.99% in Bordalo Pinheiro) as well as the sale of VA Grupo, Vista Alegre Participações, S.A. on the 31<sup>st</sup> August 2018, having thus, on September 2018, completed the reorganisation program.

The purpose of these operations was to concentrate all holdings of the ceramics sector in VAA, SGPS, S.A., in order to strengthen the financial and economic situation of the Company and of the Grupo, as well as to strengthen its position within the context of the sector and towards the competing companies, allowing Grupo Vista Alegre to demonstrate a greater importance and diversification of the century old brand "Bordallo Pinheiro".

On the 9<sup>th</sup> October 2018 the reverse stock split was completed. It was based on the regrouping of the 1.524.091.460 shares representing the company's share capital, by applying a regrouping ratio of 1:10, corresponding to every 10 (ten) shares 1 (one) new share, rounded up to the nearest whole number.

On the 22<sup>nd</sup> of October 2019, a process of issuing guaranteed bonds in the amount of 45,000,000 euros took place, with a fixed annual rate of 4.5% and maturity in October 2024 and guaranteed bonds in the amount of 5,000,000 euros with a fixed annual rate of 3.5% and final maturity in October 2024, all placed solely with institutional investors (note 13).

On the 12<sup>th</sup> of December 2019, VAA - Vista Alegre Atlantis, SGPS, SA increased its capital by new cash inflows, with the suppression of shareholders' pre-emptive rights, in the amount of 12,192,731.20 euros, resulting in a change in the capital of Vista Alegre from 121,927,316.80 euros to 134,120,048.00 euros, by issuing 15,240,914 new shares, with a nominal value of 0.80 euros each, as communicated to the market in due course. This capital increase operation also generated an issue premium in the amount of 3.048.183 euros (Note 11).

Despite Visabeira Indústria, SGPS, SA maintaining ownership of 137,965,420 shares representing the share capital and voting rights of Vista Alegre as a result of the aforementioned, as a result of the capital increase (with the purpose, among others, of diversifying the VAA shareholder base) and of Visabeira Indústria not having subscribed to any new shares in this scope, its qualified shareholding in VAA has been reduced to 82.29% of VAA's share capital and voting rights, with reference to the share capital of VAA 134,120,048.00 euros represented by 167,650,060 shares after the Capital Increase.

Visabeira Indústria SGPS, S.A. share capital is entirely owned by (100%) by Grupo Visabeira, S.A. (based on Rua do Palácio do Gelo, n.º 1, Palácio do Gelo Shopping, Piso 3, Viseu, with the share capital of 115.125.630,00 Euro, registered at the Conservatória do Registo Comercial de Viseu [Commercial Registry of Viseu] under the single registration and VAT number 502.263.628), whereby the voting rights of Visabeira Indústria SGPS, S.A. are also attributable to Grupo Visabeira, S.A., which, in turn, also owns directly 5,548,417 shares representing 3.31% of VAA – Vista Alegre Atlantis, SGPS, S.A.'s share capital and voting rights.

It should also be noted that 98.25% of the share capital and voting rights of GRUPO VISABEIRA, S.A. is directly hold by the company NCFGEST, S.A., based at Repeses, Viseu, with a share capital of

138,015,658.80 Euros, registered at the Conservatória do Registo Comercial de Viseu [Commercial Registry of Viseu] under the single registration and VAT number 508.959.756, and therefore the voting rights representing VAA's share capital, mentioned above, are also attributable to NCFGEST, S.A.

Grupo VAA owns 6 factories in Portugal, three in Ílhavo, one in Caldas da Rainha, another one in Alcobaça e another in Sátão (Viseu); and it sells mainly in the Euro zone countries, especially in Portugal, Spain, Germany, France and Italy.

These consolidated financial statements were approved and authorized for issue at the Board of Directors meeting held on the 30<sup>th</sup> April 2021.

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company saw the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October of 2019 approved by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30<sup>th</sup> of June 2020 and on the 31<sup>st</sup> of December 2020 will be 6x (Note 13).

## 2. Summary of the main accounting policies

The most significant accounting policies used to determine the results of the financial year and the presentation of the financial position are as follows:

### 2.1 Basis of presentation

According to the Regulation (CE) no 1606/2002 of the European Parliament and of the Council of the 19<sup>th</sup> July 2002, which transposed to into the Portuguese law through the Decree Law no 35/2005, of the 17<sup>th</sup> February, subsequently amended by Dec. Law no 98/2015 of the 2<sup>nd</sup> of June, these financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The IFRS includes standards issued by the International Accounting Standards Board ("IASB"), as well as Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and its predecessor bodies, effective on the 1<sup>st</sup> January 2020.

The consolidated financial statements were prepared based on the continuity of operations, according to the accounting books and records of the company, kept in accordance with the International Financial Reporting Standards, as adopted by the European Union.

When elaborating the consolidated financial statements, the Board of Directors of the Vista Alegre SGPS, SA uses estimates and assumptions which affect the application of policies and the amounts of assets and liabilities. The associated estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances and are the basis for judgements on the values of the assets and liabilities whose valuation is not evident from other sources. Actual results

may differ from estimates. Issues that require a higher judgement or complexity, or for which assumptions and estimates are considered significant, are presented in Note 3.

The Board of Directors evaluated the Company's and its subsidiaries' ability to operate on a continuous basis, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events subsequent to the reporting date of the consolidated financial statements, available about the future. It should be noted that the impact of the recent pandemic caused by the "COVID-19" virus is assessed and considered in the Note on "Impacts of the Covid-19 pandemic" (Note 25), namely in relation to the respective effects to the current date on the financial situation and activity of the Grupo Vista Alegre, headed by the Company. This Note also mentions some of the measures taken by the Board of Directors to deal with this extraordinary event. As a result of the evaluation carried out, the Board of Directors came to the conclusion that it has the adequate resources to maintain its activities, with no intention of ceasing activities in the short term, and it considered appropriate to use the assumption of continuity of operations in the preparation of condensed consolidated financial statements (Note 26).

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company saw the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October of 2019 and approved by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30th of June 2020 and on the 31<sup>st</sup> of December 2020 will be 6x (Note 13).

## **2.2 Main valuation criteria**

### **2.2.1 Tangible fixed assets**

Vista Alegre SGPS, SA owns a Chapel, classified as a national monument, for which it is not possible to reliably determine any current or fair value.

The amount related to tangible fixed assets refers to the renovation of this Chapel. The purchase cost includes all expenditures directly attributable to the assets purchase.

The remaining tangible fixed assets are initially measured at acquisition cost and subsequently are deducted from depreciation and impairment losses.

The acquisition cost includes all expenditures directly attributable to the activities required to place the assets in the location and condition required to operate as required.

The subsequent costs are included in the assets' carrying amount, or recognized as separate assets, as adequate, only when it is possible that the economic benefits will flow to the Company and the cost may be measured with reliability. All other subsequent expenditures are recognized as an expense during the period they incur.

### **Depreciations**

Land is not depreciated, as the depreciations of the remaining assets calculated over the acquisition or reassessment values, by the according to the constant quota method, on a duodecimal basis. The

annual rates applied successfully reflect the economic useful life of the assets, which is determined according to the expected use. The depreciation rates correspond, on average, to the following estimated useful lives:

	3-12-2020	31-12-2019
Buildings and other constructions	3-50	3-50
Transport equipment	4-8	4-8

The depreciation process starts on the month the asset becomes available for operation.

The assets' residual values, the useful lives and the amortization methods are reviewed and adjusted annually. In case the carrying amount is superior to the assets' recoverable value, its readjustment to the estimated recoverable values should be carried out.

## 2.2.2 Financial Instruments

### 2.2.2.1 Investments in subsidiaries, joint ventures and associated companies

Investments in shares of subsidiary and associated companies are measured in accordance with IAS 27 at acquisition cost, less any impairment losses. Dividends are recorded as a gain in the income statement on the date of their award.

Moreover, whenever individual financial investments show evidence of impairment, they are subject of impairment tests.

### 2.2.2.2 Investments

#### Recognition

Purchases and sales in investments in financial assets are recorded on the date of the transaction, that is, on the date the company undertakes to buy or sell the asset.

The classification of financial assets depends on the business model followed by the Company in the management of financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable.

Changes in the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets may be classified into the following measurement categories:

(i) Financial assets at amortized cost: it comprises the financial assets that correspond only to the payment of nominal value and interest, and whose business model chosen by the management is the receipt of contractual cash flows;

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in a company); a) in the case of debt instruments, this category includes financial assets that correspond to the payment of nominal value and interest for which the business model chosen by the management is the receipt of contractual cash flows or occasionally its sale; b) in the case of equity instruments, this category includes the percentage of interest held in companies over which the Company does not have any control, joint control or significant influence and which the Company has irrevocably chosen on the date of its initial recognition designate at fair value through other comprehensive income;

(iii) Financial assets at fair value through loss and profit: includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not classified at fair value through other comprehensive income;

#### Measurement

The Company initially measures financial assets at fair value, plus transaction costs directly attributable to the purchase of financial assets, for financial assets that are not measured at fair value through profit or loss. The transaction costs of financial assets at fair value through profit or loss are recorded in the income statement of the fiscal year they are incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, and the fair value changes are recorded directly in the other comprehensive income, in the equity, but with no future reclassification even after derecognition of the investment.

#### Impairment losses

The Company assesses in a forward-looking manner the estimated credit losses associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income. The applied impairment method takes into account the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

Regarding receivables under "Customers" and "Other third party debt" and Customers contracts assets, the Company uses a simplified approach permitted by IFRS 9, according to which estimated credit losses are recognized from the initial recognition of the balances receivable and for the whole

period up to maturity, considering a matrix of historical default rates for the maturity of the balances receivable, adjusted by prospective estimates.

Regarding the balances receivable from related companies, which are not considered as part of the financial investment in these companies, the credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due (“on demand”); ii) if the balance receivable is low risk; or iii) if it has a maturity of less than 12 months.

In cases where the amount receivable is immediately payable and the related company is able to pay, the probability of non-compliance is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related company’s credit risk is assessed and if it is “low” or if the maturity is less than 12 months, then the Company only evaluates the probability of a non-compliance occurring for the cash flows that mature during the next 12 months.

For all other situations and nature of receivables, the Company uses the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there is no increase in credit risk, the Company calculates an impairment corresponding to the amount equivalent to expected losses within a period of 12 months. If there has been an increase in credit risk, impairment is calculated corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

#### Derecognition of financial assets

The Company derecognises financial assets when and only when contractual rights to cash flows have expired or they have been transferred, and the Company has substantially transferred all the risks and rewards of ownership of the asset.

#### **2.2.2.3 Third party’s debts**

“Customer” and “Other third party debt” heading are initially recognized at fair value and are subsequently measured at amortized cost, net of impairment adjustments.

#### **2.2.2.4 loans**

Loans are recorded in liabilities at their nominal value less transaction costs that are directly attributable to the issuance of these liabilities. The financial charges are calculated at amortized cost according to the effective interest rate.

#### **2.2.2.5 Debts to third parties**

Debts to third parties to non-interest bearing are recorded at their nominal value, except in situations where the effect of the financial update is considered material.

### **2.2.2.6 Equity instruments and the distinction between financial liabilities**

Financial liabilities and equity instruments are classified according to the contractual substance of the transaction. The Company considers equity instruments those in which the contractual support of the transaction shows that the Company has a residual interest in a group of assets after deducting a set of liabilities.

Equity instruments issued by the Company are recorded according to the amount received, net of the costs incurred with its issuing. The treasury shares are accounted for by its acquisition value as a reduction to equity.

The gains or losses resulting from the disposal of treasury shares are registered in "Reserves and retained earnings", not being considered in the results of the period in which they occur.

### **2.2.2.7 Cash and cash equivalents**

The amounts included under "Cash and cash equivalents" correspond to cash, bank deposits, time deposits and other cash investments, which mature less than three months and can be immediately mobilized with insignificant risk of change in value.

### **2.2.3 Equity**

- ***Share Capital:***

The share capital is fully represented by bearer share certificates, which are classified in the Equity.

- ***Legal Reserve:***

According to the Portuguese commercial legislation, at least 5% of annual net income, established in the Company's individual accounts, which must be allocated to the legal reserve until it represents at least 20% of the Share Capital. The legal reserve is non-distributable unless in case of liquidation of the Company, but can be used to absorb losses, after exhausting all other reserves, or for incorporation in the share capital.

### **2.2.4 Income tax**

The current tax is determined based on the accounting results of the Company included in the consolidation to fiscal rules in force.

Deferred tax is calculated on the basis of the liability method of the balance sheet, on temporary differences between the book amounts of assets and liabilities and the respective tax base. No deferred tax is calculated on the differences in the initial recognition of an asset and a liability when it does not affect either the accounting or fiscal result. The tax base of assets and liabilities is determined in order to reflect the tax consequences arising from the way the Company expects, on the financial statements' date, to recover or settle the carrying amount of its assets and liabilities, based on fiscal decisions substantially implemented at the balance sheet date.

In 2014 the Grupo Vista Alegre was included within the Grupo Visabeira's fiscal domain, under the Special Tax Regime for Groups of Companies ("RETGS").

The tax amount to be included in both current and deferred tax, resulting from transactions or events recognized in reserves, is recorded directly in these same headings, without affecting the result for the year.

Deferred tax assets are recognized whenever there is reasonable assurance that future profits are generated against which the assets may be used. Deferred tax assets are reviewed annually and reduced whenever they are no longer likely to be used.

Deferred taxes are determined by the tax rates (and laws) decreed or substantially decreed at the statement of financial position date and are expected to be applicable in the accrual basis of deferred tax assets or settlement of deferred tax liabilities.

#### **2.2.5 Provisions, assets and contingent liabilities**

Provisions are recognized when, and only when, the Company has a current obligation (legal or implicit) resulting from a past event, it is probable that an outflow of resources will occur and the amount of the obligation can be reasonably estimated. Provisions are reviewed at the date of each financial statement and adjusted to reflect the best estimate at that date (expected value of the outflow to be incurred), taking into account the risks and uncertainties inherent in such estimates. When a provision is determined taking into consideration the future cash flows required to settle the obligation, it is recorded at their current value. The discount rate in the aforementioned financial update corresponds to the average rate of financing of the respective company at the reporting date.

Restructuring: provisions for restructuring are only recognized by the Company whenever there is a formal and detailed restructuring plan, and it has already been informed to the parties.

Onerous contracts: obligations resulting from onerous contracts are recognized and measured as provisions. There is an onerous contract whenever the Company is before a situation in which the inevitable costs to meet the contract's obligations exceed the economic benefits foreseen to be received.

Contingent assets are not recognized in the consolidated financial statements, but they are reported on the annex when a future economic benefit is foreseen.

Contingent liabilities are not recognized in the consolidated financial statements, but they are reported on the annex, unless the idea of an outflow of resources may affect future economic benefits is a remote one.

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

#### **2.2.6 Recognition of Revenue**

#### a) Supply of services

Revenue comprises the fair value of service provision. In January 2014, a service provision agreement was signed between Vista Alegre Atlantis, SGPS, SA and Vista Alegre Atlantis, SA (VAA, SA), in which VAA, SGPS, S.A. undertakes to provide administrative and management technical services to VAA, SA, in which share capital it holds 100% of the voting right.

#### b) Net financial results

Net financial results essentially comprise interest from loans obtained, net of interest from financial investments and exchange rate gains and losses. Financial costs and income are recognized in income on an accrual basis over the period to which they relate.

Moreover, the dividends received from subsidiaries are recorded as financial results. These revenues are recognized when the shareholder's right to receive is established.

#### **2.2.7 Accrual basis**

Income and costs are recorded in accordance with the accrual basis principle, whereby income and expenses are recognized to the extent they are generated, regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding revenues and expenses generated are recorded in the consolidated balance sheet under "Other current assets" and "Other current liabilities", respectively.

#### **2.2.8 Subsequent events**

Events occurred after the statement of financial position date which provide additional information about conditions that existed on the statement of financial position date ("adjusting events") are reflected in the consolidated financial statements.

Events after the statement of financial position date that provide information on conditions which occur after the statement of financial position date ("non-adjusting events"), are disclosed in the annex to the financial statements.

#### **2.2.9 Employee benefits**

##### **2.2.9.1 Provisions for retirement pensions – defined benefit plan**

VAA, SGPS is responsible for a pension scheme assigned to a former manager (currently in retirement age), in the form of a defined benefit plan, and this agreement defines the amount of pension benefit that that former director will receive on retirement, usually dependent on one or more factors, such as age, years of service and remuneration.

The liability amount recognised in the statement of financial position which concerns defined benefit plans is the present value of the defined benefit obligation on the statement of financial position date. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method (“Projected Unit Credit Method”). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approaching the terms of the related pension liability.

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity and presented in other comprehensive income.

The Company maintains a provision to meet these responsibilities.

#### 2.2.9.2 Termination of employment

Termination benefits are due when there is termination of employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for those benefits. The Company recognises these benefits when it can prove to be forced to eliminate current positions, according to a detailed formal plan for termination and there is no realistic alternative or these benefits are granted to encourage voluntary termination. Where termination benefits fall due more than 12 months after the statement of financial position date, they shall be discounted to their current value.

#### 2.2.9.3 Holiday, holiday pay and bonuses

The Labour Code approved by law 7/2009, on the 12<sup>th</sup> of February, amended by Laws 105/2009, of the 14<sup>th</sup> of September and 53/2011, of the 14<sup>th</sup> of October, established in paragraph 3 of article 238, the conditions under which the right to holiday leave, due at the beginning of each year, should be increased by up to 25 days. The Law no 23/2012 of 25<sup>th</sup> June, revoked this rule, with the right to holiday leave having a maximum duration of 22 days. The Constitutional Court later declared the unconstitutionality of some of the rules of this law, namely the increase of holidays, when this increase was already received in a collective recruitment.

#### 2.2.9.4 Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF)

In Portugal, with the publication of Law No. 70/2013 and subsequent regulation through Order No. 294-A/2013, the Labour Compensation Fund (LCF) and the Labour Compensation Guarantee Fund (LCGF) entered into force on the 1<sup>st</sup> October. In this context, companies that hire a new employee are required to deduct a percentage of their salary for these two new funds (0.925% for LCF and 0.075% for LCGF), in order to ensure the future partial payment of the corresponding compensation in case of dismissal.

Taking into account the characteristics of each Fund, the following was considered:

Monthly payments made by the employer to the LCGF are recognised as expenses for the period when they occur.

The monthly payments made by the employer to the LCF are recognised as a financial asset of that entity, measured at fair value and with the respective changes recognised in profit or loss.

### 3. Significant accounting estimates and judgements

When preparing the financial statements in accordance with IFRS, the VAA SGPS' Board of Directors make estimates and assumptions which affect the use of policies and reported amounts. Estimates and judgements are continually evaluated and are based on the experience of past events and other factors, including expectations of future events as probable under the circumstances the estimate was based on, or the result of information or experience. For this reason, and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates. The most significant accounting estimates reflected in the consolidated financial statements are as follows:

a) Impairment analysis

VAA, SGPS, S.A. tests whether or not there is impairment of the shares and other assets, in accordance with the accounting policy indicated in the notes. The recoverable amounts of the financial holdings are determined based on the calculation of the respective values in use. These calculations require the use of estimates.

b) Calculation of liabilities associated with defined benefit plans

### 4. Changes to accounting policies

During the year 2020, there were no voluntary changes in accounting policies in relation to those considered in the preparation of the financial information of the previous year presented in the comparative statements.

Regarding new standards and interpretations occurred the following emissions, revisions, changes and improvements in standards and interpretations:

#### 1- Standards, interpretations, amendments and revisions with effect in the exercise

Until the date of the approval of these financial statements, were adopted ("*endorsed*") by the European Union the following accounting standards, interpretations, amendments and revisions, with mandatory application to the exercise started on 1<sup>st</sup> January 2020:

Standard / Interpretation	Applicable in the European Union in the exercises started on or after	
Amendment to the references to the Conceptual Structure of the IFRS Standards	1-Jan-20	It corresponds to the amendments in different standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) regarding references to the Conceptual Structure reviewed on March 2018. The Conceptual Structure reviewed includes definitions reviewed from an asset and a liability as well as new guidelines on measurements, de-recognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 – Definition of material	1-Jan-20	It corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 – Definition of business	1-Jan-20	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.

Amendments to IFRS 9, IAS 39 and IFRS 7 - benchmark interest rate reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as “IBOR reform”), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - “Covid 19 Related Rent Concessions”	1-Jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analysing whether income concessions, typically income suspensions or reductions, related to the “COVID-19” pandemic correspond to contractual modifications.

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Changes to references to the Conceptual Framework of IFRS standards (applicable for periods beginning on or after the 1<sup>st</sup> of January 2020) contain changes to several standards in which references to the Conceptual Framework have been updated.

The application of these changes to the accounting standards as of the 1<sup>st</sup> of January 2020 has had no material effect on these separate financial statements.

## **2- Standards, interpretations, amendments and revisions with effect in future exercises**

These accounting standards and interpretations whose application is mandatory only in future periods, were, until the approval date of these financial statements, approved (“*endorsed*”) by the European Union:

Standard / Interpretation	Applicable in the European Union in the exercises started on or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 –Stage 2 - benchmark interest rate reform (IBOR Reform)	1-Jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on the 27 <sup>th</sup> of August 2020, related to the second phase of the benchmark interest rate reform project (known as “IBOR reform”), referring to changes in reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-21	Corresponds to the amendment to IFRS 4 which extends the deferral of application of IFRS 9 for initial years on or after 1 <sup>st</sup> January 2023.

Although these amendments were approved (“*endorsed*”) by the European Union, were not adopted by the Company in 2020, due to its application is not mandatory. The future adoption of these amendments is not expected to have significant impacts on financial statements.

### 3- Standards, interpretations, amendments and revisions so far not endorsed by the European Union

The following accounting standards and interpretations have been issued by the IASB and are not yet approved (“*endorsed*”) by the European Union:

Standard / Interpretation	Applicable in the European Union in the exercises started on or after	
IFRS 17 – Insurance Contracts	1-Jan-23	This standard establishes, for insurance contracts within its scope of application, the principles for its recognition, measurement, presentation and disclosure. This standard substitutes the standard IFRS 4 – Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing on the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-22	<p>These amendments correspond to a set of updates to the various standards mentioned, namely</p> <ul style="list-style-type: none"> <li>- IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analysing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination.</li> <li>- IAS 16 - prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use</li> <li>- IAS 37 - clarification that costs of fulfilling a contract correspond to costs directly related to</li> </ul>

the contract

- Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41

These standards so far not adopted (“endorsed”) by the European Union, but so far not adopted by the Company for the periods ended on 31st December 2020.

With regard to these standards and interpretations, issued by the IASB but not yet approved (“endorsed”) by the European Union, it is not estimated that their future adoption will result in significant impacts for the attached financial statements.

## 5. Group Companies

On the 31<sup>st</sup> of December 2020 and 2019, the subsidiary companies of Vista Alegre Atlantis, SGPS, SA (directly or indirectly owned), their respective head offices and percentage of shareholdings, can be summarized as follows:

Companies	Head office	Percentage of Participation	
		2020	2019
Vista Alegre Atlantis, SGPS, SA	Ílhavo	Parent company	Parent company
Bordalgest, SA	Lisbon	100.00%	100.00%
Cerexport - Cerâmica de exportação, SA	Ílhavo	100.00%	100.00%
Cerutil - Cerâmicas Utilitárias, SA	Sátão	100.00%	100.00%
Faianças Artísticas Bordalo Pinheiro, SA	Caldas da Rainha	86.14%	86.14%
Faianças da Capôa - Indústria Cerâmica, SA	Ílhavo	100.00%	100.00%
Mexicova, SA	Mexico City	100.00%	100.00%
Ria Stone Fábrica de Louça de Mesa em Grés, SA	Ílhavo	100.00%	100.00%
Ria Stone II, SA	Ílhavo	100.00%	-
Shree Sharda Vista Alegre Private Limited	Delhi	50.00%	50.00%
VA - Vista Alegre España, SA	Madrid	100.00%	100.00%
VAA Brasil – Comércio, Importação e Exportação, SA	S. Paulo	98.03%	89.93%
VAA I.I. – Sociedade Imobiliária, SA	Ílhavo	100.00%	100.00%
Vista Alegre Atlantis Moçambique, Lda	Maputo	99.00%	99.00%
Vista Alegre Atlantis UK LTD	London	100.00%	100.00%
Vista Alegre Atlantis, SA	Ílhavo	100.00%	100.00%
Vista Alegre France, SAS	Paris	100.00%	100.00%
Vista Alegre USA Corporation	New York	100.00%	100.00%

## 6. Financial instruments by class

The financial instruments, according to the accounting policies described above in the Note 2, have been classified as follows:

Financial assets	Balance sheet value	
	31-12-2020	31-12-2020
<b>Available-for-sale financial assets</b>		
Financial investments – available for sale	112,587	110,741
<b>Loans and accounts receivable</b>		
Accounts receivable from customers and other debtors	52,123,393	46,520,899
<b>Cash and cash equivalents</b>	133,958	6,369,965
<b>Total</b>	<b>52,369,939</b>	<b>53,001,605</b>
<b>Financial liabilities</b>		
<b>Loans obtained</b>		
Interest-bearing bank loans at variable interest rates	2,054,848	1,825,773
Interest-bearing bank loans at fixed interest rates	48,990,291	48,732,519
<b>Accounts payable</b>		
Suppliers' payable accounts as other creditors:	6,558,676	5,921,933
<b>Total</b>	<b>57,603,815</b>	<b>56,480,225</b>

On 31<sup>st</sup> December 2020 and 2019 VAA, SGPS, S.A. had not negotiated any derivative financial instrument.

The fair value of Cash and cash equivalents, Accounts receivable from customers and others debtors and Accounts payable and other suppliers is close to its carrying values due to its short-term maturity.

On 31<sup>st</sup> December 2020 and 2019, the Company's liquidity position is detailed as follows:

	Obtained loans	Loans from related parties
<b>Balance on the 31<sup>st</sup> December 2019</b>	<b>50,558,291</b>	<b>0</b>
Cash Flow:		
Receivables from obtained loans	2,000,000	10,090,000
Payments from obtained loans	-1,770,933	-10,092,002
Amortised cost	259,782	0
<b>Balance on the 31<sup>st</sup> December 2020</b>	<b>51,047,141</b>	<b>-2,002</b>

## 7. Financial Investments in Subsidiaries and Other Financial Instruments

This heading includes the shares of companies belonging to Grupo Vista Alegre and the loans granted to them, besides other financial investments.

On the 31<sup>st</sup> December 2020, the Company held the following shares in subsidiaries companies and on the following table are presented likewise the main financial indicators on the 31<sup>st</sup> December 2020:

Individual Financial Statements for the period ended on 31<sup>st</sup> December 2020  
(amounts in euros)

	Country	% of Participation	Total assets	Equity without net results	Turnover	Net Results
Bordalgest, SA	PT	100.00%	5,444,223	1,329,693	0	82,768
Cerexport - Cerâmica de exportação, SA	PT	100.00%	6,568,729	1,726,489	0	17,743
Cerutil - Cerâmicas Utilitárias, SA	PT	100.00%	17,527,538	5,314,464	9,879,393	-403,456
Faianças Artísticas Bordalo Pinheiro, SA	PT	86.14%	19,789,441	7,156,553	7,341,417	365,653
Faianças da Capôa - Indústria Cerâmica, SA	PT	100.00%	3,170,846	2,604,745	0	30,220
Mexicova, SA	MX	100.00%	357,476	-19,126	61,684	16,086
Ria Stone Fábrica de Louça de Mesa em Grés, SA	PT	100.00%	49,049,061	23,202,344	25,403,724	3,177,585
Ria Stone II, SA	PT	100.00%	50,000	50,000	0	0
Shree Sharda Vista Alegre Private Limited	IN	50.00%	389,652	116,285	0	0
VA - Vista Alegre España, SA	ES	100.00%	4,199,689	-883,592	4,111,178	183,556
VAA Brasil - Comércio, Importação e Exportação, SA	BR	98.03%	1,583,728	1,774,920	1,458,766	-1,607,343
VAA I.I. – Sociedade Imobiliária, SA	PT	100.00%	57,682	41,823	0	-1,178
Vista Alegre Atlantis Moçambique, Lda	MZ	99.00%	348,005	106,387	130,031	-117,664
Vista Alegre Atlantis UK LTD	UK	100.00%	1,477	-325,891	0	-11,227
Vista Alegre Atlantis, SA	PT	100.00%	145,711,771	35,552,931	72,612,711	-3,580,096
Vista Alegre France, SAS	FR	100.00%	886,191	-339,222	646,832	-280,966
Vista Alegre USA Corporation	USA	100.00%	1,003,782	-948,962	1,849,079	-402,176

The shares on companies directly belonging to Grupo Vista Alegre as well as the loans granted are measured at the purchase cost, deducting the impairments. On the 31<sup>st</sup> December 2020 and 2019 this heading was as follows:

Financial Investments - Subsidiary Companies					Balance sheet value	
Companies	% of Participation	Cost	Obtained loans	Impairments	31-12-2020	31-12-2019
Cerutil - Cerâmicas Utilitárias, SA	100.00%	48,500,000	0	6,065,870	42,434,130	48,500,000
Vista Alegre Atlantis, SA	100.00%	160,457,329	0	33,761,433	126,695,896	124,625,575
Faianças da Capôa - Indústria Cerâmica, SA	100.00%	8,854,399	2,025,523	7,391,295	3,488,627	3,488,627
Cerexport - Cerâmica de exportação, SA	100.00%	32,204,319	0	30,474,913	1,729,406	2,758,331
Ria Stone Fábrica de Louça de Mesa em Grés, SA	100.00%	5,743,567	1,276,107	0	7,019,674	7,019,674
Ria Stone II, SA	100.00%	50,000	0	0	50,000	0
VAA I.L. – Sociedade Imobiliária, SA	100.00%	50,000	0	0	50,000	50,000
<b>Total Portugal</b>		<b>255,859,614</b>	<b>3,301,630</b>	<b>77,693,512</b>	<b>181,467,732</b>	<b>186,442,208</b>
VA - Vista Alegre Espanha, SA	100.00%	6,030,973	3,185,050	0	9,216,023	5,887,728
Vista Alegre Atlantis Moçambique, Lda	99.00%	76,000	459,031	377,756	157,275	157,275
Mexicova, SA	100.00%	6,664	0	0	6,664	6,664
Vista Alegre Atlantis UK LTD	100.00%	125	0	338,978	-338,853	-338,853
Vista Alegre France, SAS	100.00%	30,000	0	0	30,000	30,000
Vista Alegre USA Corporation	100.00%	38,084	0	92,332	-54,248	-54,248
<b>Total</b>		<b>262,041,460</b>	<b>6,945,711</b>	<b>78,502,578</b>	<b>190,484,593</b>	<b>192,130,774</b>

Subsidiaries

The movement of this item for the year ending on the 31<sup>st</sup> of December 2020 is as follows:

Impairment of Financial Investment				
Companies	% of Participation	31-12-2019	Impairment / Reversion in 2020	31-12-2020
Cerutil - Cerâmicas Utilitárias, SA	100.00%	48,500,000	-6,065,870	42,434,130
Vista Alegre Atlantis, SA	100.00%	124,625,575	2,070,320	126,695,896
Faianças da Capôa - Indústria Cerâmica, SA	100.00%	3,488,627	0	3,488,627
Cerexport - Cerâmica de exportação, SA	100.00%	2,758,331	-1,028,925	1,729,406
Ria Stone Fábrica de Louça de Mesa em Grés, SA	100.00%	7,019,674	0	7,019,674
Ria Stone II, SA	100.00%	0	0	50,000
VAA I.L. – Sociedade Imobiliária, SA	100.00%	50,000	0	50,000
<b>Total Portugal</b>		<b>186,442,208</b>	<b>-5,024,475</b>	<b>181,467,732</b>
VA - Vista Alegre Espanha, SA	100.00%	5,887,728	3,328,295	9,216,023
Vista Alegre Atlantis Moçambique, Lda	99.00%	157,275	0	157,275
Mexicova, SA	100.00%	6,664	0	6,664
Vista Alegre Atlantis UK LTD	100.00%	-338,853	0	-338,853
Vista Alegre France, SAS	100.00%	30,000	0	30,000
Vista Alegre USA Corporation	100.00%	-54,248	0	-54,248
<b>Total Subsidiaries</b>		<b>192,130,774</b>	<b>-1,696,180</b>	<b>190,484,593</b>
Other financial investments		110,741	1,846	112,587
<b>Overall Total</b>		<b>192,241,515</b>	<b>-1,694,334</b>	<b>190,597,180</b>

Ria Stone II, SA, society of Portuguese law, based in Ílhavo, constituted in 2020, whose object consists in the production of tableware and domestic articles in stoneware, trade of articles stoneware, faience and ceramics.

## Impairment tests

During 2020 and 2019, the methods and assumptions used for impairment analysis in subsidiaries, which according to the Board of Directors are the most adequate to the current situation, are as follows:

Impairment testing assumptions 2020	Portugal	Brazil	Spain	U.S.A.	Mozambique	France
Method used	Updated cash flow methods					
Base used	Projection of results for the next 5 years					
Growth sales in N+1 (2021)	5.69%	-48.58%	5.00%	7.30%	141.05%	10.00%
CAGR sales 2021-2025	3.53%	19.40%	3.98%	5.80%	3.98%	7.92%
Perpetuity growth rate	1.52%	3.25%	1.69%	2.22%	5.50%	1.61%
WACC used in perpetuity	5.30%	12.01%	4.97%	3.67%	17.10%	3.66%

Impairment testing assumptions 2019	Portugal	Brazil	Spain	U.S.A.	Mozambique	France
Method used	Updated cash flow methods					
Base used	Projection of results for the next 5 years					
Growth sales in N+1 (2020)	12.00%	5.00%	5.00%	14.20%	16.30%	20.00%
CAGR sales 2020-2024	6.20%	8.80%	6.30%	7.00%	5.10%	15.00%
Perpetuity growth rate	1.90%	3.49%	1.77%	2.29%	5.50%	1.69%
WACC used in perpetuity	6.02%	15.08%	5.93%	4.68%	17.49%	4.64%

The subsidiaries were evaluated using the free *cash flow* method discounted based on the *business plans* covering a 5 year period, considering a perpetuity from the fifth year on, developed by the managers of those subsidiaries and duly approved by the Board of Directors.

Financial projections are prepared based on assumptions regarding the evolution of the activity of cash-generating units (and respective cash-generating units), which the Board of Directors considers to be consistent with the company's history and market trends, being reasonable, prudent and reflecting their vision. In addition, whenever possible, market data obtained from external entities were considered, which were compared with historical data and the Company's experience.

Discount rates used reflect the level of indebtedness and the cost of debt capital for the Grupo Vista Alegre, as well as the level of risk and profitability expected by the market. In addition, it should be noted that, in determining the discount rates, the component regarding the interest rate of a risk-free asset, has for reference the interest rate of the ten year sovereign obligations of the countries in question, according to the market in particular. The discount rates used also include a market risk premium.

The perpetuity growth rate is estimated based on analysis of the market potential of each cash-generating unit, based on the Board of Directors' expectations and in indicators published in international databases.

The aforementioned assumptions were quantified based on historical data, as well as on the expectations of the Board of Directors and its subsidiaries. However, such assumptions may be affected by phenomena of a political, economic or legal nature that at present are unpredictable.

During the fiscal year ended on the 31<sup>st</sup> December 2020, as a result of the impairment analysis carried out, based on aforementioned methods and assumptions, the Board of Directors proceeded to the creation of impairments on financial investments in the amount of 1,694,334 euros.

The financial investment item is constituted by small investments in companies that are not considered to be associated companies and have been classified as available financial assets for sale.

The financial assets available for sale were measured at the cost of investing in unlisted companies, and whose fair value cannot be reliably measured.

The composition of the financial investment item on 31<sup>st</sup> December 2020 and 2019 is as follows:

Other financial investments	31-12-2020	31-12-2019
Imerys Ceramics Portugal, SA	59,675	57,829
VAA - Empreendimentos Turísticos, SA	45,089	45,089
Centro Tecnológico da Cerâmica e do Vidro	5,986	5,986
Other participations	1,838	1,838
	<b>112,587</b>	<b>110,741</b>

Moreover, during 2020 this heading is as follows:

<b>31<sup>st</sup> December 2019</b>	<b>110,741</b>
Impairments/Reversals - capital holdings in other companies	1,846
<b>31<sup>st</sup> December 2020</b>	<b>112,587</b>

During 2020 were recorded impairments and reversals for the shares on other companies, amounting to 1.846 Euros.

## 8. Tangible fixed assets

In 2020 and 2019, the Company presents an amount of 155,531 Euros and 171,777 Euros, respectively, of tangible fixed assets distributed as follows:

	Buildings	Transport equipment	Total
<b>Financial year 2020</b>			
Initial net amount	86,227	85,550	171,777
Acquisitions			0
Depreciations in the financial year	-2,373	-13,873	-16,246
<b>Final net amount</b>	<b>83,854</b>	<b>71,677</b>	<b>155,531</b>

	Buildings	Transport equipment	Total
<b>Financial year 2019</b>			
Initial net amount	88,601	99,423	188,023
Acquisitions			0
Depreciations in the financial year	-2,373	-13,873	-16,246
<b>Final net amount</b>	<b>86,227</b>	<b>85,550</b>	<b>171,777</b>

## 9. Income taxes and deferred taxes

The detail of "Deferred taxes", with reference to the periods ended in 2020 and 2019 is as follows:

Temporary differences	Base	Assets	Liabilities	Net Effect	Impact DR Dr/(Cr)
<b>Balance on the 1<sup>st</sup> January 2019</b>	737,116	165,851		165,851	
<b>Net year movement</b>					
Retirement benefits	-1,403	-316		-316	316
				<b>-316</b>	<b>316</b>
<b>Balance on the 31<sup>st</sup> December 2019</b>					
Retirement benefits - without constituted fund	735,713	165,535		165,535	
		<b>165,535</b>	<b>0</b>	<b>165,535</b>	
<b>Net year movement</b>					
Retirement benefits	-9,018	-2,029		-2,029	2,029
		<b>-2,029</b>	<b>0</b>	<b>-2,029</b>	<b>2,029</b>
<b>Balance on the 31<sup>st</sup> December 2020</b>					
Retirement benefits - without constituted fund	726,695	163,506		163,506	
		<b>163,506</b>	<b>0</b>	<b>163,506</b>	

Moreover, the income tax of 2020 and 2019 was determined as follows:

**Impact on the Income Statement - Income tax**

	31-12-2020	31-12-2019
Current tax	334,985	462,845
Deferred tax	-2,029	-316
	<b>332,956</b>	<b>462,529</b>

Grupo Vista Alegre, to which belongs Vista Alegre Atlantis, SGPS, S.A., was included since 2014 in the fiscal scenario of Grupo Visabeira, under the *Regime Especial de Tributação dos Grupos de Sociedades* [Special Regime of Taxation of Groups of Companies].

The table below presents the reconciliation between the nominal and the effective tax rate over the income during 2020 and 2019:

	3-12-2020	31-12-2019
Results before taxes	-3,830,129	11,377,456
Nominal rate of tax on profits	21%	21%
Tax rate - 21%	804,327	-2,389,266
Permanent differences:		
- Dividends	0	462,000
- Corrections of previous years	-12,704	0
- Asset variations	0	174,834
Reversal of impairments	-356,198	2,254,902
- Other	-90,648	-32,143
- Autonomous taxation	-9,793	-7,483
<b>Total current tax</b>	<b>334,986</b>	<b>462,846</b>
Deferred tax	-2,029	-316
<b>Income tax for the financial year</b>	<b>332,956</b>	<b>462,529</b>
Effective rate	-9%	4%

## 10. Accounts receivable and others

On 31<sup>st</sup> December 2020 and 2019, this item presents itself as shown:

	31-12-2020	31-12-2019
Customers and income increases	1,549,643	801,000
Debtors and prepaid expenses	50,573,750	45,719,898
	<b>52,123,393</b>	<b>46,520,899</b>

	31-12-2020	31-12-2019
<b>Customers and related parties (Note 24):</b>		
Vista Alegre Atlantis, S.A.	171,400	60,600
Faianças da Capoa, LDA	619	619
	<b>172,019</b>	<b>61,219</b>
<b>Debtors and prepaid expenses</b>		
<b>Other Grupo operations and related parties (Note 24)</b>		
Cerexport, S.A.	28,945	471,603
Cerutil, S.A.	3,785,447	4,152,108
NCFGest, S.A. (RETGS)	342,331	0
Grupo Visabeira, S.A. (RETGS)	470,328	470,328
Ria Stone, SA	26,916	11,180
Vista Alegre Atlantis, S.A.	45,277,295	39,656,181
Visabeira Industria, SGPS, S.A	8,520	8,520
Vista Alegre Atlantis UK LTD	52,545	51,423
Vista Alegre USA Corporation	785	785
VAA I.I.- Sociedade Imobiliária, S.A.	16,561	15,061
Vista Alegre France, S.A.S	715,998	431,409
Vista Alegre Espana, S.A.	905,000	905,000
<b>Other extra Grupo and related parties</b>	<b>320,704</b>	<b>286,082</b>
<b>Total accounts receivable and others</b>	<b>52,123,393</b>	<b>46,520,899</b>

The balances of “Other Group and related party operations” are mostly related to amounts of loans to subsidiaries.

## 11. Share capital, treasury shares, issue premium and supplementary benefits

The authorized share capital of common shares is 167.650.060 book-entry shares with a nominal value of € 0.80 per share. All shares issued are taken.

	No of shares (thousands)	Common Turnover	Common Prize	Treasury Turnover	Treasury Prize	Total
31 <sup>st</sup> December 2018 and 2009	145,040,000	29,008,000	0	-1,000	-1,000	29,006,000
On 30 <sup>th</sup> June 2010	145,040,000	11,603,000	0	-1,000	-1,000	11,601,000
On 31 <sup>st</sup> December 2016	1,156,348,000	92,507,840	0	-1,000	-1,000	92,505,840
On the 31 <sup>st</sup> December 2017	1,524,091,463	121,927,317	22,064,591	-1,000	-1,000	143,989,908
On the 31 <sup>st</sup> December 2018	152,409,146	121,927,317	24,280,229	-1,000	-1,000	146,205,546
On the 31 <sup>st</sup> December 2019	167,650,060	134,120,048	25,112,774	-1,000	-1,000	159,230,822
On 31 <sup>st</sup> December 2020	167,650,060	134,120,048	25,112,774	-1,000	-1,000	159,230,822

On the 12<sup>th</sup> of December 2019 Vista Alegre Atlantis, SGPS, SA carried out a capital increase through new cash inflows, suppressing the shareholders' pre-emptive rights, in the amount of 12,192,731.20 euros, which resulted in a change in the capital of Vista Alegre from 121,927,316.80 euros to 134,120,048.00, by issuing 15,240,914 new shares, with a nominal value of 0.80 euros each, as timely communicated to the market, in the context of which the following relevant transaction took place for

the purposes of article 248-B of the Securities Code and Regulation (EU) No. 596/2014, of the European Parliament and of the Council, of the 16<sup>th</sup> of April 2014:

- For the purpose of physically settling the new shares to be issued by the Company following the full subscription on the 5<sup>th</sup> of December 2019 of the Capital Increase, Visabeira Indústria SGPS, SA, delivered to the settlement agent, on the 9<sup>th</sup> of December 2019, 15,240,914 shares representing the share capital and voting rights of Vista Alegre Atlantis, SGPS, SA in its ownership, with a view to their transmission to investors who subscribed Vista Alegre shares in the scope of the Capital Increase;
- Having verified the physical settlement of said subscription offer, Visabeira Indústria, SGPS, SA was subrogated to the right to receive the 15,240,914 new shares representing the share capital and voting rights of VAA issued by it following the Increase of Capital subject to commercial registration on the 11<sup>th</sup> of December 2019, to be delivered by Vista Alegre Atlantis, SGPS, SA to Visabeira Indústria, SGPS, SA once issued and admitted to trading on the regulated market Euronext Lisbon and as a result of which it will return to holding 137,965,420 shares representing the share capital and voting rights of Vista Alegre Atlantis, SGPS, SA;
- Despite Visabeira Indústria, SGPS, SA maintaining the ownership of 137,965,420 shares representing the share capital and voting rights of Vista Alegre as a result of the aforementioned, as a result of the capital increase (with the purpose, among others, of diversification VAA shareholder base) and of Visabeira Indústria not subscribing to any new shares in this scope, its qualified shareholding in VAA has been reduced to 82.29% of VAA's share capital and voting rights, with reference to the share capital of VAA 134,120,048.00 euros represented by 167,650,060 shares after the Capital Increase.

Additionally, the aforementioned capital increase resulted in cash inflows of a total amount of 15,240,914 euros, thus determining an issue premium of 3,048,183 euros, a value that made it possible to reach an accumulated amount of 24,280,229 euros of issue premiums. Costs were also reported for the entire capital increase process with legal and financial advice, among others, in the amount of approximately 833,000 euros, which were deducted from the amount of the capital increase.

Therefore, they are attributable to Grupo Visabeira, S.A. 85.60% of the share capital and voting rights of Vista Alegre, corresponding to 143,513,837 shares representing the share capital of Vista Alegre Atlantis, SGPS, SA, after the Capital Increase and the transfer of shares mentioned above.

This qualified holding in Vista Alegre Atlantis, SGPS, S.A. is also attributable to the company NCFGEST, S.A. (84.1%) and Fernando Campos Nunes (since he holds the entire share capital and voting rights of NCFGEST, S.A.).

On 31<sup>st</sup> December 2019, the Company held 110 company shares in its portfolio, valued at the price of 0.80 euros each. The premium paid per share was 1.687 euros. The total amount paid for share acquisition was 1,854 euros and this was deducted from equity.

Additionally, as of 31<sup>st</sup> December 2019 supplementary payments were made by the shareholder Visabeira Indústria, SGPS, S.A. in the amount of 38,181,653 euros. These supplementary payments are reimbursable while this operation reduces its own Company capital to a value lower than the sum of the social capital and its legal reserve

## 12. Reserves and Retained earnings

The movement occurred in the items of “Reserves and retained earnings” in the periods ended in 2020 and 2019 was the following:

	Results of Previous Years	Other Reserves	Total
<b>Balance on the 1<sup>st</sup> January 2019</b>	<b>-53,990,505</b>	<b>17,404,799</b>	<b>-36,585,706</b>
Result for the previous financial year	16,461,728	0	16,461,728
<b>Balance on the 31<sup>st</sup> December 2019</b>	<b>-37,528,776</b>	<b>17,404,799</b>	<b>-20,123,977</b>
Result for the previous financial year	11,839,985	0	11,839,986
<b>Balance on the 31<sup>st</sup> December 2020</b>	<b>-25,688,791</b>	<b>17,404,799</b>	<b>-8,283,991</b>

## 13. Debts to credit institutions and other loans

The loans on periods ended on 31<sup>st</sup> December 2020 and 2019 had the following expression:

	31-12-2020	31-12-2019
<b>Non-Current Liabilities</b>		
Bank loans	49,990,291	49,357,519
Leasings	37,257	58,790
	<b>50,027,548</b>	<b>49,416,309</b>
<b>Current Liabilities</b>		
Bank loans	1,000,000	1,125,000
Leasings	17,591	16,983
	<b>1,017,591</b>	<b>1,141,983</b>
	<b>51,045,139</b>	<b>50,558,292</b>

Bank loans have the following characteristics and the following maturity schedule:

Credit institutions	Interest rate on 31-12-2019	Total nominal value	2021	2022	2023	2024 and followings
Obligations - Institutional investors	4.50%	44,091,262	0	0	0	44,091,262
<i>Nominal value</i>		<i>45,000,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>45,000,000</i>
<i>Amortised cost</i>		<i>-908,738</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-908,738</i>
Obligations - Banco BPI	3.50%	4,899,029	0	1,224,757	1,224,757	2,449,515
<i>Nominal value</i>		<i>5,000,000</i>	<i>0</i>	<i>1,250,000</i>	<i>1,250,000</i>	<i>2,500,000</i>
<i>Amortised cost</i>		<i>-100,971</i>	<i>0</i>	<i>-25,243</i>	<i>-25,243</i>	<i>-50,485</i>
Banco do Brasil	3.50%	2,000,000	1,000,000	1,000,000	0	0
Leasings	3.50%	54,848	17,591	16,983	17,590	2,684
<b>Overall Total</b>		<b>51,045,139</b>	<b>1,017,591</b>	<b>2,241,740</b>	<b>1,242,347</b>	<b>46,543,461</b>

**Banco do Brasil:** Loan in the amount of 2 million euros, to improve cash flow, annual reimbursement of 1 million euros, with the due date on October 2022, and with customer receivables belonging to Grupo Vista Alegre.

**Bond loan** in the amount of 50 million euros issued in two instalments: i) an instalment issued in MARF (“*Mercado Alternativo de Renta Fija*” (Madrid, Spain) in the amount of 45 million euros, taken by several institutional investors, starting on 21/10/2019 for 5 years and with a total bullet in October 2024 and ii) a second instalment of 5 million euros starting on 21/10/2019 and maturing on 21/10/2024 with constant annual settlements ( 25%) of capital as of the 31st January 2020, subscribed by *Banco BPI*.

**(2) The guarantees and other conditions for the bond loan contracted in October 2019 and reviewed in June 2020:**

**Security Agreement:**

- Vista Alegre Atlantis SGPS, SA pledged Ria Stone’s shares and rights (*4,550,000.00 shares with a nominal value of 1 euro each, representing 100% of Ria Stone's share capital*)
- The pledge on the shares was granted as a commercial pledge under the Commercial Code and the Commercial Pledge Law.
- Vista Alegre Atlantis SGPS, SA gave as guarantee for the timely fulfilment of obligations, any right to receive in cash or any other assets of Ria Stone, including interest (accumulated or capitalized), as a result of the provision of ancillary instalments, supplementary payments, supplies, other subordinated loans, other forms of equity, quasi-equity or other forms of cash or kind financing provided to Ria Stone, as the case may be, carried out after the date of the agreement’s signature.
- Vista Alegre Atlantis SGPS, SA made a commercial pledge, under the terms of the Commercial Code and the Commercial Pledge Law, on the rights of existing credit balances in Ria Stone's bank account.

- *Bordalgest, SA.; Cerexport – Cerâmica de Exportação, SA; Cerutil - Cerâmicas Utilitárias, SA; Faianças Artísticas Bordalo Pinheiro, SA; Faianças da Capôa – Indústria Cerâmica, SA; Ria Stone, Fábrica de Louça de Mesa em Grés, SA; and Vista Alegre Atlantis, SA* companies jointly guarantee the timely fulfilment of all obligations guaranteed by *Vista Alegre Atlantis SGPS, SA.*

The guarantees granted under this contract are created jointly and are interconnected, and it is determined that the recoverable amounts are limited to the maximum amount of 60,000,000.00 euros.

### **Commitments (Other):**

Vista Alegre Atlantis SGPS, SA undertakes, in accordance with the provisions of the Bond Loan contract to comply with certain financial conditions, to be periodically calculated based on its consolidated financial statements as follows:

- The Net Debt / EBITDA ratio is equal to or less than:

2019	31/12/2019: 3.75x
2020	30/06/2020: 6.00X
	31/12/2020: 6.00X
2021	30/06/2021: 3.00x
	31/12/2021: 3.00x
2022	30/06/2022: 2.75x
	31/12/2022: 2.75x
2023	30/06/2023: 2.50x
	31/12/2023: 2.50x

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company saw the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October 2019 approved by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30<sup>th</sup> of June 2020 and on the 31<sup>st</sup> of December 2020 will be 6x. This ratio returns to the previous figures as of the 30<sup>th</sup> of June 2021.

- That its Net Equity over Net Equity plus the Total Consolidated Debt is equal to or greater than 23 (twenty-three) percent.

- **Ensure that no dividends or remuneration in shares**, under any form (including repayment of loans to shareholders and capital reduction) is proposed by the Board of Directors of VAA, SGPS, S.A. if the Net Debt/EBITDA ratio is equal to or greater than:

2019	31/12/2019: 3.75x
2020	30/06/2020: 6.00X
	31/12/2020: 6.00X
2021	30/06/2021: 3.00x
	31/12/2021: 3,00x
2022	30/06/2022: 2.75x
	31/12/2022: 2,75x
2023	30/06/2023: 2.50x
	31/12/2023: 2,50x

#### 14. Accounts payable and other debts

The item “Accounts payable and other debts” on 31<sup>st</sup> December 2020 and 2019 has the following composition:

	31-12-2020	31-12-2019
<b>Current Liabilities</b>		
Suppliers	52,642	449,842
Suppliers related companies (Note 24)	1,553,268	473,388
Associated and related companies (Note 24)	2,971,884	2,097,204
Creditors and accrued expenses	1,980,882	2,901,499
	<b>6,558,676</b>	<b>5,921,933</b>

The item “Creditors and accrued expenses – current liabilities” as shown in the following:

<b>Creditors and accrued expenses</b>	31-12-2020	31-12-2019
Accrued expenses	1,216,213	2,130,303
Other creditors	764,669	771,195
	<b>1,980,882</b>	<b>2,901,499</b>

The item “Accrued expenses on 31<sup>st</sup> December 2020 and 2019 as shown in the following:

<b>Accrued expenses</b>	31-12-2020	31-12-2019
Interests	1,022,053	1,368,480
Other	194,161	761,823
	<b>1,216,213</b>	<b>2,130,303</b>

The variation in the accrual of interest arises from the amount of interest payable associated with the bond loan.

The maturity of the amounts in this item “Suppliers” present itself as shown in the following table:

Suppliers	Months				Total Overdue	Total Not due	Total
	0 - 6	6 - 12	12 - 18	> 18			
2019	208,064	205,822	226	9,236	423,349	26,493	449,842
2020	35,648	7,392	175	7,774	50,990	1,652	52,642

## 15. Provisions

### Provisions for retirement pensions

The detail and movement on this item on 31<sup>st</sup> December 2020 and 2019 is as follows:

	31-12-2020	31-12-2019
Initial balance on the 01 <sup>st</sup> January	735,713	737,116
Reinforcement/(reversal) of provision	42,349	49,964
Payments made	-51,367	-51,367
	<b>726,695</b>	<b>735,713</b>

On the 31<sup>st</sup> December 2020, the amount of retirement pension liabilities relates to a provision related to retirement supplements of a former director of Grupo Vista Alegre, in the total annual amount of 727 thousand euros (on 31<sup>st</sup> December 2019: 736 thousand euros).

On 31<sup>st</sup> December 2020 and 2019, the Company maintains a recognized provision, related to the complementation of the retirement pension of a Grupo Vista Alegre former director, based on the accounting calculation performed by the entity Futuro, Sociedade Gestora de Fundos de Pensões, S.A., approximately in the amount of 727 thousand euros and 736 thousand euros, respectively. On December 2014, the Supreme Court condemned VAA – Vista Alegre Atlantis SGPS, S.A. to pay a complementation of the life retirement pension to a former administrator, in the total annual amount of 230,923.38 euros, to pay in 12 monthly instalments in the amount of 19,243.62 euros each, updatable annually according to the official inflation index, having already been paid the amounts due until February 2018, in accordance with the settlement concluded between the parties.

From February 2018, considering the analysis and position of the Grupo Vista Alegre legal advisors, the amount of the complementation of the retirement pension assigned to the former administrator was reduced (from 20.8 thousand euros to 7.5 thousand euros) under certain legal provisions, in particular

the provision which prohibits commercial companies the award of pensions to an administrator higher than the high remuneration of the administrator with executive functions.

During the period of 2018, was delivered by the former administrator, an executive application related to the payment of the difference between the amount that the Vista Alegre Atlantis SGPS, S.A. was ordered to pay and the amount effectively paid from February 2018, having the Company presented an appeal to court decision.

On the 31<sup>st</sup> of December 2020, the Lisbon Court issued a judgment dismissing the appeal filed, so an appeal was lodged with the Supreme Court of Justice in which, with effect on the reporting date, the case is waiting for the “training of judges” to decide whether the exceptional review of the case is admissible or not.

The provision constituted on 31<sup>st</sup> December 2020 approximately to the amount of 727 thousand euros, is the best estimate of the Company’s Board of Directors with respect to future expenditures with the complementation of the retirement pension to that former administrator.

Additionally, the Company maintains a security deposit to cover the legal process in progress, in the amount of 294 thousand euros.

## 16. State and other public entities

On 31<sup>st</sup> December 2020 and 2019, the composition of this item is as follows:

	31-12-2020		31-12-2019	
	Asset	Liabilities	Assets	Liabilities
Income tax	1,000	0	1,000	0
IRS/IRC withholdings made to third parties	0	0	11,120	0
Value-added tax (IVA)	0	26,362	43,408	0
Social security contributions	0	18,786	0	13,197
	<b>1,000</b>	<b>45,148</b>	<b>55,528</b>	<b>13,197</b>

## 17. Services rendered

On 31<sup>st</sup> December 2020 and 2019, the composition of this item is as follows:

	Note	31-12-2020	31-12-2019
Services rendered	24	720,194	720,000
		<b>720,194</b>	<b>720,000</b>

## 18. Services provided

On 31<sup>st</sup> December 2020 and 2019, the composition of this item is as follows:

	31-12-2020	31-12-2019
Office Supplies	5	0
Advertising	0	49,001
Other Services	90,564	17,034
Insurance	54,162	51,145
Litigation and notaries	1,040	1,979
Vehicles	673	688
Representation expenses	640	0
Travels and stays	1,332	1,526
Specialised works	351,263	59,556
Energy and other fluids	26	0
	<b>499,706</b>	<b>180,928</b>

## 19. Personnel costs

On 31<sup>st</sup> December 2020 and 2019, the composition of this item is as follows:

	31-12-2020	31-12-2019
Administration and corporate bodies' remunerations	653,244	551,167
Charges with administration and corporate bodies remunerations	142,673	128,784
Other staff costs	6,096	3,354
<b>Total</b>	<b>802,013</b>	<b>683,305</b>

	31-12-2020	31-12-2019
Average number of paid directors	13	12

## 20. Other operating income and costs

On 31<sup>st</sup> December 2020 and 2019, the composition of this item is as follows:

	31-12-2020		31-12-2019	
	Costs	Income	Costs	Income
Costs and income relating to previous years	12,370	0	0	0
Fines and penalties/contract benefits	75	0	0	0
Commissions and other bank expenses	8,574	0	10,978	0
Taxes	40,090	0	65,017	0
Currency exchanges differences	4,884	1,974	5,020	9,695
Offering	0	0	42,500	0
Other operating expenses and profit	33,219	1,783	9,257	1,359
	<b>99,212</b>	<b>3,757</b>	<b>132,772</b>	<b>11,054</b>

In 2019, the item “Offering” corresponds to the amount of the charges borne by the Company and which were recharged to the parent company Visabeira Indústria, SGPS, S.A., as it was also involved in the VAA, SGPS, S.A. capital increase and dispersion process which occurred at the end of 2018 and would eventually be abandoned.

## 21. Financial results

On 31<sup>st</sup> December 2020 and 2019, the composition of this item is as follows

	31-12-2020	31-12-2019
Interest with loans	-2,769,324	-1,966,833
Dividends	0	2,200,000
Interest obtained	1,369,104	739,782
	<b>-1,400,220</b>	<b>972,949</b>

On the 31<sup>st</sup> December 2020 and 2019, there are no capitalized loans on fixed assets.

In 2019 the amount recognized as dividends was award and paid by Cerutil, S.A..

## 22. Contingencies

Vista Alegre Atlantis, SGPS has contingent liabilities related to bank guarantees and different nature guarantees, as well as other contingencies related to its business activity. We don't expect any significant losses arising from contingent liabilities.

The amount of guarantees provided to cover financial commitments not included in the Consolidated Financial Statement is 51 million euros and 45.6 million euros on the 31<sup>st</sup> December 2020 and 2019, respectively.

## 23. Financial Risk Management

In the company Vista Alegre Atlantis, SGPS, S.A., the main financial liabilities are loans obtained from banks, commercial payables and other accounts payable. Financial liabilities are incurred in order to finance the Company's operations, namely the Companies' Group working capital and investments in expansion and maintenance of production capacity.

VAA, SGPS, S.A. is basically exposed to market risk, credit risk and liquidity risk.

- **Market risk**

Market risk is the fair value risk of future cash flows fluctuating due to changes in market prices. Market risk encompasses three types of risk: interest rate risk, currency risk, and other price risks.

- **Exchange risk**

VAA, SGPS, S.A. is not significantly exposed to the exchange risk, as its revenues are in euros, as well as the financial liabilities.

On the commercial payable accounts there are balances in a currency different from the euro, namely Pounds and American Dollars, but without relevant expression, as explained below:

Commercial accounts as other:

<u>Amount</u>	<u>Currency</u>
43,840	GBP
1,000	USD

- **Liquidity risk**

VAA, SGPS, S.A. carries out a liquidity risk management in order to ensure the assets funding according to maturity delays, adequate rates and adequate settlement of its financial compromises.

The liquidity risk for VAA, SGPS, S.A. is not significant, as the receivable and payable accounts result almost all from related parties.

Liquidity risk is the risk that the Company and the Grupo will encounter difficulties in meeting commitments associated with financial instruments. This risk is the biggest that the Company and the Grupo have been exposed to. The Company, being part of the Grupo VAA, substantially improved its

financial conditions as a result of changes in the Grupo's shareholder structure, and the positive evolution of its operations, with operations involving the issuance of a bond loan and a capital increase in 2019 strongly contributed to the improvement of the financial strength of the Grupo Vista Alegre. Treasury and investments are managed by a global and centralized organization, which allows reducing cash flow risks, avoiding exposure to variations that may affect the companies' results.

Vista Alegre is obliged to comply with the financial covenants in connection with the issuance of the 50 million euros bond loan contracted in October 2019. In 2020, the Company negotiated the change of the financial debt covenant - Net Debt on Ebitda to a maximum limit of 6,0x. With reference to the impact of Covid19 on Grupo Vista Alegre generating Ebitda in 2020, which was also felt during the first months of 2021 as a result of the containment measures imposed, the Company will also promote, in line with what happened in the year 2020, a new change in the maximum limit of that contractual financial ratio, both for the purposes of measurement on the 30<sup>th</sup> of June 2021 and on the 31<sup>th</sup> of December 2021, taking into account that the Board of Directors' expectations regarding the Grupo's ability to achieve the financial ratio currently set for those periods (3x) are very slim.

- **Cash flow risk**

Global and centralized management of investments and treasury of all the Grupo's companies, allows for reducing cash flow risks, with no exposure to variations that may affect the results.

- **Interest rate risk**

External financing was contracted at the interest rate indexed to Euribor in the different maturities. These rates started to decrease on October 2008 as a result of the successive cuts in the European Central Bank's interest rate in response to the international financial crisis, which has led to a downward trend in recent years, in 2015 reached negative values and in 2020 the downward trend continued. On the other hand, the Company maintains several interest-bearing loans in force at a fixed and variable interest rate with its subsidiaries. In the case of financing, indexed to fixed remuneration, the company is not subject to the risk of variation in the short-term interest rate. It should be noted, however, that the rate can be revised annually by the company granting the loan in order to reflect adjustments resulting from market changes and in its own financing costs. If the average interest rate supported in 2020 had been 0.5 p.p. higher (lower), the net financial costs would have increased (reduced) by approximately 16 thousand euros.

Additionally, Vista Alegre, SGPS, SA issued guaranteed bonds in the amount of 45 million euros in 2019, with a fixed annual rate of 4.5% and maturity in October 2024, as well as guaranteed bonds in the amount of 5 million euros with an annual fixed rate of 3.5% and final maturity in October 2024. Thus, the Company ensured coverage of exposure to interest rate variations for 49% of total financial debt.

## 24. Transactions with related parties

The entities that held, on 31<sup>st</sup> December 2020 a qualifying holding in the VAA, SGPS, S.A. were:

### Structure of the Share Capital

Shareholder	Shares		(in euros)
	No of shares	% of voting rights	Accounting value
Grupo Visabeira, SGPS, SA (1)			
Directly (its own portfolio)	5,548,417	3.31%	4,438,733.60
Through Visabeira Indústria, SGPS, SA	137,965,770	82.29%	110,372,616.00
<b>Total attributable to Grupo Visabeira, SGPS, SA</b>	<b>143,514,187</b>	<b>85.60%</b>	<b>114,811,349.60</b>
Institutional investors	15,240,914	9.09%	12,192,731.20
<b>Total attributable to institutional investors</b>	<b>15,240,914</b>	<b>9.09%</b>	<b>12,192,731.20</b>
Caixa Geral de Depósitos, SA:			
Directly (its own portfolio)	4,188,830	2.50%	3,351,064.00
Through FCR Grupo CGD CAPITAL	987,364	0.59%	789,891.20
<b>Total attributable Caixa Geral Depósitos, SA</b>	<b>5,176,194</b>	<b>3.09%</b>	<b>4,140,955.20</b>
Free Float	3,718,655	2.22%	2,974,924.00
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>	<b>134,119,960.00</b>
Treasury shares	110	0.00%	88.00
<b>Total shares Vista Alegre Atlantis</b>	<b>167,650,060</b>	<b>100.00%</b>	<b>134,120,048.00</b>

(1) The majority shareholder of VISTA ALEGRE ATLANTIS SGPS, S.A., VISABEIRA INDÚSTRIA, SGPS, S.A., is totally owned by Grupo Visabeira, S.A., whose majority shareholder, NCFGEST, S.A., possesses 98.25%, being this last company totally owned by the individual partner Fernando Campos Nunes.

The transactions with the related parties were the following:

### Remuneration of the Corporate Bodies

	31-12-2020	31-12-2019
Salaries and other short-term benefits of the Management	601,877	499,800
Retirement pensions paid to former administrators	51,367	51,367
	<b>653,244</b>	<b>551,167</b>

The balances of assets and liabilities to related parties on 31<sup>st</sup> December 2020 and 2019 are as follows:

	31-12-2020	31-12-2019
<b>Assets</b>		
<b>Supplementary benefits</b>		
Vista Alegre España, S.A.	3,185,050	3,185,050
Faianças da Capôa-Ind.Cerâmica, S.A.	2,025,523	2,025,523
Ria Stone Fábrica de Louça de Mesa em Grés, S.A.	1,276,107	1,276,107
Vista Alegre Atlantis Moçambique, LDA	459,031	459,031
<b>Other operations</b>		
Vista Alegre Atlantis UK LTD	52,545	51,423
Cerutil, S.A.	3,785,447	4,152,108
Cerexport, S.A.	28,945	471,603
Vista Alegre Atlantis, S.A.	45,277,295	39,656,181
Visabeira Industria, SGPS, S.A	8,520	8,520
VAA I.I.- Sociedade Imobiliária, S.A.	16,561	15,061
Vista Alegre USA Corporation	785	785
Faianças da Capôa-Ind.Cerâmica, S.A.	342,331	0
Grupo Visabeira, S.A. (RETGS)	470,328	470,328
Vista Alegre Espana, S.A.	905,000	905,000
Vista Alegre França, S.A.S	715,998	431,409
	<b>58,549,466</b>	<b>53,108,130</b>
<b>Liabilities</b>		
Cerexport, S.A.	139	34
Vista Alegre Atlantis,SA.	19,139	22,500
Ria Stone Fábrica de Louça de Mesa em Grés, S.A.	2,500,000	1,637,320
Faianças da Capoa-In.Cerâmica,S.A.	484,402	460,372
Cerutil, S.A.	132,746	0
Empreendimentos Turisticos Montebelo, SA	232	0
Movida - Empreendimentos Turisticos, Lda	0	615
Creative Shots - Agência de Vomunicação, S.A.	61,500	0
Visabeira Industria, SGPS S.A.	893,179	14,302
Grupo Visabeira, S.A.	431,435	431,300
Visabeira Infraestruturas, LDA	2,380	4,149
	<b>4,525,152</b>	<b>2,570,592</b>

Transactions with related parties during the periods ended on 31<sup>st</sup> December 2020 and 2019:

	31-12-2020		31-12-2019		Dividends with related parties (INCOME)
	Purchases to related parties (COSTS)	Sales to related parties (INCOME)	Purchases to related parties (COSTS)	Sales to related parties (INCOME)	
<b>Grupo VA Companies</b>					
Cerexport, SA - Interests	0	8,919	105	8,472	0
Vista Alegre Atlantis, SA - Interests	0	1,210,015	1,919	702,390	0
Vista Alegre Atlantis, SA.	0	720,097	22,500	720,050	0
Vista Alegre França - Interests	0	19,916	0	11,681	0
Ria Stone, SA - Interests	41,467	27,012	520,190	0	0
Faianças da Capôa-Ind.Cerâmica.SA.- Interests	11,645	0	12,638	0	0
Cerutil-Cer. Utilitária, SA. - Interests	4,657	103,338	132,746	2,845	2,200,000
<b>Grupo Visabeira</b>					
Empreendimentos Turisticos Montebelo, SA	232	0	0	0	0
Grupo Visabeira, SA	43	0	0	0	0
Visabeira Infraestruturas, LDA	2,254	0	2,097	0	0
Zambeze - restauração, SA	640	0	0	28	0
Visabeira Industria, SGPS, SA - Interests	154,638	0	724,332	8,520	0
Visabeira Industria, SGPS, SA	39,520	0	102,500	0	0
Movida, SA	0	0	500	0	0
<b>Total</b>	<b>255,096</b>	<b>2,089,298</b>	<b>1,519,527</b>	<b>1,453,986</b>	<b>2,200,000</b>

## 25. Impacts of the Covid-19 pandemic

In March 2020, the new corona virus (a disease called Covid-19) was declared a pandemic by the World Health Organization (WHO). Prophylactic social isolation was put into practice in several countries, which contributed to the slowdown in the global economy as well as to the reduction in demand for ceramic goods, namely in the main markets where Vista Alegre operates, namely in Portugal and other European countries.

As a result of this unpredictable scenario, Vista Alegre Atlantis, SGPS, SA adopted a set of actions aimed at mitigating the impact of the pandemic on its financial position, which included a reduction in costs and investments and an increase in financial liquidity. Vista Alegre's management believes that it has adequate resources to continue its long-term operations, and as such, the principle of continuity is applied in preparing the separate and consolidated financial statements.

With the emergence, spread and infection of the new corona virus (Covid-19), several measures were taken to contain the virus with very significant estimated impacts on the Portuguese economy, as well as in other economies, namely, limitations on travel rights and closure of several facilities and establishments.

As a result of the population containment measures, people and companies were and are being forced to adapt to a new reality, transforming both work and social life.

In the uncertainty of this threat, it is essential that companies design and implement structured and efficient contingency plans in a timely manner that guarantee employee protection and business continuity or that, at least, mitigate the resulting effects.

In Vista Alegre Atlantis, SGPS, SA subsidiary companies, the greatest impact at the financial level was on sales, which suffered a sharp drop in the retail channel due to the closing of physical stores all over the world. The Private Label channel - which is based on the production and sale of pieces related to customer projects - had good sales behaviour, especially in the Oven Stoneware segment, showing considerable growth.

With the relocation of physical sales to the online channel, this showed an exponential increase in sales. For Vista Alegre, demand on the online channel has been quite high since the beginning of the pandemic. At the same time, Vista Alegre teams were able to adapt quickly and adapt to digital means. Business has become more digital, accelerating transformations, always seeking to satisfy customers' needs. All digital channels grew substantially with the emergence of Covid-19, reaching record values and, consequently, requiring a rapid response to adapt the responsiveness to customers' needs.

Grupo Vista Alegre Atlantis secured the contract of two important orders for the second half of 2020, in the amount of 16.2 million euros. At a time of considerable uncertainty in the global market, Vista

Alegre maintained its collaboration with major global brands, such as contracted operations, for example.

Another significant impact of the Covid-19 pandemic was the labour and human resources structure that had to adapt to a new way of working. The successive states of emergency in Portugal forced the various units of the Grupo to adopt preventive measures and support to business, such as simplified lay-off and a temporary reduction in the normal weekly working period (NWP). These measures led to the adoption of remote work in departments/posts where this could be done and the Grupo's employees have adapted very well. At a time when we are still undergoing a second lock down, we continue to emphasize these preventive measures and support for business as mentioned in Note 26.

Our main concern is, of course, the health and well-being of all our employees. In order to reinforce the protection of our employees and the continuity of our business, we activated a set of protection measures from an early stage: remote work, individual protection measures in the workplace, travel and visitor restrictions, restriction on events participation and meetings, as well as measures to reinforce hygiene in our facilities.

We are also committed to supporting our customers during the current public health crisis. At a time when many Portuguese are changing their habits and routines and working remotely, keeping our customers close is the main goal of Vista Alegre.

## 26. Subsequent events

Subsequent to the 31<sup>st</sup> December 2020, occurred the following events related to the Grupo Vista Alegre, which due to their importance must be highlighted in this annex:

As published for the market on the 5<sup>th</sup> of February 2021, the worsening of the epidemic situation in the country, together with the suspension of the retail trade activities of Vista Alegre and the closure of its stores, also determined the implementation of preventive and response measures by some of the subsidiaries of VAA - Vista Alegre Atlantis SGPS, S.A..

The increase of the contagion level registered at the Satão industrial plant of *Cerutil - Cerâmicas Utilitárias, S.A.*, in the stoneware segment, led to a 60% reduction of the normal working period of 97.8% of its employees (cf. Paragraph a) of article 5 of Decree-Law no. 46-A / 2020 of the 30<sup>th</sup> of July, as amended), to be in force during February, after which the operating rules of this production unit were reassessed.

Regarding the stoneware segment, in the Ria Stone, *Fábrica de Louça de Mesa em Grés, S.A.* production plant in Ílhavo, 1.82% of employees were, during February, reducing their normal working period by 30% (under the legal statute in reference). However, no production capacity and no IKEA orders/deliveries in volume for the customer is being affected.

These measures were added to the initiatives already carried out by *Vista Alegre Atlantis S.A.*, in the porcelain and crystal segments, and by *Faianças Artísticas Bordalo Pinheiro, S.A.*, in the earthenware segment, due to the suspension of the activity of VAA's national retail network (closing of stores). These subsidiaries resorted to the simplified lay-off measures (see paragraph a) of no 1 of the article 4, Decree-Law no. 10-G / 2020, of the 26<sup>th</sup> of March (as amended), and temporary reduction of the normal weekly working hour period (see paragraph a) of the article 5 of the aforementioned Decree-Law no. 46-A / 2020, of the 30<sup>th</sup> of July (as amended). The result was the temporary suspension of employment contracts for 12.5% of workers at *Vista Alegre Atlantis S.A.* and 1.75% of workers at *Faianças Artísticas Bordalo Pinheiro, SA.* (all workers assigned to the store network). The remaining workers of these subsidiaries are working full-time or with temporary reduction of their normal weekly working hour period (i.e. 14.02% of the employees of *Vista Alegre Atlantis S.A.* and 4.20% of the employees of *Faianças Artísticas Bordalo Pinheiro, S.A.*).

The measures that have been adopted contribute to maintain the workers' health, as well as to keep their jobs, contributing as well to a reduction of the operating expenses at VAA and its subsidiaries.

VAA will, with the caution required for this atmosphere of uncertainty, continue to monitor the impacts of the current public calamity situation arising from the COVID-19 pandemic. Moreover, it will adopt the relevant measures to maintain its business, to the extent possible within this context, and promote the resilience and sustainability of the Grupo, in particular through the temporary required adjustments to VAA production, in the event of suspension of commercial activity at stores in Portugal is prolonged - except in the on-line channels - and depending on the evolution of the pandemic situation and its legal framework in Portugal and in other countries in which VAA operates.

On the 4<sup>th</sup> of March 2021, it was published in the CMVM that Vista Alegre has already secured new supply contracts totalling more than 20 million euros for the second, third and fourth quarters of 2021. These values are added to the existing and dynamic order portfolio of its vast distribution network, which has shown a great deal of activity.

Europe is the main destination for these new supplies, with emphasis on France, Germany and the Scandinavian countries, but it should also be noted that a significant part (25%) goes to the Asian continent.

Vista Alegre also stands out for the resilience of its subsidiaries USA, Brazil, Spain and France, which are experiencing significant growth in their retail businesses.

Difficulty and reduction in sales continues to be the reason the chain of its own stores in Portugal remains closed and a very strong slowdown on the global level of sales in the Hotels and restaurants channel. In these channels, the Grupo expects to experience a recovery at the beginning of the second quarter.

These new supply contracts, together with the normal order portfolio, represent an important basis for the Grupo to be able to maintain an activity with good occupancy levels.

Under the terms and for the purposes of Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council and of Article 248-A of the Portuguese Securities Code, VAA - Vista Alegre Atlantis, SGPS, S.A. (“VAA” or “Society”) provides the following information to the market and the general public:

1– The current epidemic status of the country continues to require some VAA subsidiaries to continue with measures to prevent and respond to the pandemic situation.

2 - The continuing implementation of measures to control the level of infection recorded at the Satão industrial unit of Cerutil - Cermicas Utilitária, S.A., in the stoneware segment, continue to determine the temporary reduction in normal weekly working hours (NWH) by 40% for 98.15% of its employees (cf. paragraph a ) of article 5 of Decree-Law no. 46-A/2020 of the 30<sup>th</sup> of July, as amended), to be in force during March, after which the operating rules of this production unit will be reassessed.

3 – Should the current context of suspended activity for the national retail network of VAA (except in the online channels), an uncertainty regarding the plan to reopen the commercial activity continue, Vista Alegre Atlantis S.A., in the porcelain and crystal segments, and Faiança Artísticas Bordalo Pinheiro, S.A., in the faïence segment, decided to extend simplified lay-off measures (see paragraph a) of paragraph 1 of article 4 of Decree-Law no. 10-G / 2020, of the 26<sup>th</sup> of March, as amended) and temporary reduction of the NWH (according to the legal act referenced above), thus leading to extended temporary suspension of employment contracts those workers notified on the 5<sup>th</sup> of February, covering the month of March, around 10.81% of the Vista Alegre Atlantis S.A. employees and 1.64% of the Faianças Artísticas Bordalo Pinheiro, S.A. employees. (all workers assigned to the commercial network). The remaining workers of these subsidiaries are working full-time or with temporary reduction of their normal weekly working hour period (i.e. 45% of the employees of *Vista Alegre Atlantis S.A.* and 1.97% of the employees of *Faianças Artísticas Bordalo Pinheiro, S.A.* have reduced normal working hours).

5 - The production unit of Ria Stone, Fábrica de Louça de Mesa em Grés, S.A., in Ílhavo, in the stoneware table segment, resumed its full working regime starting the 1<sup>st</sup> of March.

6 - VAA will continue to monitor, with the caution the current context requires, the impacts arising from COVID-19, as well as adopt necessary measures to promote the continuity of its business and the resilience and sustainability of the Grupo.

On the 5<sup>th</sup> of April 2021, the latest prevention and support measures for the activity were published in the CMVM, in which the favourable development in the country's epidemic situation determined, although with some caution, the partial readjustment of prevention and response measures to the pandemic that have been adopted by some of VAA's subsidiaries.

In line with phasing in the deconfinement plan, and the partial reopening of VAA's national retail network activity of Vista Alegre Atlantis S.A. within the porcelain and crystal segments, only a minor percentage of workers, some 0.48%, will remain under a temporary suspension of employment contracts during the month of April 2021, (see paragraph a) of paragraph 1 of article 3 and paragraph 4 of article 20 of Decree-Law no. G / 2020, of March 26, as amended), instead of the approximately

10.81% recorded in March, with 83.16% of the workers in that unit finding themselves working full time or with a reduction in their normal working period (NWP) of less than 12.5% (see paragraph a) of paragraph 1 of article 5 of Decree-Law no. 46-A / 2020 of 30 July, with the changes introduced by Decree-Law nº 6-C/2021 of the 15<sup>th</sup> of January).

In the industrial units of Caldas da Rainha of *Faiança Artísticas Bordalo Pinheiro, S.A.*, in the faïence segment, and *Satão - Cerutil - Cerâmica Utilitária, S.A.* -, in the stoneware oven to tableware segment, all employees are working full-time or with a temporary reduction in the NWP (i.e. around 3.33% of the employees of *Faiança Artísticas Bordalo Pinheiro S.A.* and 90.23% of the employees of *Cerutil – Cerâmicas Utilitárias, S.A.* have a reduction of the NWP of only 12.5%).

The degree of uncertainty associated with surveying the phasing out of present lock down measures poses the need for continuous monitoring by VAA on the impacts arising from COVID-19 that may arise from it, adopting, at any moment, the relevant measures to promote business continuity and the Grupo's resilience and sustainability.

With reference to the impact of Covid19 on Grupo Vista Alegre generating Ebitda in 2020, which was also felt during the first months of 2021 as a result of the containment measures imposed, the Company will also promote, in line with what happened in the year 2020, a new change in the maximum limit of that contractual financial ratio, both for the purposes of measurement on the 30<sup>th</sup> of June 2021 and on the 31<sup>th</sup> of December 2021, taking into account that the Board of Directors' expectations regarding the Grupo's ability to achieve the financial ratio currently set for those periods (3x) are very slim.

## 27. Approval of the financial statements

These financial statements were approved by the Board of Directors on 30<sup>th</sup> April 2021.

Ílhavo, 30<sup>th</sup> April 2021



VISTA ALEGRE

1824



ANNUAL  
REPORT

2020



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## Management Report

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Dear Shareholders,

### 1. Introduction

Under current legislation, the Board of Directors of VAA-Vista Alegre Atlantis SGPS, S.A., (“Company”, “Society” or “Vista Alegre”), with this document, states how the social businesses were carried out during the financial year of 2020.

Thus, we elaborated and submit to the Shareholders’ approval this Consolidated Management Report and Consolidated Financial Statements, which include: the Consolidated Statement of Financial Position, the Consolidated Profit and Loss Statement by nature and Comprehensive Income, the Consolidated Statement of Changes in Equity, and the Consolidated Cash-flow Statement, all regarding the financial year, which coincides with the calendar year of 2020, as well as the corresponding Annexes. We included as well the description of the shares hold by the Corporate Bodies (article 447, no 5 of the CSC), the list of the Shareholders who own a capital share higher than 10% (article 448, no 4 of the CSC), and the listing of qualifying shares (article 6 of the CVM regulation no 11/2000 with the wording given by CVM Regulation no 24/2000).

### 2. Macro-economic scenario

In 2020, the economic activity in Portugal and in the rest of the world was profoundly affected by the spread of the SARS-CoV-2 virus, by measures to contain the pandemic and by the impact on the behaviour of economic agents.

In this context, the GDP is projected to decline by 8.1% in 2020, followed by growth of 3.9% in 2021, 4.5% in 2022 and 2.4% in 2023. The decrease in activity during 2020 is reflected in reduced domestic demand and exports, with a particularly negative contribution from exports of services (-4.8pp), in particular services related to tourism. The activity is expected to return to the pre-pandemic level by the end of 2022.

Imports of goods and services are projected to decrease by 14.4% during 2020 and to increase by 8.8% during 2021, 9.1% during 2022 and 5.1% during 2023. As with exports, imports of goods will recover faster than those of services, which remain highly limited to the development of tourism.

The current and capital account balance became negative during 2020, registering -0.6% of GDP, interrupting a cycle of external surpluses recorded since the previous crisis.

Within this context, economic prospects remain surrounded by high uncertainty, highly dependent on the evolution of the pandemic and on the speed and effectiveness of large-scale vaccination, conditioning the recovery of the economy. However, taking the most recent Eurosystem projections as a reference, the Portuguese economy is expected to grow above the euro area during the period 2022-23, which reflects a resumption of the gradual process of real convergence.

In the European context, after a projected GDP decrease of 7.5% in 2020, a growth dynamic of 3.6% in 2021 and 3.3% in 2022 (OECD data) will reposition the GDP back to its level pre-pandemic in late 2022. Persistent virus outbreaks and containment measures will continue to hamper activity until the vaccine is widely implemented and can sustain impacts on economies. Private consumption and investment will be most affected by widespread uncertainty and low confidence. Unemployment is expected to increase by mid-2021, approaching double-digit rates, and to begin to decline gradually thereafter. Fiscal support and moderate activity will keep Maastricht's public debt above 100% of GDP. The expected pace of economic recovery is different among countries, reflecting, among other factors, the weight in the production structure of the sectors most affected by social distance and the scope and duration of the economic policy response. Global financial conditions, particularly in the Eurozone, will remain favourable, within a framework of a convenient monetary policy and liquidity support measures. The scenario in the key European countries shows nuances of distinctive make-ups.

### 3. Scope of the Consolidation

The structure presented below is the structure of the Grupo Vista Alegre Atlantis on 31<sup>st</sup> December 2020 and 2019:

Companies	Head office	Percentage of Participation	
		2020	2019
Vista Alegre Atlantis, SGPS, SA	Ílhavo	Parent company	Parent company
Bordalgest, SA	Lisbon	100.00%	100.00%
Cerexport - Cerâmica de exportação, SA	Ílhavo	100.00%	100.00%
Cerutil - Cerâmicas Utilitárias, SA	Sátão	100.00%	100.00%
Faianças Artísticas Bordalo Pinheiro, SA	Caldas da Rainha	86.14%	86.14%
Faianças da Capôa - Indústria Cerâmica, SA	Ílhavo	100.00%	100.00%
Mexicova, SA	Mexico City	100.00%	100.00%
Ria Stone Fábrica de Louça de Mesa em Grés, SA	Ílhavo	100.00%	100.00%
Ria Stone II, SA	Ílhavo	100.00%	-
Shree Sharda Vista Alegre Private Limited	Delhi	50.00%	50.00%
VA - Vista Alegre España, SA	Madrid	100.00%	100.00%
VAA Brasil – Comércio, Importação e Exportação, SA	S. Paulo	98.03%	89.93%
VAA I.I. – Sociedade Imobiliária, SA	Ílhavo	100.00%	100.00%
Vista Alegre Atlantis Moçambique, Lda	Maputo	99.00%	99.00%
Vista Alegre Atlantis UK LTD	London	100.00%	100.00%
Vista Alegre Atlantis, SA	Ílhavo	100.00%	100.00%
Vista Alegre France, SAS	Paris	100.00%	100.00%
Vista Alegre USA Corporation	New York	100.00%	100.00%

Grupo Vista Alegre comprises 18 companies, being divided into 5 business areas (Porcelain, earthenware, Oven to tableware, tableware, crystal and glass):

- ✓ Vista Alegre Atlantis, SGPS, SA, has as its corporate objects the management of shareholdings in other companies as an indirect way of carrying out economic activities. Its subsidiaries develop business in production, distribution and sale of porcelain, crystal and handmade glassware, table and oven stoneware and earthenware, with horeca, retail and private label distribution channels.
- ✓ Vista Alegre Atlantis, SA, company of Portuguese law which holds the entire Grupo's production (porcelain, crystal, oven ware and handmade glass), the national chain stores.
- ✓ *Cerutil – Cerâmicas Utilitárias, SA*, company of Portuguese law which holds the factory in Sátão (Viseu) that has more than 15,000 m<sup>2</sup> of productive area, in an optimized layout, which represents a national reference in the tableware and oven manufacture.
- ✓ *Bordalgest, SA*, company of Portuguese law which holds the company *Faianças Artísticas Bordalo Pinheiro, SA*.

- ✓ *Faianças Artísticas Bordalo Pinheiro, SA*, company of Portuguese law that in the scope of Grupo Vista Alegre is now autonomizing as a business area in the faïence (tableware, gift ware and special editions). VAA also owns the production units in Portugal located in Caldas da Rainha and Aradas in this business area.
- ✓ *Vista Alegre España, SA*, society of Spanish law which, in that country, carries out the activities of distributor and retailer owning 37 points of sale in the shops El Corte Inglés, in addition to the two stores of the brand.
- ✓ *Faianças da Capôa-Indústria de Cerâmica, SA*, society of Portuguese law, owner of the factory in Aradas/Aveiro where VAA has its industrial production of faïence.
- ✓ *Cerexport-Cerâmica de Exportação, SA*, society of Portuguese law, owner of the building in Esgueira/Taboeira/Aveiro, where VAA has its industrial production of ovenware.
- ✓ *VAA Brasil – Comércio, Importação e Exportação SA*, society of Brazilian law, based in the city of Vitória, state of Espírito Santo, owned in 97.57% by *Cerexport-Cerâmica de Exportação, SA*, 0.46% by *Faianças da Capôa-Indústria de Cerâmica, SA* and 1.97% by a local partner. This company was constituted in July 2011, with the objective of trading Vista Alegre products.
- ✓ *Vista Alegre Atlantis UK LTD*, society of English law based in Kent, constituted in February 2012 with the objective of strengthening the presence of the group in this market.
- ✓ *Ria Stone, Fábrica de Louça de Mesa em Grés, SA*, society of Portuguese law, based in Ílhavo, constituted in June 2012, whose object consists in the production of tableware and domestic articles in stoneware, trade of articles stoneware, faïence and ceramics.
- ✓ *Ria Stone, Fábrica de Louça de Mesa em Grés, SA*, society of Portuguese law, based in Ílhavo, constituted in June 2020, whose object consists in the production of tableware and domestic articles in stoneware, trade of articles stoneware, faïence and ceramics.
- ✓ *Vista Alegre Atlantis Moçambique, Lda*, society based in Maputo, Mozambique, constituted in December 2012, with the objective of trade porcelain articles, faïence and others, domestic crystal and glass, allowing to have a local presence in this country.
- ✓ *Vista Alegre USA Corporation* it's an American society based in New York, where is located a showroom, being the first space of the brand in the United States of America.
- ✓ VAA I.I. – Sociedade Imobiliária S.A. is a company based in Portugal and will exercise its activity in the real estate and tourism area.
- ✓ *Shree Sharda Vista Alegre Private Limited* is a company based in India and will exercise the Grupo's commercial activity (porcelain, crystal, ovenware, faïence and handmade glass).
- ✓ *Vista Alegre France, SAS*, is a company incorporated under French law, whose main activity is the trade of porcelain and faïence as well as related products, crystal and glass pieces and decoration items, import and export of similar products; as well as all activities whose end is related.
- ✓ *MEXICOVA, S.A.*, a company based in Mexico City, will be engaged in the commercial activity of Vista Alegre in Mexico (porcelain, crystal, ovenware, faïence and handmade glass).

#### 4. Activity Evolution

In December, Grupo Vista Alegre recorded a turnover of 110 million euros and an EBITDA of 16 million euros. The foreign market currently represents 78.7% of Vista Alegre's turnover, with 86.9 million euros in sales, which represents an increase of 6.2 p.p. over the same period during last year. This increase is explained by the growth in the European markets, namely in France, the Netherlands and Italy, the fastest growing countries.

Consolidated Sales per Segment and per Markets

T €

Segments	January to December 2020			January to December 2019			Variation (%)		
	MI	ME	Total	MI	ME	Total	MI	ME	Total
Porcelain and related products	14,364	15,439	29,803	21,358	27,607	48,966	-33%	-44%	-39%
Faience	3,970	4,149	8,119	5,052	3,832	8,884	-21%	8%	-9%
Ovenware	858	34,634	35,492	1,063	21,391	22,454	-19%	62%	58%
Tableware	743	24,556	25,299	706	25,517	26,223	5%	-4%	-4%
Crystal and Glass	3,572	8,095	11,667	4,812	8,758	13,570	-26%	-8%	-14%
<b>Total</b>	<b>23,507</b>	<b>86,873</b>	<b>110,380</b>	<b>32,991</b>	<b>87,105</b>	<b>120,097</b>	<b>-29%</b>	<b>0%</b>	<b>-8%</b>

The worldwide spread of the Covid-19 pandemic had an impact on the year 2020 and it affected the population negatively in economic and financial terms. From March onwards, with the total closure of commerce and restaurants, nationally and internationally, along with a strong slowdown in the hotel sector, there was a reduction in Vista Alegre sales in the retail and HoReCa channel.

Vista Alegre maintains partnerships with major global brands, as can be seen by its operations throughout the year.

One of the agreements is with a large French retailer, and is the result of a long-standing partnership with the Zwilling brand, known for its high quality knives and kitchenware accessories.

Vista Alegre, which has been repeatedly awarded in major events and worldwide design contests, is increasingly recognized as an engine of new market trends and an international player in terms of major projects in the areas of product design and lifestyle. The year 2020 was no exception and Vista Alegre received 17 international awards, attributed by the most respected international entities, in different categories: tableware, decorative, lighting and furniture. The “Cocar” (Vista Alegre) collection stands out in the Architecture Master Prize; the “Vortex by Ross Lovegrove” collection (Vista Alegre) at the German Innovation Awards; the “Duality” collection (Vista Alegre) which was awarded twice (in the German Design Award 2021 and in the Good Design Awards); and the “E2H - Lighting Collection by Ross Lovegrove” collection was also awarded at the IF Design Awards.

## 5. Results

The consolidated results for 2020 of the Grupo Vista Alegre were strongly affected, namely from March onwards and until the end of the year, with severe reduction in trade and people moving about freely, which led to a decrease in demand and a reduction in orders. Despite all the adversities throughout the year, turnover stood at 110 million euros, with a decrease of only 8.1% compared to 2019. It should be noted that during the second half of 2020, Vista Alegre recorded a growth in turnover of 5.1 million euros (+8.2%) compared to the same period during the previous year, thus demonstrating remarkable resilience and strength of the business, facing the difficult period that the world and the global economy are undergoing.

EBITDA stood at 16 million euros, a decrease of 37% compared to 2019.

### Consolidated Results

Items	31-12-2020	31-12-2019	Variation		M€
			value	%	
<b>Turnover</b>	110.4	120.1	-9.7	-8%	
<b>EBITDA</b>	16.0	25.6	-9.6	-37%	
<i>EBITDA Margin</i>	14.5%	21.3%			
<b>Operating Income</b>	2.5	14.3	-11.8	-83%	
<i>Operating Margin</i>	2.2%	11.9%			
<b>Income before taxes</b>	<b>-2.2</b>	<b>8.8</b>	<b>-11.0</b>	<b>-125%</b>	
<b>Income tax</b>	-0.3	-1.3	1.1		
<b>Net profit</b>	<b>-2.5</b>	<b>7.5</b>	<b>-9.9</b>	<b>-133%</b>	

The Grupo recorded operating income of 2.5 million euros, an increase of 83% compared with the same period of 2019, and the net income for the financial year had a decrease of 133%, compared to the same period of 2019, a negative amount of 2.5 million euros.

The Grupo adopted the IFRS 16 standard as from the 1<sup>st</sup> of January 2019, having applied the modified retrospective method to the consolidated accounts, as allowed by the transitional provisions of the standard. The impact of the transition effect of this new standard reported on the 1<sup>st</sup> of January 2019 led to an increase in assets and liabilities of approximately 9.5 million euros.

EBITDA generated in the year 2020 is positively affected by the effect of adapting the IFRS 16 standard, improving by approximately 2.1 million euros in regards to lease rents previously accounted for in the consolidated income statement item "external supplies and services" and which are now accounted for as amortizations for the year and as financial charges in the consolidated income statement.

## 6. Investments

During 2020 investments made amounted to approximately 5.3 million euros, namely as regards purchasing equipment for the porcelain, crystal and glass sectors, and they have enhanced greater operational efficiency, reducing costs and reinforcing the positioning of Vista Alegre as an owner of the most technologically advanced factories in the world within the ceramic, crystal and glass market segments

## 7. Final performance analysis

### 7.1. Introduction

Vista Alegre presents a document of its Consolidated Non-Financial Statement, which is transversal to the Grupo, which aims at defining and implementing a set of initiatives to strengthen Grupo Vista Alegre's sustainability foundations, adapting and strengthening the different initiatives as policies already in place in some of the Grupo's companies.

Throughout the years Vista Alegre has been incorporating Social Responsibility to all its activities, becoming involved, directly and indirectly, in the community, undertaking permanently to support culture, leisure, education, sports, health and well-being. In this regard, Vista Alegre and its companies maintained a proactive and consistent attitude in 2020, implementing these goals in several actions and initiatives.

To comply with the requirements of DL 89/2017, on the 28<sup>th</sup> July 2017 (Article 508-G) and for the general approval by the shareholders at the annual general meeting, Vista Alegre intends to disclose more objectively and quicker this Non-Financial Consolidated Statement, which has the adequate information to perceive the evolution, performance, position and impact of the Grupo's activities. Activities which regard, at least, environmental questions, social and employees' questions, gender equality, non-discrimination, respect for human rights, fight against corruption and attempts of bribery.

This final document is available on Vista Alegre site, and for any further information this e-mail address is always available [geral@vistaalegre.com](mailto:geral@vistaalegre.com).

### 7.2. Overall

#### a. Description of the Grupo's corporate model

Grupo Vista Alegre defines itself as a corporate structure, with the parent company, VAA – Vista Alegre Atlantis, SGPS, SA, on top, which is a Holding Company, whose objects is the management of its subsidiaries shares. The scope of each of the companies includes purchase and sale options as

well as portfolio, as well as the exercise of the shareholder functions which impart their principles, values and a coordinated strategy.

The structure of the Grupo Vista Alegre Atlantis on the 31<sup>st</sup> of December 2020 is detailed in point 3 of this report.

The corporate model, more than a structure or a relationship dynamics, should be understood within the context of its activities and its specific processes. This is the result of the Management Report, the Corporate Governance Report and other accountability elements, to which it refers. Vista Alegre's mission (see b)) is relevant to understand the governance model, so it is important to mention however briefly, that it fits the current reality, but there is a greater ambition: to be recognized as a brand of excellence and prestige, both at a domestic and international level.

Grupo Vista Alegre consists of 18 companies, divided into five business areas (Porcelain and related products, Faience, Ovenware Stoneware, Tableware Stoneware, Crystal and handmade Glass). The model adopted inevitably lies between the advantages of unity and coordination under Vista Alegre leadership, with a constant synergy between the different areas, thus transmitting a sense of cooperation, removing all the inherent benefits of the ceramics and crystal sector.

## **b. Mission**

During Vista Alegre's over 190 years, the Vista Alegre's strategic vision continues to focus on the global recognition of its brand as one of the world's leading brands of prestige, quality and design. In this case it has strengthened its commitment towards internationalization and relevant strategic partnerships to create added value for customers and shareholders, always maintaining a strong connection to design and culture.

Accuracy, sophistication and versatility along with a wise balance between tradition and modernity, are essential values that VAA has been promoting in order to be perceived in a timeless way through its different products.

As a mission, VAA seeks to provide a comprehensive response to satisfy the needs of its different markets (tableware, decoration, giftware, hotelware) with an offer that complies with the highest quality standards, based on a close and permanent relationship with its customers.

In Portugal the brand has an index of spontaneous notoriety superior to 95%, being identified by specialists as porcelain of high quality and recurrently chosen to serve celebrities of several countries. In a more comprehensive way, the main mission is to know, manufacture and market Tableware, Giftware, Collecting and Corporate pieces, dominating whenever possible the manufacturing process and its value chain.

As strategic purposes, Vista Alegre privileges the sustained growth, internationalization and differentiation of its products. Building on the knowledge it has of its manufacturing processes and markets, the growing commitment and incorporation of design in its products are thus extremely

important for the rejuvenation and modernization of the brand, promoting the loyalty and broadening of the consumer base that are also considered as strategic purposes.

### **c. Sustainability Governance**

The redefinition of a management structure for all of the Grupo's activities in the area of sustainability is a purpose to be achieved, in order to cope with all that is already being done at the level of operational companies, developing an integrated business plan and designing this management to a common and joint vision that sets new ambition levels.

### **d. Strategic View**

Vista Alegre's strategic view is to improve the global performance by strengthening the internationalization of its Grupo Vista Alegre by investing in new global markets, introducing innovative and relating products through partnerships with internationally renowned entities:

- Associate modern elements to the brand Vista Alegre, preserving the prestige of a unique and global Portuguese brand;
- Focus on crystal products on the luxury packaging segment;
- Reinforce the development of hotelware aiming at the strategic importance of this business area.

### **e. Values**

Vista Alegre's intrinsic values are a constant focus on Entrepreneurship, Ambition, Dynamics, Innovation, Continuous Improvement and Promptness.

### **f. Economic performance**

2020 was a challenging year for Vista Alegre, marked by the global SARS-CoV-2 pandemic, yet maintaining the notoriety of the "Vista Alegre" brand in the world. The second semester of resuming activity shows monthly sales higher than the same periods in previous years, the development of continuous improvement processes and improvements implemented in operational efficiency, as well as the focus on innovation, marking the year of 2020 in a positive way.

During 2020, a turnover of 110 million euros stands out, with an EBITDA of 16 million euros, thus mitigating the losses caused by the SARS-CoV-2 pandemic that we are currently experiencing.

The external market continues to be a great promoter of this good performance, with 86.9 million euros in sales, currently representing 78.7% of Vista Alegre's turnover. This increase is justified by

the business growth in the online channel. In Europe, France and Spain stood out with the greatest increases.

The performance of Vista Alegre is guided by the sustainability of its economic results. These results are extensively detailed throughout the Annual Report of which this Sustainability Information is part of. The economic information of each subsidiary company can be found in the respective Annual Reports in the websites.

### **7.3. General sustainability policies**

In order to ensure its sustainability, ethic and environmental responsibility, satisfying all interested parties (customers, shareholders, suppliers and company) in a balanced way and, adopting a quality management system - ISO 9001, ensuring that the focus on the customer is kept in the entire company, Vista Alegre undertakes to:

- Comply with the requirements and continuously improve the Quality Management System efficiency;
- Define, monitor and analyse systematically this policy's indicators and purposes;
- Implement human resources policy which may promote the motivation, cohesion, and the development of skills of the Grupo's employees, promoting the continuous improvement and the business profitability;
- Identify the technological resources and needs;
- Ensure customers' loyalty, continuously monitoring its satisfaction, ensuring high quality and service;
- Attract new customers and new markets using marketing campaigns, participation in international fairs and partnerships with internationally renowned designers;
- Ensure and develop partnerships with suppliers aiming at continuously improve our products and services;
- Management will undertake a highly conscientious social responsibility, playing a role increasingly more active and focused on the social and environmental concerns, which will include employees, suppliers and customers.

### **7.4. Risk Management**

Vista Alegre regularly performs and disclosures an analysis of the risks which may affect its activity, as it is described on the Annual Reports released.

Within the context of identifying the important issues, the risk analysis also included social and environmental issues.

Regarding the regulatory risk, aware of the implications that any changes to the European community and national legal framework may have on its activity, Vista Alegre follows all the legal and regulatory processes related to its activities.

Vista Alegre also assumes the risks and opportunities that any weather changes may cause to its activities. This context is continuously worked closely with the strategic and operational activities of the companies. Nonetheless, participating in associative or corporate forums, where these challenges are discussed, was defined as a future priority of the Grupo.

Vista Alegre participates in forums and works related to governance, circular economy, environment, sustainability, industrial policy and other, as a way of gathering information on its risk analysis.

## **7.5. Specific areas of expertise**

### **a. Quality, Environment and Safety**

The evolution in the management of organizations has led to a new culture that encompasses not only the quality of products and/or services offered, but also environmental issues, health and safety in the workplace, and even social and ethical issues.

In the present context, the responsibility of the organisations is not limited to creating wealth, protecting the environment and reducing the risks associated with their activities, areas where legal and management requirements are increasing. It is the growing assumption of their social responsibility.

In this sense, in Grupo Vista Alegre, management relies on a set of procedures, standards and practices, capable of using natural resources in an environmentally responsible manner, avoiding irreversible impacts. This new concept entails a concern with the use of clean technologies, minimisation of waste and the sustainable management of natural resources.

Also within the scope of Occupational Health and Safety, its focus on certification for the companies' main Management

Systems, combined with various actions to prevent accidents and with the continuous commitment training employees, allowed optimising working conditions and professional performance, which significantly improved indices in these areas.

In other words, in order to have quality and excellence in its products/services and companies it is important to continuously improve the Quality, Safety and Environment Management Systems. So,

in 2020, a set of activities stand out within the scope of continuous improvement in the areas of quality, environment and safety, summarised below:

- ✓ Reinforcement of the commitments towards sustainability, by focusing on field visits, training, area and supplier checks, which allowed not only continuous safe and transparent work for customers, but also validation of supplier's reliability;
- ✓ At Cerutil and Bordalo Pinheiro, the implementation of the Kaizen methodology has allowed greater involvement of employees within the company's procedures. This methodology allows, in addition to productivity gains, to improve employee well-being, since it allows for improving their place of work;
- ✓ The company's continuous focus on training, which involved a total of 4.577 employees, of which it is important to highlight occupational safety and health, representing 22% of the trainees.
- ✓ Continuous improvement of the response capacity in situations of environmental emergency, by accident simulation, which allow an effective performance by the employees in the event of accidents of an environment nature;
- ✓ Continuous monitoring of environmental aspects, calculation of the respective impacts on the environment and permanent reassessment of mitigation and minimisation measures implemented;
- ✓ Continuous optimization of the Geolocation system in vehicles, allowing efficient management of technical resources in their daily activities. This system represents an important step towards the sustainability of the company, since it allows obvious gains under the economic aspect, and especially in the environmental aspect;
- ✓ Environmental concern about the purchase of work equipment, by elaborating specifications for the main materials groups and equipment, giving priority to those with lower environmental impact while ensuring the user's safety;
- ✓ Marketing communication started to be carried out on paper with FSC certification, which is to say, FSC certification ensures that the products come from well-managed forests that offer environmental, social and economic benefits;
- ✓ VAA, SA in December 2020, obtained the AEO - Authorized Economic Operator - Customs simplifications/security and safety status, certified by the Tax and Customs Authority

Regarding Vista Alegre's Quality Management System, we have:

- ✓ Certified company with ISO 9001 by SGS ICS, and on July 2018 there was a transition to the current standard review (ISO 9001:2015);
- ✓ Planning and execution of internal audits represents a fundamental tool to evaluate the operation of the Management System implemented an important input into the annual System Review activity, where all VAA processes managers participate.
- ✓ Is a member of SEDEX, as a supplier, a platform where customers and suppliers can "meet" with the assurance that ethics/social responsibility issues are assured; each of Vista Alegre's manufacturing units updates its self-assessment and is subject to audits, SMETA. Ethical

Supplier Data Interchange (SEDEX) is an online system designed to help organizations manage data on work practices in their supply chains. Members have the benefit of being able to publish their SMETA audit reports directly into the SEDEX system to be viewed by all customers;

- ✓ As a compulsory requirement of the customer IKEA, which buys us ovenware stoneware – at the Taboeira plant -, we carry out annually a sustainability evaluation according to the parameters/criteria established by this customer. According to the evaluation carried out, regarding 2020 performance, we obtained a 61% overall evaluation (in 2019 de 63%):

## b. People

Vista Alegre recognizes that it privileges the virtuous triangle that articulates the quality of its services and products, the geographic expansion of its activities and the dynamics and rigour of its activities as the fundamental vectors of its positioning.

People, their skills, their professional development and their capacities, flexibility, mobility and adaptability are key components which come together in the accuracy and demand as an individual attitude.

It represents an important challenge for the entire organization, the geographic dispersion which characterizes the Grupo, effective knowledge management, optimized team management and efficient sharing of the company's strategy and values.

Therefore, it is the Grupo's mission to promote good practices, to articulate them with the management of people's personal and professional expectations, and strategic alignment with the performance quality and goals achievement.

Within this framework, the Grupo's human resource policy is geared towards a permanent continuous improvement of productivity and customer satisfaction. This action is based on the constant reinforcement of the Employees' training, their professional development and the development of their competences.

The Grupo is a reference employer, recognized in the market for its capacity to train technicians and to manage careers, promoting multi-sectorial opportunities for the career development of each of its employees.

Vista Alegre, with its characteristic multi-activity and multi-continental company identity, it values and strengthens partnerships with educational institutions, universities, professional schools and all the academic organizations with which it articulates and maximizes the promotion of the best conditions of success for the young graduates, designing the best frameworks for their successful integration into working life.

### c. Professional Training

Within a changing professional context, training, in its various aspects, is increasingly a necessity felt by the professionals and encouraged by the Grupo's companies in order to value their skills and abilities.

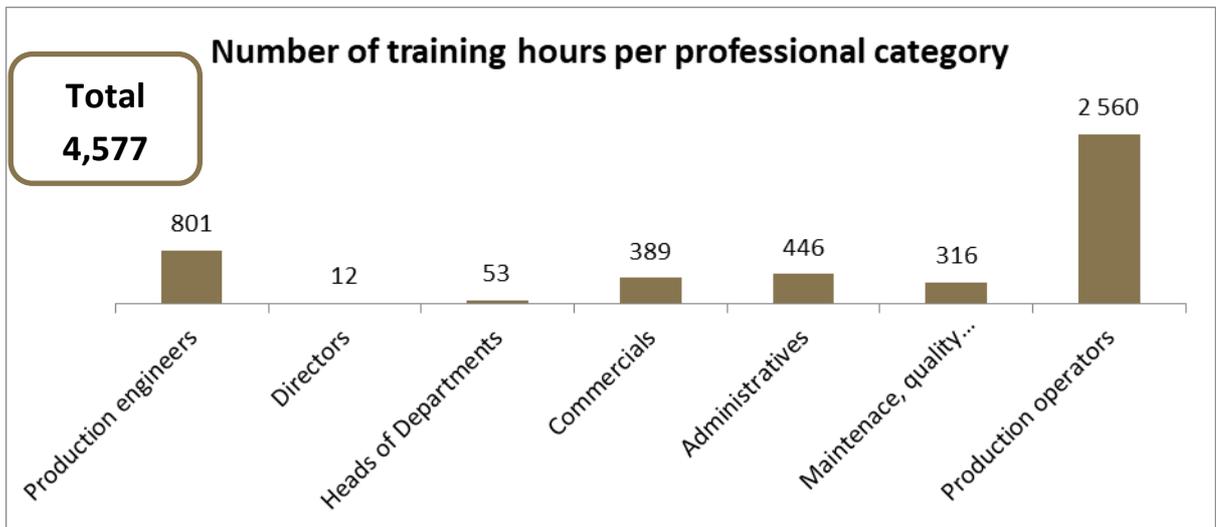
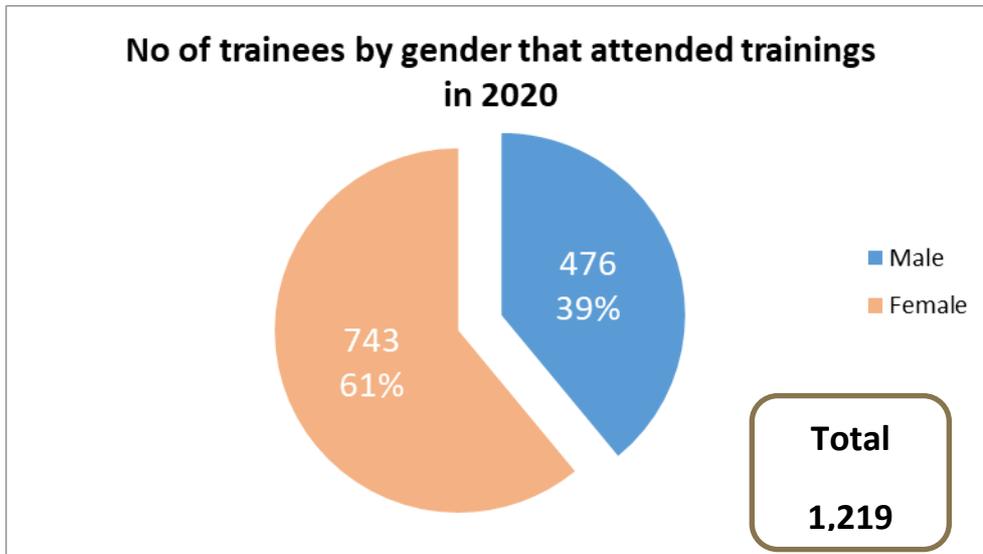
Vista Alegre has as privileged customer the Grupo's companies and their respective service providers and partners. Within this scenario, were carried out 47 training courses during 2020, in different training areas, among which stand out:

- Information technologies
- Management
- Company's framework
- Computer knowledge
- Electronics and automation
- Materials (glass industry and other)
- Environment protection technology
- Occupational Safety and Hygiene
- Engineering and related techniques
- Commerce

#### No of hours and trainees per training courses:

Training	No of hours	Trainees
Commercial	210	21
Behaviour	180	2
Overall / Management	548	880
Academic Education	561	11
OHS / Environment	976	569
Maintenance	69	7
Quality/Continuous Improvement	1,021	143
Technologies / procedures	988	307
Information technologies	24	1
<b>Total</b>	<b>4,577</b>	<b>1,941</b>

The 47 training actions carried out during 2020 involved 1.219 trainees and 4.577 training hours, distributed as follows:



The main goal of the organization is the promotion of innovative and sustainable value training projects, which contribute efficiently to the maximization of the human potential, supporting a strategy which aims to maximize service standards and product quality.

Within this context, 2020 was once again a year to consolidate training covering the different business areas of Vista Alegre and which stands as a fundamental pillar of the success of each of its activities.

For 2021, Vista Alegre expects an increase in the number of training courses to be carried out, in order to meet the need to qualify technicians for new products and manufacturing techniques, as well as their adaptation to the new challenges ahead.

#### d. Communication

As a result of its national and international renown, the Grupo Vista Alegre (Vista Alegre, Ria Stone, Bordallo Pinheiro, Cerutil and Casa Alegre), continued to have a strong informative aspect in the atypical year of 2020, thanks to the intense activity that it maintained in its operation, despite the pandemic caused by Covid-19.

The numerous partnerships it has maintained with designers of recognized and undeniable worldwide merit, and the new agreements signed with names that are emerging in the sector, contributed to the name of the Grupo Vista Alegre continuing to be the subject of news in different media.

One of the names that enhanced communication was Claudia Schiffer, a global icon in the fashion world who, as a designer, signed crystal collections for Vista Alegre and faïence collections for Bordallo Pinheiro. The “Única” collection, consisting of 3 crystal vases and the “Cloudy Butterflies” collection, made up of 11 ceramic pieces, presented at the main fairs in the sector - *Maison & Objet*, in Paris, *Ambiente*, in Frankfurt and *Homi*, in Milan, caught the interest of Social Communication Bodies, in Portugal and abroad, on a large scale.

The growth of the Amazónia collection, which was launched in partnership with the Brazilian NGO Ecoarts Amazônia, was also highlighted in the media. Three new decorative pieces, the result of the joint work of the Vista Alegre painters and the Indians of the Kayapó tribe, continued to draw attention to the cultural, social and environmental wealth of the largest tropical forest in the world. A part of the collection's revenue will be used for the reforestation of the Mato Grosso area, where Ecoarts operates.

In terms of product and news, the launch of the Vista Alegre Textile collection, due to its disruptive and innovative concept, was widely reported in different magazines. The theme was also very widespread in national and regional newspapers.

The two ideas launched by Vista Alegre - “Uma Família Alegre em Quarantena”, and by Bordallo Pinheiro - “Primeiro Dia do Fim do Isolamento”, - in order to support the National Health Service in time of pandemic, motivated great news flow across different media. Both challenges launched to the Portuguese, during the first confinement period, implied decorating two pieces of Vista Alegre - a mug and a frame, - and a sardine from the Sardinha by Bordallo collection, by Bordallo Pinheiro. The proceeds from the sale of the pieces were used to purchase hospital equipment for the National Health Service. Both the launch of the initiative and the announcement of the winners were widely advertised.

Another subject that was widely advertised was the fact that Grupo Vista Alegre Atlantis secured the contract of two important orders for the second half of 2020, in the amount of 16.2 million euros. One of the agreements is with a large French retailer, and is the result of a long-standing partnership with the Zwilling brand, known for its high quality knives and kitchenware accessories. The other contract, protected by a confidentiality agreement, was carried out with a well-known global brand.

Another topic of great news relevance was the periodic disclosure of the results of Grupo Vista Alegre throughout the year.

In terms of television interviews, Nuno Terras Marques, Chairman of the Board of Directors of Grupo Vista Alegre, was interviewed on the “Tudo é Economia” program at RTP 3, where he spoke about the company, its path, investments made and planned, as well as new national and international projects.

The partnership established between Vista Alegre and RTP, which for the third consecutive year led to the production of the RTP’s Song Festival Trophy awarded to the festival’s winner, was another of the news published in different media, namely in television magazines. In fact, the designer of the piece as well as product management participated in the program “A Praça da Alegria” aired by RTP 1 channel, where they were interviewed about the piece in pure Vista Alegre crystal.

Also the partnership signed between Bordallo Pinheiro and EPAL, with a view to the creating and producing the “water drop jar” also contributed once again to disclosure to the greater public of news about the centennial faïence factory founded by Raphael Bordallo Pinheiro in 1884. This vase is part of a campaign by that company, appealing to consuming tap water, which will be taken to the table in the Bordallo piece.

Two other themes that deserved wide disclosure are related to the recognition, once again, of Vista Alegre as the “most reputable brand” in the industry sector and the choice as “Superbrand”.

In this review of the communication aspect of Grupo Vista Alegre, it is also worth mentioning the report that the company was targeted by the Brazilian Constance Zahn, the most influential “wedding planner” in Brazil and Latin America. The journalist visited Vista Alegre in order to show, through its website, how unique porcelain and crystal pieces are made.

Also noteworthy are the references made to Bordallo Pinheiro by the National Geographic magazine in June.

In summary, Vista Alegre, which in 2020 celebrated its 196<sup>th</sup> anniversary of uninterrupted activity, making it one of the oldest companies in the world when it comes to manufacturing porcelain, crystal and glass and placing it in the top 5 of the sector globally, broadcast dozens of press releases, resulting in 2446 pieces of news.

1014 written news pieces (newspapers and magazines); 1255 online platforms news pieces; 167 television news pieces and 10 radio stations news pieces. The return (AAV) was around 25 million euros.

The Grupo Vista Alegre’s news were covered by RTP, SIC, TVI, CMTV, PORTO CANAL, CENTRO TV and VISEU NOW, among other channels and platforms. Our factory’s news were published by both the printing press and the digital media: at *Expresso*, *Público*, *Sol*, *Jornal de Notícias*, *Diário de Notícias*, *Correio da Manhã*, *Negócios*, *Notícias ao Minuto*, *ECO*, *Sapo*, *Jornal Económico*, *Jornal i*, *Dinheiro Vivo*, *Observador*, *Diários de Viseu*, *Aveiro*, *Coimbra e Leiria*, *Diário As Beiras*, *Jornal do Centro*, *Via*

*Rápida, Rua Direita, Jornal da Beira, Caras, Visão, Sábado, Exame, Nova Gente, LUX, NIT and Marketeer*, among many other local, regional and national news.

Regarding radio stations, news on Grupo Vista Alegre and its companies were covered by Antena 1, Renascença, Observer, TSF, Comercial, Rádio Jornal do Centro, Rádio Clube do Interior, Emissora das Beiras and Rádio Terra Nova, among others that highlighted business activity.

Internally, the Grupo Vista Alegre's operation was monitored and disclosed in the MyVisabeira Newsletter, the internal digital publication of the Grupo Visabeira, to which the ceramic group belongs.

### **e. Social responsibility**

Social responsibility of Grupo Vista Alegre results from the social and environment concern of the different operations in the different operations when integrating with customers, employees, partners and suppliers.

Social responsibility of Grupo Vista Alegre is based on an ethic code supporting several social concepts which Vista Alegre undertakes to comply with:

- ✓ The commitment to lead its business respecting its employees' rights, the satisfaction of the current customers and the engagement of new customers, the development of new and more efficient products, continuous improvement of the processes, as well as the creation of value to its shareholders;
- ✓ To remunerate employees fairly, paying salaries and benefits in accordance with national laws, European and international standards and directives and the applicable collective bargaining agreements;
- ✓ Allows working hours in accordance with applicable legal and contractual provisions in order to balance professional life and leisure;
- ✓ Doesn't employ and condemns child labour;
- ✓ Doesn't employ and condemns forced labour, does not use prisoners' labour;
- ✓ Doesn't comply with and condemns corruption, it is firmly committed to being a responsible entity in all areas of its activity and govern the conduct of business honestly, ethically and in accordance with the law;
- ✓ To respect all legislation regarding holidays and public holidays, absence from work, leave and exemption from duties, especially those related to maternity and paternity;
- ✓ To promote occupational safety by providing safe and healthy workplace conditions;
- ✓ To promote health in the workplace by enforcing the relevant legislation on occupational health;
- ✓ Allows and respects freedom of association and the exercise of trade union rights within its facilities;

- ✓ Does not discriminate on the basis of gender, race, religion or other, whether during the recruitment and selection processes or carrying out the professional activity in the course of employment contracts;
- ✓ Promotes employment of foreign workers, applying the effective legal rules regarding work of foreigners, respecting the same rules and rights applicable to national workers;
- ✓ Develops its disciplinary practices with the strict compliance with the procedural and contradictory rules, provided for by law;
- ✓ Promotes lifelong learning both inside and outside the company;
- ✓ Promotes the reduction of energy use and the elimination of energy waste;
- ✓ Carries out a strict separation of waste by promoting its treatment and recovery through duly authorized transporters and dealers;
- ✓ Monitors its pollutant emission sources in order to promote the environmental compatibility and sustainability of its processes and products;
- ✓ Promotes the treatment of customer complaints in order to continuously improve their performance and service levels;
- ✓ Promotes good integration with the surrounding local environment, so as to participate in problem solving of local populations;
- ✓ Promotes the use of responsible marketing in its communication with the market;
- ✓ Promotes to deal with its customers, partners and suppliers on equal terms in order to establish long-term relationships;
- ✓ Does not comply with and condemns harassment or abuse, promotes the right of workers to report and to file a complaint whenever they are aware of any legal or duties violation or any other identical situation that legitimizes the complaint, and the company ensures that the complaint is monitored. For this purpose, employees must submit a complaint to the human resources department, either verbally, in writing, or via e-mail, [provedor@grupovisabeira.com](mailto:provedor@grupovisabeira.com).

## 7.6. Commitment towards the future

### a. Sustainable Development Goals (SDG)

The United Nations Sustainable Development Goals, amended by almost all countries, including Portugal, have identified 17 priority themes aimed at ensuring sustainable development.

SDG explicitly undertakes the importance of companies and economic agents in achieving their goals. Vista Alegre undertakes its responsibility in this process and the commitment towards society, intending to be an active part in the pursuit of these goals.

Vista Alegre is perfectly aware of which goals it should prioritize and where to concentrate its efforts, always keeping in mind its capabilities and the chain value of its subsidiaries.

Under this commitment, based on the SDG Compass methodology and taking into account the nature of Vista Alegre's activity, the Sustainable Development Goals considered as priority will be identified.

### **b. Climate changes – task force on climate-related financial disclosure (TCDF)**

TCFD encourages large companies to conduct robustness and resilience analyses of their strategies against a range of climate change scenarios. As part of its analysis and monitoring of risks, Vista Alegre is aware of the importance of this project and will monitor its developments during subsequent years.

## **8. Prospects**

Grupo Vista Alegre has reinforced its investment in recent years by modernizing and increasing the production capacity of its factories in the ceramic, glass and crystal as well as the stoneware segments, to ensure a sustainable growth strategy in positioning its brands as leading world brands, namely with Vista Alegre and Bordallo Pinheiro. Thus, at *Ria Stone*, a ceramic company exclusively working for IKEA brand, we will continue to invest in the development of its activity based on increasing relationships with the customer, aiming at selling its products across the world, as well as increasing the number of pieces sold, making it a world reputed manufacturer, under the customer brand.

Thus, the Grupo Vista Alegre will maintain its growth strategy based on:

- reinforcing the positioning of its brands as renowned brands and trendsetters;
- the continuous commitment towards innovation, research and development activities with a view to improving production processes that result in the creation of differentiating, competitive and high added value products;
- new partnerships and reinforcement of those it currently existing, either with other renowned brands or with the cooperation of artists, designers, architects, illustrators, filmmakers, sculptors;
- improving the relationship with the customer through sales channels or after-sales service, aiming at a greater loyalty level;
- maintaining the legacy and DNA of historic brands such as Vista Alegre and Bordallo Pinheiro.

The issue of sustainability, not only financial but also regarding the use of resources and the products developed, has become an important issue in the industry sector. Therefore, it is important to encourage this idea in all companies that make up this business area.

In summary, future forecasts include a strong commitment towards new contracts, supplying pieces and maintaining recently signed contracts with recognized brands, among which are:

- Contract with IKEA (Ria Stone) until 2026, which is expected to have a turnover of 180 million euros;
- Contract with Remy Martin (Crystal) renewable on an annual basis, which is expected to have a turnover of 2.5 million euros for 2021;
- Contract for the supplying pieces for the European and Asian market in the amount of 20 million euros.

The first quarter of 2021 continues to be marked by a global pandemic caused by the coronavirus ("Covid-19"), however the favourable evolution of the epidemic situation in the country forecasts the normal recovery of the Grupo's activity during the second semester.

Vista Alegre will promote, in line with what happened during the 2020, a new change of the maximum limit of the financial ratio (EBITDA / NET Debt) of the bond loan, both for assessment purposes on the 30<sup>th</sup> of June 2021 and on the 31<sup>st</sup> of December 2021, taking into account the impact that Covid-19 had on the generation of EBITDA during 2020 and which was also felt during the first months of 2021, as a result of the restrictions and confinement measures imposed, thus it is expected that Vista Alegre does not have the capacity to reach the financial ratio currently set for those periods.

We also refer to the considerations disclosed in Note 35 "Impacts of the Covid-19 pandemic" included in the Annex to the consolidated financial statements, which summarizes the main measures taken by the Board of Directors in response to the impacts of this situation.

## 9. Statement pursuant to Article 246, no 1, c) of the CVM

In accordance and for the purposes of the article 246, paragraph 1 - c) of the Securities Market Code, the Parties, individually, declare that, according to their knowledge, the Management Report, the Consolidated Financial Statements and other documents of account required by law or regulation have been prepared in accordance with applicable International Financial Reporting Standards, giving a true and fair view, in all materially relevant aspects, of the assets and liabilities, the financial situation and the consolidated income issuer, and that the Management Report faithfully reflects the evolution of the business, performance and position of the issuer, as well as of the companies included in the consolidation companies, and it contains a description of the main risks and uncertainties they face.

Ílhavo, 30<sup>th</sup> April 2021

The Board of Directors

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**Net income for the financial year**  
**Consolidated Statements of Financial Position on the 31<sup>st</sup>**  
**December 2020 and 2019**

	Notes	31-2-2020	T € 31-12-2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	8	134,050	142,691
Goodwill	9	4,711	4,711
Investment properties	12	930	970
Intangible Assets	10	1,621	1,384
Financial investments	13	683	682
Use rights assets	2 and 14	7,506	7,546
Deferred taxes	15	4,896	5,887
<b>Total non-current assets</b>		<b>154,397</b>	<b>163,871</b>
<b>Current assets</b>			
Inventories	16	43,008	41,770
Accounts receivable and others	17	13,214	21,727
State and other public entities	23	1,353	2,152
Cash and cash equivalents		17,501	14,462
<b>Total current assets</b>		<b>75,077</b>	<b>80,111</b>
<b>TOTAL ASSETS</b>		<b>229,473</b>	<b>243,981</b>
<b>SHARE CAPITAL</b>			
Equity	18	134,120	134,120
Treasury capital	18	-2	-2
Issue premiums	18	24,280	24,280
Supplementary benefits	18	38,182	38,182
Reserves and retained earnings	19	-128,785	-131,994
Net income for the financial year		-2,507	7,226
<b>Equity excluding non-controlling interests</b>		<b>65,288</b>	<b>71,812</b>
Non-controlling interests		1,107	980
<b>Total equity</b>		<b>66,395</b>	<b>72,792</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans obtained	20	77,366	68,370
Subsidies	24	6,663	6,768
Lease liabilities	2 and 14	5,349	5,745
Provisions	22	238	238
Provisions for pensions	22	1,138	1,194
Deferred taxes	15	8,778	9,289
<b>Total non-current assets</b>		<b>99,532</b>	<b>91,604</b>
<b>Current Liabilities</b>			
Loans obtained	20	20,562	29,971
Lease liabilities	2 and 14	2,475	1,787
Accounts payable and other debts	21	38,935	45,925
State and other public entities	23	1,574	1,902
<b>Total current assets</b>		<b>63,546</b>	<b>79,585</b>
<b>Total liabilities</b>		<b>163,078</b>	<b>171,189</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>229,473</b>	<b>243,981</b>

## Consolidated Financial Statements of Results by Nature for the financial years ended 31 December 2020 and 2019

		T €	
Items	Notes	31-12-2020	31-12-2019
Sales and services provided	6 and 25	110,379	120,097
Cost of goods sold and material consumed	16	-41,498	-40,073
Production variation	16	1,521	4,319
<b>Gross margin</b>		<b>70,403</b>	<b>84,342</b>
Works for the company itself	8	852	2,155
External supplies and services	27	-20,226	-21,175
Personnel costs	26	-40,552	-42,190
Amortizations	8, 10 and 14	-13,166	-11,007
Impairments	11	-465	323
Provisions for the financial year	22	-42	25
Other operating expenses and losses	28	-1,016	-968
Impairment of depreciable tangible fixed assets	8 and 11	155	-632
Fair value increase/(decrease)	12	-40	0
Other profit and operating income	28	6,554	3,414
<b>Operating income</b>		<b>2,456</b>	<b>14,287</b>
Interest and similar expenses incurred	29	-4,803	-5,528
Interest and similar income obtained	29	121	9
<b>Financial result</b>		<b>-4,682</b>	<b>-5,519</b>
<b>Result before taxes</b>		<b>-2,226</b>	<b>8,769</b>
Income tax	15	-260	-1,315
<b>Consolidated income for the financial year</b>		<b>-2,486</b>	<b>7,454</b>
<b>Attributable:</b>			
Shareholders		-2,507	7,226
Non-controlling interests		21	228
<b>Basic earnings per share (€)</b>	30	<b>-0.0150</b>	<b>0.0474</b>
<b>Diluted earnings per share (€)</b>	30	<b>-0.0150</b>	<b>0.0474</b>

## Consolidated Statement of Comprehensive Income for the periods ended on 31<sup>st</sup> December 2020 and 2019

	Notes	31-12-2020	31-12-2019
<b>Consolidated net result for the financial year (a)</b>		<b>-2,486</b>	<b>7,454</b>
<b>Other comprehensive income:</b>			
<b>Amounts that will not be reclassified later in results</b>			
<b>Retirement benefits</b>			
Actuarial gains and losses (Note 22)	22	-180	50
Fiscal impact of the aforementioned effect	15	31	-10
<b>Revaluation of fixed assets</b>			
Change in fair value of tangible fixed assets (Note 8)	8	-3,629	1,189
Fiscal impact of the aforementioned effect	15	844	-314
		<b>-2,934</b>	<b>915</b>
<b>Amounts that will be reclassified later in results</b>			
<b>Adjustments of exchange conversion</b>		676	-198
<b>Exchange differences in foreign currency net investments</b>		-1,603	0
<b>Other adjustments</b>		-236	-77
		<b>-1,163</b>	<b>-275</b>
<b>Other comprehensive income for the financial year (b):</b>		<b>-4,097</b>	<b>640</b>
<b>Total comprehensive income for the financial year (a) + (b)</b>		<b>-6,583</b>	<b>8,094</b>
<b>Comprehensive income for the financial year attributable to:</b>			
Shareholders		-6,524	7,893
Non-controlling interests		-60	201
		<b>-6,583</b>	<b>8,094</b>

## Consolidated Statement of Changes in Equity for the periods ended on 31<sup>st</sup> December 2020 and 2019

Items	Equity attributable to shareholders of parent company						Total	Non-controlling Interests	Total equity
	Capital (note 18)	Treasury Shares (note 18)	share Premiums (note 18)	Supplementary Benefits (note 18)	Reserves and earnings Results (note 19)	Net results of financial year			
<b>Balance on the 1<sup>st</sup> January 2019</b>	<b>121,927</b>	<b>-2</b>	<b>22,065</b>	<b>38,182</b>	<b>-139,938</b>	<b>7,276</b>	<b>49,510</b>	<b>780</b>	<b>50,290</b>
Capital increase	12,193	0	2,216	0	0	0	14,408	0	14,408
Application of net result of financial year	0	0	0	0	7,276	-7,276	0	0	0
Total comprehensive income							0		0
Net income for the financial year	0	0	0	0	0	7,226	7,226	228	7,454
Other comprehensive income for the financial year	0	0	0	0	667	0	667	-27	640
<b>Total</b>	<b>134,120</b>	<b>-2</b>	<b>24,280</b>	<b>38,182</b>	<b>-131,994</b>	<b>7,226</b>	<b>71,812</b>	<b>980</b>	<b>72,792</b>
<b>Balance on the 31<sup>st</sup> December 2019</b>	<b>134,120</b>	<b>-2</b>	<b>24,280</b>	<b>38,182</b>	<b>-131,994</b>	<b>7,226</b>	<b>71,812</b>	<b>980</b>	<b>72,792</b>

Items	Equity attributable to shareholders of parent company						Total	Non-controlling Interests	Total equity
	Capital (note 18)	Treasury Shares (note 18)	share Premiums (note 18)	Supplementary Benefits (note 18)	Reserves and earnings results (note 19)	Net results of financial year			
<b>Balance on the 1<sup>st</sup> January 2020</b>	<b>134,120</b>	<b>-2</b>	<b>24,280</b>	<b>38,182</b>	<b>-131,994</b>	<b>7,226</b>	<b>71,812</b>	<b>980</b>	<b>72,792</b>
Application of net result of financial year	0	0	0	0	7,226	-7,226	0	0	0
Total comprehensive income									0
Net income for the financial year	0	0	0	0	0	-2,507	-2,507	21	-2,486
Other comprehensive income for the financial year	0	0	0	0	-4,017	0	-4,017	-80	-4,097
Other adjustments	0	0	0	0	0	0	0	186	186
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,209</b>	<b>-9,733</b>	<b>-6,524</b>	<b>127</b>	<b>-6,397</b>
<b>Balance on the 31<sup>st</sup> December 2020</b>	<b>134,120</b>	<b>-2</b>	<b>24,280</b>	<b>38,182</b>	<b>-128,785</b>	<b>-2,507</b>	<b>65,288</b>	<b>1,107</b>	<b>66,395</b>



## Consolidated Statement of Cash Flow for the periods ended on the 31<sup>st</sup> December 2020 and 2019

Items	31-12-2020		31-12-2019	
<b>1. OPERATING ACTIVITIES:</b>				
Receivables from customers		125,054		130,898
Payments to suppliers		-76,009		-64,312
Payments to staff		-38,269		-42,209
Flows generated by operations		10,775		24,377
Other operating (payments)/receivables		3,787		-392
<b>Flows from operating activities</b>		<b>14,562</b>		<b>23,985</b>
<b>2. INVESTMENT ACTIVITIES:</b>				
Receivables from:				
Investment properties	0		900	
Investment subsidies	1,278		8,663	
		<b>1,278</b>		<b>9,563</b>
Payments relating to:				
Financial investments	0		-500	
Intangible Assets	-363		0	
Tangible fixed assets	-7,591		-28,284	
		-7,954		-28,784
<b>Flows from investment activities</b>		<b>-6,676</b>		<b>-19,221</b>
<b>3. INVESTMENT ACTIVITIES:</b>				
Receivables from:				
Loans obtained	23,430		106,378	
Interests	121		0	
Capital increase, supplementary benefits	0		14,408	
		23,551		120,786
Payments relating to:				
Loans obtained	-23,090		-114,223	
Amortisation of financial leasing contracts	-2,319		-2,925	
Interest and similar	-2,970	-28,379	-5,084	-122,231
Flows generated by investment activities		-4,827		-1,445
<b>4. CASH AND CASH EQUIVALENTS VARIATION</b>		<b>3,059</b>		<b>3,319</b>
<b>5. EFFECT OF CURRENCY EXCHANGE DIFFERENCES</b>		<b>-20</b>		<b>-2</b>
<b>6. INITIAL CASH AND BANK DEPOSITS</b>		<b>14,462</b>		<b>11,145</b>
<b>8. FINAL CASH AND BANK DEPOSITS</b>		<b>17,501</b>		<b>14,462</b>

	31-12-2020	31-12-2019
Demand deposits	17,497	14,453
Cash	4	8
	<b>17,501</b>	<b>14,462</b>

## Notes to the Consolidated Financial Statements

The amounts are in thousands of euros, except in the cases indicated otherwise

### 1. General Information

Grupo Vista Alegre Atlantis (Grupo) is formed by VAA - Vista Alegre Atlantis, S.G.P.S., S.A. (VAA - SGPS, S.A. or “Company”) and subsidiary companies (“Grupo VAA”) (see note 5). VAA - SGPS, S.A. was established in 1980 as a private limited company with the company *Fábrica de Porcelana da Vista Alegre, Lda*. The company’s general object is the industry of porcelain as well as other ceramic products. This activity had already been carried out since 1824 by another company belonging to the Grupo, which at that time, and due to restructuring reasons, decided to empower certain business areas. Since the late 1987, the Company has been listed in the Lisbon and Oporto Stock Exchange.

Currently called VAA - SGPS, SA, the company has the corporate purpose of managing shareholding in other companies, as an indirect form of economic activities, which consist of the production, distribution and sale of porcelain, faïence, ovenware, crystal and handmade glass, through its own retail network, with independent retailers and distributors and online sales. VAA - SGPS, S.A. is based at Lugar da Vista Alegre, 3830-292, Ílhavo. The company has its shares listed on the Stock Exchange of the official *Euronext Lisbon* market.

In January 2009, Vista Alegre Atlantis, SGPS, SA was informed, pursuant to and under the terms of article 175 of the CMV, by the Caixa-Banco de Investimento, S.A. and the Banco Millennium BCP Investimento, S.A., in the name and representing Cerutil-Cerâmicas Utilitárias, S.A., that it had decided to carry out a Public Offering for General Acquisition of the shares representing the share capital of VAA – SGPS. S.A..

At the end of all negotiations and credits assignment, Cerutil - Cerâmica Utilitária, S.A. (“Cerutil”, a company which is part of the Grupo Visabeira), owns 92.042.696 shares, which represented 63.46% of Vista Alegre Atlantis, SGPS, S.A. share capital.

Subsequently, in July 2010, Vista Alegre Atlantis, SGPS, S.A. witnessed its social capital growing from 11,603,199.20 euros to 92,507,861.92 euros, owing to the issuance of 1,011,308,284 common shares, registered and to the holder, with the nominal value of 0.08 euros each, of which:

- 125.000.000 shares were subscribed through a private offering by Fundo de Capital de Risco AICEP Capital Global Grandes Projetos de Investimento;
- 562.500.000 shares were subscribed by Cerutil – Cerâmicas Utilitárias, S.A.;
- and the remaining 323.808.284 shares were subscribed through a public subscription offering reserved to shareholders, exercising their pre-emptive rights. At the end of the process, Cerutil strengthened its position to 76.47%.

The VAA, SGPS, S.A.'s Board of Directors believes that regarding the Grupo Vista Alegre situation, the capital increase operation in 2019 was a key factor for the success of the business restructuring that followed. The inflow of funds aimed at restoring the financial balance of the company, providing its structure with the capacity of meeting its commitments and allowing the necessary expansion and replacement investment.

On the 16<sup>th</sup> of October 2013, through a share purchase agreement signed with the Banco Comercial Português, S.A., GRUPO VISABEIRA, S.A. purchased, on that date, from the above mentioned bank, a total of 51.761.957 shares representing 4.48% of the share social and voting rights of VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.. As a result of such acquisition, GRUPO VISABEIRA, S.A. become directly entitled to this number of shares representing 4.48% of VAA – SGPS, S.A.. In 2017 the percentage of representative shares was 3.64% (2016: 4.798%).

On 22<sup>nd</sup> December 2017, Vista Alegre Atlantis, SGPS, SA witnessed its social capital growing from 92,507,861.92 euros to 121,927,317.04 euros, owing to the issuance of 367,743,189 common shares, registered and to the holder, being made up of 1,524,091,463 shares with the nominal value of 0.08 euros each, of which:

- 10,600,331 shares were subscribed through public offering for subscription with subscription reserved for VAA shareholders, in exercising their pre-emption rights (with the legal pre-emption rights having been withdrawn from shareholders of Visabeira Indústria SGPS, S.A., Grupo Visabeira SGPS, S.A., FCR Portugal Ventures Grandes Projetos de Investimento, Caixa Geral de Depósitos, S.A. and the Fundo de Capital de Risco Grupo CGD – Caixa Capital and limited to shareholder pre-emption rights of shareholders of CERUTIL in subscribing to actions in the instalment of the increase to be paid in cash);
- 357.142.858 shares were subscribed by CERUTIL in cash contributions through the conversion of CERUTIL credits to VAA, SGPS, S.A. to the amount of 50,000,000.12 euros.

Under the terms and pursuant to the article 248-B of the Securities Code, and article 14 of CMVM Regulation no. 5/2008, VAA – Vista Alegre Atlantis, SGPS, S.A. received a communication that, under two share purchase and sale agreements signed on the 27th December 2017, VISABEIRA INDÚSTRIA SGPS, S.A. acquired from CERUTIL – Cerâmicas Utilitárias, S.A., 1.252.453.447 shares representing the share capital of VAA – Vista Alegre Atlantis, SGPS, S.A.. After such transactions, VISABEIRA INDÚSTRIA SGPS, S.A. became the holder of 82.27% of the share capital and voting rights of a VAA – Vista Alegre Atlantis, SGPS, S.A..

Through a share purchase and sale agreement signed on the 28<sup>th</sup> December 2017, VISABEIRA INDÚSTRIA SGPS, S.A. acquired, outside the stock exchange, from the company Portugal Capital Ventures – Sociedade de Capital de Risco, S.A., 125.000.000 shares representing 8.20% of the share capital of VAA – Vista Alegre Atlantis, SGPS, S.A., after such transactions, became the direct owner of 1.378.923.847 shares, representing 90.48% of the share capital and voting rights of VAA – Vista Alegre Atlantis, SGPS, S.A..

Following VAA's reorganisation program, which included the capital increase operation carried out on December 2017, VAA followed this process recently purchasing Cerutil and Bordalo Pinheiro (through Bordalgest, which is entirely owned by Cerutil and, in turn, owns a share of 83.99% in Bordalo Pinheiro) as well as the sale of VA Grupo, Vista Alegre Participações, S.A. on the 31<sup>st</sup> August 2018, having thus, on September 2018, completed the reorganisation program.

The purpose of these operations was to concentrate all holdings of the ceramics sector in VAA, in order to strengthen the financial and economic situation of the Grupo, as well as to strengthen its position within the context of the sector and towards the competing companies, allowing VA to demonstrate a greater importance and diversification of the century old brand "Bordallo Pinheiro".

On the 9<sup>th</sup> October 2018 the reverse stock split was completed. It was based on the regrouping of the 1.524.091.460 shares representing the company's share capital, by applying a regrouping ratio of 1:10, corresponding to every 10 (ten) shares 1 (one) new share, rounded up to the nearest whole number.

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company received approval of the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October 2019 by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30th of June 2020 and on the 31st of December 2020 will be 6x (Note 20)

On the 12<sup>th</sup> of December 2019, VAA - Vista Alegre Atlantis, SGPS, SA increased its capital by new cash inflows, with the suppression of shareholders' pre-emptive rights, in the amount of 12,192,731.20 euros, resulting in a change in the capital of Vista Alegre from 121,927,316.80 euros to 134,120,048.00 euros, by issuing 15,240,914 new shares, with a nominal value of 0.80 euros each, as communicated to the market in due course. This capital increase operation also generated an issue to the amount of 3.048.183 euros (Note 18).

Despite Visabeira Indústria, SGPS, S.A. maintaining ownership of 137,965,420 shares representing the share capital and voting rights of Vista Alegre as a result of the aforementioned, as a result of the capital increase (with the purpose, among others, of diversifying the VAA shareholder base) and of Visabeira Indústria not having subscribed to any new shares in this scope, its qualified shareholding in VAA has been reduced to 82.29% of VAA's share capital and voting rights, with reference to the share capital of VAA 134,120,048.00 euros represented by 167,650,060 shares after the Capital Increase.

Visabeira Indústria SGPS, S.A. share capital is entirely owned by (100%) by Grupo Visabeira, S.A. (based on Rua do Palácio do Gelo, n.º 1, Palácio do Gelo Shopping, Piso 3, Viseu, with the share capital of 116.540.215,00 Euro, registered at the Conservatória do Registo Comercial de Viseu [Commercial Registry of Viseu] under the single registration and VAT number 502.263.628), whereby the voting rights of Visabeira Indústria SGPS, S.A. are also attributable to Grupo Visabeira, S.A., which, in turn, also owns directly 5,548,417 shares representing 3.31% of VAA – Vista Alegre Atlantis, SGPS, S.A.'s share capital and voting rights.

It should also be noted that 98.25% of the share capital and voting rights of GRUPO VISABEIRA, S.A. is directly hold by the company NCFGEST, S.A., based at Repeses, Viseu, with a share capital of 138,051,852.60 Euros, registered at the Conservatória do Registo Comercial de Viseu [Commercial Registry of Viseu] under the single registration and VAT number 508.959.756, and therefore the voting rights representing VAA's share capital, mentioned above, are also attributable to NCFGEST, S.A.

Grupo VAA owns nine factories in Portugal, three in Ílhavo, one in Caldas da Rainha, another one in Alcobaça e another in Sátão (Viseu); and it sells mainly in the Euro zone countries, especially in Portugal, Spain, Germany, France and Italy.

These consolidated financial statements were approved and authorized for issue at the Board of Directors meeting held on the 30<sup>th</sup> Abril 2021.

## 2. Main accounting policies

The accounting policies adopted are consistent with those used in the financial statements presented for the financial year ended on the 31<sup>st</sup> December 2019.

### 2.1 Basis of presentation

According to the Regulation (CE) no 1606/2002 of the European Parliament and Council of the 19<sup>th</sup> July 2002, which transposed to into the Portuguese law through the Decree Law no 35/2005, of the 17<sup>th</sup> February, subsequently amended by Dec. Law no 98/2015 of the 2<sup>nd</sup> of June. These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The IFRS includes standards issued by the International Accounting Standards Board ("IASB"), as well as Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and its predecessor bodies, effective on the 1<sup>st</sup> January 2020.

The consolidated financial statements were prepared based on the continuity of operations, according to the accounting records of the companies included in the consolidation, maintained in accordance with the accounting principles and policies of each jurisdiction, adjusted in the consolidation process for IFRS. The historical cost principle was accounted for, except in the case of investment properties, land and buildings, which were measured at fair value. When elaborating the consolidated financial statements, the Board of Directors of the Grupo VAA – VISTA ALEGRE ATLANTIS uses estimates and assumptions which affect the application of policies and the amounts of assets and liabilities. The associated estimates and assumptions are based on historical experience and other factors considered reasonable under the circumstances and are the basis for judgements on the values of the assets and liabilities whose valuation is not evident from other

sources. Actual results may differ from estimates. Issues that require a higher judgement or complexity, or for which assumptions and estimates are considered significant, are presented in Note 3.

The Board of Directors evaluated the Company's and its subsidiaries' ability to operate on a continuous basis, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events subsequent to the reporting date of the consolidated financial statements, available about the future. As a result of the evaluation carried out, the Board of Directors came to the conclusion that it has the adequate resources to maintain its activities, with no intention of ceasing activities in the short term, and it has considered appropriate to use the assumption of continuity of operations in the preparation of condensed consolidated financial statements on the 31<sup>st</sup> December 2020.

Regarding the working capital, the VAA Board of Directors believes that it will be sufficient for its current needs, which is to say, for a 12-month period from the date of publication of this report. On the 31<sup>st</sup> December 2020, the Grupo shows a current asset exceeding current liabilities by approximately 11.5 million euros. Additionally, on the the 31<sup>st</sup> December 2020 Grupo Vista Alegre has approved and unused financing lines in the amount of approximately 23.2 million euros.

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company saw the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October of 2019 and approved by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30th of June 2020 and on the 31<sup>st</sup> of December 2020 will be 6x (Note 20).

## 2.2 Basis of consolidation

### 2.2.1 Subsidiaries

The consolidated financial statements include, in reference to 31 of December 2019, the assets, liabilities and profit and loss of the companies of the Grupo, understood as the entirety of the Grupo VAA and its subsidiaries, which are presented in Notes 5.

An entity is classified as subsidiary when it is controlled by Grupo. Control exists only where the Grupo has, cumulatively: (a) power over the investee; (b) exposure to or rights over variable results derived from its relationship with the investee; and (c) the ability to use its power over the investee to affect the amount of the results for investors.

Generally, it is assumed that there is control when the Grupo holds the majority of voting rights. In order to support this assumption and in cases where the Grupo does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as: (a) any contractual agreements with other holders of voting rights; (b) any rights arising from other contractual agreements; and (c) existing and potential voting rights.

The existence of control by the Grupo is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

The subsidiary companies are included in the consolidation by the full consolidation method. The results of the subsidiaries acquired or sold during the year are included in the consolidation by the full consolidation method, from the date the control is acquired until the date on which the control effectively ends.

Balances, transactions, dividends and unrealized gains on transactions between the Grupo's companies are eliminated from the consolidation process. Unrealized losses are also eliminated, unless the transaction reveals evidence of impairment of a transferred asset.

The accounting policies of the subsidiary companies are amended whenever necessary in order to ensure consistency with the policies adopted by the Grupo.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Grupo loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement. The investment held is recognized at fair value at the time of the control loss.

Regarding the situations where the Grupo holds, in substance, control of entities created for a specific purpose (including structured entities or SPV), even though it does not hold capital shares directly in these entities, they are consolidated by the full consolidation method.

The net result and other elements of the other comprehensive income and the equity of the subsidiaries corresponding to the participation of third parties in them (non-controlling interest) are presented in the consolidated financial statement and in the consolidated income statement, and other comprehensive income in specific headings of non-controlling interests. The comprehensive income of the subsidiaries is attributed to the Grupo's owners and to the non-controlling interests, even if the situation results in a deficit balance of the latter.

### 2.2.2 Concentrations of business activities and goodwill

Concentrations of business activities are recorded according to the purchase method.

Under the acquisition method the difference between: i) the cost of concentration and (ii) the net amount of the acquired identifiable assets and assumed liabilities, is recognized, on the acquisition date, as goodwill if positive, or as gain, if it is negative.

The cost of the concentration is calculated at fair value, consisting of the sum, on the acquisition date of the control, of: (i) the fair value of the assets transferred by the Grupo; (ii) the fair value of the liabilities assumed by the Grupo upon the acquisition of control; and (iii) the fair value of the equity instruments issued by the Grupo in exchange for the acquisition of control. Expenses related to concentrations of business activities are recorded in results when incurred.

At the cost of the concentration, any expenses regarding other transactions (e.g. remuneration for future services or for settlement of pre-existing relationships) are recognized, the margin of which is recognized separately in profit or loss.

The amount of future contingent payments, if any, are recognized as liabilities or equity at fair value at the time of acquisition. Subsequent changes in this value are recognised: (i) as equity if the contingent payment is classified as equity, (ii) as expenses or income in the income statement or as other comprehensive income if the contingent payment is classified as a financial asset or liability within the scope of IAS 39 and (iii) as expenses under IAS 37 or other applicable standards, in all other cases.

At the acquisition date, the classification and designation of all assets acquired and liabilities transferred in accordance with IFRS are revalued, except for leases and insurance contracts that are classified and designated based on the contractual terms and conditions at the date of commencement of the contract.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, the Grupo may choose to measure “non-controlling interests” at their fair value or at their respective share of the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is carried out by phases, the fair value on the date of the acquisition prior to the interests held is re-measured to the fair value at the date in which the control is gained, against the results during the period in which the control is reached, affecting the calculation of the goodwill.

Whenever a combination is not completed at the reporting date, the provisional amounts recognized at the acquisition date and/or recognized assets and additional liabilities will be retrospectively adjusted for a period of 12 months from the date of acquisition, if obtained from facts and circumstances that existed at the date of the acquisition, and if they had been known these assets and liabilities would be recognized at that date.

### 2.2.3 Jointly-owned and jointly entities

Associated companies are the companies over which the Grupo exercises significant influence, understood as the power to participate in the operational and financial policies, without however exercising control or joint control. It is generally assumed that there is significant influence when the percentage of participation is greater than 20%.

The classification of financial holdings in jointly controlled entities is determined on the basis of contracts which demonstrate and regulate joint control, which is understood when decisions on the relevant activities of the enterprise require unanimous agreement between the parties. The Grupo has no interest in jointly controlled operations as defined in IFRS 11.20. The Grupo owns no interests in joint ventures, as defined in IFRS 11.20.

Investments in associates and joint ventures are recorded under the equity method. Under the equity method, financial investments are initially recorded at acquisition cost, which is subsequently adjusted: (a) at the value corresponding to the Grupo's participation on the comprehensive income (including net income for the year) of associates - in consideration of other comprehensive income of the Grupo or of gains or losses for the year, as applicable; (b) for the dividends received - in exchange for an account receivable or cash; and (c) for possible gains or losses on operations with other companies of the Grupo.

When the proportion of the Grupo in accumulated losses of the associate companies exceeds the value by which the investment is registered, the investment is reported at a null value as long as the equity of the associate is not positive, unless the Grupo has undertaken commitments with the associate, reporting in such cases, a responsibility to meet those obligations.

Any excess regarding the cost of acquisition of a financial investment over the Grupo's interest in the fair value of the assets, liabilities and contingent liabilities identified at the date of acquisition of the associated company or jointly controlled entity is recognized as goodwill, which is included in the value of the shareholding, and its recovery is assessed annually as a comprehensive part of the financial investment. If the acquisition cost is lower than the fair value of the assets of the associate

company or jointly controlled entity acquired, the difference is recorded directly in the income statement.

Unrealized gains on transactions between the Grupo and its associated companies and jointly controlled entity are eliminated according to the Grupo's participation in the associated companies and jointly controlled entities. Unrealized losses are also eliminated, unless the transaction reveals evidence of impairment of a transferred good.

Whenever necessary, adjustments are made to the financial statements of associate companies and joint ventures to ensure consistency with the accounting policies adopted by the Grupo.

An impairment analysis is made for financial investments in associate companies and joint ventures when there is evidence that the asset may be impaired, and a loss is recorded in the income statement whenever this is confirmed. The recoverable amount of financial investments in associated companies is, for this purpose, determined in accordance with IAS 36. When impairment losses recognized in prior periods cease to exist, they are reversed (with the corresponding gain on the income statement). Impairment losses are recorded as a deduction from the carrying amount of the investments.

#### **2.2.4 Conversion of financial statements of foreign entities**

The elements included in the financial statements of each of the Grupo's companies are measured using the economic environment currency in which the company operates (the functional currency). The consolidated financial statements are presented in Euros, the functional and reporting currency of the Grupo.

Assets and liabilities expressed in the financial statements of foreign entities (entities that do not use the euro as their functional currency) are translated into Euro using the exchange rates prevailing at the reference date of the financial statement. Income and expenses, as well as cash flows, are translated into Euro using the average exchange rate recorded during the year. The resulting exchange difference, generated after the 1<sup>st</sup> January 2004, is recorded on equity under "Exchange reserve". Exchange differences generated until the 1<sup>st</sup> January 2004 (date of transition to IFRS) were written off against "Other reserves and retained earnings".

Goodwill and fair value adjustments resulting from the acquisition of foreign entities are treated as assets and liabilities of these entities and converted to Euro at the exchange rate effective at the end of the year.

Whenever a foreign entity is sold (wholly or partially), the corresponding share of the accumulated exchange difference is recognized in the consolidated income statement as a gain or loss, in the event of loss of control, or transferred to interests which they do not control in case there is no loss of control.

The exchange rates (closing and average) used on the 31<sup>st</sup> December 2020 and 2019 in the conversion to Euro of the financial statements of the main subsidiaries, jointly controlled companies

and foreign associate companies (entities that do not use the Euro as functional currency) were the following:

Currency	Closing exchange		Average exchange	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
American dollar	€ 0.8149	€ 0.8902	€ 0.8718	€ 0.8933
English pound	€ 1.1055	€ 1.1714	€ 1.1236	€ 1.1413
Mozambican metical	€ 0.0109	€ 0.0145	€ 0.0124	€ 0.0143
Mexican peso	€ 0.0409	€ 0.0474	€ 0.0405	€ 0.0464
Brazilian real	€ 0.1566	€ 0.2217	€ 0.1672	€ 0.2260
Indian rupee	€ 0.0111	€ 0.0125	€ 0.0118	€ 0.0127

## 2.3 Main valuation criteria

### 2.3.1 Intangible Assets

Intangible assets are reported at acquisition cost, less amortizations and eventual impairment losses, and are only recognized if they are likely to generate future economic benefits for the Grupo if it is reasonably possible to measure their cost and if the Grupo has control over them.

The Grupo's intangible assets mainly relate to Ownership Transfer, Development projects and other related to new products and processes, developed in-house.

The depreciations are calculated over the acquisition amounts, according to the constant quota method, on a duodecimal basis, according to the useful life period, for a period of 3 years (except in the case of ownership transfer that are to be depreciated in 6 years, and in the rights of stores in shopping centers that are amortized for the term of the respective contracts).

Costs from its own brands and internally generated intangible assets are reported in the results account as they are incurred.

The research expenses, carried out for the research of new technical and scientific knowledge, or for the search of alternative solutions, are recognized as results when they are incurred. The development expenses are capitalized whenever the product or the process' technical feasibility is demonstrated, and the Grupo intends to and has the ability to complete its development and to start selling or using it.

### 2.3.2 Goodwill

Goodwill cannot be amortized, and it is annually subject to impairment testing, regardless of whether there are impairment indicators.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash- generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash- generating unit is disposed of, the allocated goodwill is also

derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Any value loss, impairment, is reported in the final result of the period, and cannot be subsequently reverted.

### 2.3.3 Tangible fixed assets

Tangible fixed assets corresponding to land and buildings, which essentially comprise factories, warehouses, retail stores and offices, are recorded according to the revaluation model, corresponding to their carrying amount on the reporting date at their fair value, on the date of the last revaluation less accumulated depreciation and impairment losses. Revaluations are made whenever any significant differences to the fair value of the respective assets, based on independent external real estate reviews.

According to the revaluation model, the increases on the assets carrying amount as a result of the land and buildings reassessment are credited under a specific item in equity. The decreases which compensate for prior increases regarding the same asset are reported under the same item as the increases; the remaining decreases are recognized as expenses regarding the period. Annually, the difference between depreciation based on the carrying amount reassessed, regarding the period expenses and the depreciation based on the assets' original cost, is transferred from the fair value reserve to the retained earnings.

The tangible fixed assets corresponding to the Grupo's Artistic Collection ("Espólio Vista Alegre") are initially recorded at fair value based on external expert valuations dating from 2014 and 2015 and updated on the period ended on the 31<sup>st</sup> December 2020, and subsequently deducted from amortizations and losses due to accumulated impairment. It should be noted that, since the residual value of collection items which are part of the "Espólio Vista Alegre" is equal to or greater than its book value, no depreciation is taken, but periodic evaluations of a sample of items are carried out to calculate the respective value of realization. The Grupo's Artistic Collection is related to the collection pieces, associated, among others, with the production of the Fábrica de Porcelana da Vista Alegre, as well as donations, which have been collected and classified since the establishment of Vista Alegre. This collection, unique in the country, reflects not only the almost two centuries of the Grupo, but mainly the history of porcelain in Portugal and in the World. Besides the pieces on display at the Vista Alegre Museum (about 2.000), the Grupo has a considerable number of objects in reserve which include porcelain and glass, but also other collections associated with the history of the Grupo that cover different areas such as decorative arts, technology and technique, social and local history or religious history. The collection was formed through direct transfers from the industrial plant, acquisitions or donations, comprising a broad chronological period, which runs from the 17<sup>th</sup> to the 20<sup>th</sup> century.

The remaining tangible fixed assets are initially measured at acquisition cost and subsequently are deducted from depreciation and impairment losses, or acquisition cost plus legal revaluations prior to the date of transition to IFRS, less depreciation and impairment losses.

The acquisition cost includes all expenditures directly attributable to the activities required to place the assets in the location and condition required to operate as required.

The subsequent costs are included in the assets' carrying amount, or recognized as separate assets, as adequate, only when it is possible that the economic benefits will flow to the Grupo and the cost may be measured with reliability. All other subsequent expenditure is recognised as expenses in the period they are incurred.

### Depreciations

Land is not depreciated, as the depreciations of the remaining assets calculated over the acquisition or reassessment values, by the according to the constant quota method, on a duodecimal basis. The annual rates applied successfully reflect the economic useful life of the assets, which is determined according to the expected use. The depreciation rates correspond, on average, to the following estimated useful lives:

	31-12-2020	31-12-2019
Buildings and other constructions	3-50	3-50
Transport equipment	4-8	4-8
Tools and utensils	3-7	3-7
Office equipment	4-10	4-10

The depreciation process starts on the month the asset becomes available for operation.

The assets' residual values, the useful lives and the amortization methods are reviewed and adjusted annually. In case the carrying amount is superior to the assets' recoverable value, its readjustment to the estimated recoverable values should be carried out.

Regarding the Grupo's Artistic Collection the Grupo's Artistic Estate, its residual value is equal to or greater than its book value, which is why it is not suffering any depreciation.

Gains or losses arising from write-off or sale are determined by the difference between sale's receivables and the asset carrying amount, and are recognized as income or expenses in the consolidated financial statements. When revaluated assets are sold, the amount included in other reserves is transferred to retained earnings.

#### 2.3.4 Usage rights

##### Location identification

A lease is defined as a contract, or part of a contract, whereby the right to control the use of an asset (the underlying asset), for a specified period of time is granted in exchange for a fee. At the beginning of each contract, it is assessed and identified whether it is or contains a lease. This assessment involves exercising judgment as to whether each contract depends on a specific asset, whether the Grupo, as a lessee, obtains substantially all the economic benefits from using that asset and whether it has the right to control the use of the asset.

All contracts that constitute a lease are accounted for by the lessee based on a single model of recognition in the consolidated statement of financial position.

At the commencement date of the lease, the Grupo recognise the liability related to the lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right-of-use or "RoU"). The cost of interest cost on lease liability and depreciation of the RoU are recognized separately.

The lease liability is remeasured when certain events occur (such as a change in the lease period, a change in future payments that result from a change in the benchmark or the rate used to determine those payments). This remeasurement of lease liability is recognized as an adjustment in the RoU.

#### Asset usage rights

The Grupo recognizes the right to use assets on the effective date (that is to say, the date in which the underlying asset is available for use). The right to use assets is recorded in the acquisition cost, minus accumulated depreciation and accumulated impairment losses and adjusted for any new measurements of lease liabilities. The cost of the right to use assets includes the initial value of the lease liability, any direct costs initially incurred and payments already made before the effective date, less any incentives received and plus restoration costs, if any. The usage rights are recorded in an autonomous item in the consolidated statement of financial position, "Assets for usage rights".

Whenever the Grupo incurs an obligation to dismantle and remove a leased asset, restore the location in which it is located, or restore the underlying asset to the condition required by the lease terms and conditions, a provision is recognized in accordance with IAS 37. Expenses are included in the respective right of use.

Leasing incentives (e.g., rent grace periods) are recognized as elements of measuring the right to use and lease liabilities. Variable rents that do not depend on an index or rate are recognized as expenses in the year in which they are incurred or payment is made.

Rights of use are depreciated according to the lease term, using the straight-line method, or according to the estimated useful life of the asset under right of use, when it is longer than the lease period and management intends to exercise the purchase option.

Unless it is reasonably certain that the Grupo will obtain ownership of the leased asset at the end of the lease term, the recognized right to use the assets is depreciated using the straight-line method based on the lease term.

Impairment of use rights is tested in accordance with IAS-36 to replace the recognition of provisions for costly lease agreements.

In case of low value and short-term asset leases (the underlying asset has an acquisition price equal to or less than 5,000 euros and lasts less than 12 months), the Grupo does not recognize the rights

to use assets or liability for leases, recognizing the expenditures associated with these leases as expenses for the year during the life of the contracts.

Lease agreements can contain both lease and non-lease components. Consideration was given, however, to the expedient in the standard of not separating the service components from the lease components, accounting for them as a single lease component.

On the 31<sup>st</sup> of December 2020 and on the 31<sup>st</sup> of December 2019, the Grupo did not hold any contractual position in which it acted as lessor, except for intra-group leases, which were eliminated in these consolidated financial statements.

#### Lease liabilities

On the date of entry into force, the Grupo recognizes liabilities measured at the present value of future payments to be made until the end of the lease, and includes said balances in the consolidated statement of financial position "Lease liabilities".

Lease payments include fixed payments (including fixed payments in substance), less any incentives to receive, variable payments, dependent on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the price of a call option, if the Grupo is reasonably certain to exercise the purchase option, and penalty payments for terminating the contract, if the Grupo is reasonably certain to terminate the contract.

Payments for non-lease components are not recognized as lease liabilities. Variable payments that do not depend on an index or a rate are recognized as an expense in the year in which the event giving rise to them occurs.

For calculating the present value of future lease payments, the Grupo uses an incremental interest rate at the lease start date, in case the interest rate implied is not immediately determined.

Extension and termination options are provided for in several lease agreements and their application is based on operational maximization. To determine the lease term, the Board of Directors considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Most of the extension options were not included in the lease liability and, when exercised, are included by the Grupo and not by the lessor.

The term is revised only if a significant event or a significant change in circumstances occurs that may affect this assessment and is under the lessee's control.

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

#### 2.3.5 Investment properties

Investment properties, which correspond to real estate assets held to earn income or for capital appreciation, or both, and not for use producing or supplying goods and services or for administrative purposes, are recorded at their fair value, determined by assessment carried out by an independent specialized entity.

Changes in the fair value of investment properties are shown in the consolidated income statement in the year in which they are generated, in the fair value Increase/ (Decrease) line.

Investment properties are derecognised when they are disposed of or when they are decommissioned with no expectations of future economic benefits resulting from their decommissioning. Any gains or losses arising from the derecognition of investment properties are recognised in the Consolidated statement of results in that year.

Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognised in the consolidated income statement, in the period to which they relate. The improvements, which are estimated to generate future additional economic benefits, are capitalized.

### **2.3.6 Impairment of tangible and intangible fixed assets (other than goodwill)**

An impairment assessment of the Grupo's assets is made at the date of each consolidated financial statement and whenever an event or change in circumstances is identified indicating that the amount for which an asset is registered may not be recoverable. Whenever the amount by which an asset is recorded is greater than its recoverable amount (defined as the highest of the net selling price and the value in use, or as the net sale price of assets for sale) impairment loss, recorded in the income statement under the caption "Fair value increases / (reductions)". The net selling price is the amount that would be obtained from the asset sale in a transaction between independent and knowledgeable entities, less cost directly attributable to the sale. Value in use is the current value of the estimated future cash flows that are expected to arise from the continued use of the asset and its sale at the end of its useful life. The recoverable amount is estimated for each asset, individually or, if it is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognized in prior periods is recorded when it is concluded that recognized impairment losses no longer exist or have decreased. This analysis is performed whenever there is evidence that the previously recognized impairment loss has reversed. The reversal of impairment losses is recognized in the income statement under the caption "Fair value increases/ (reductions)". However, the reversal of the impairment loss is made up to the amount that would be recognized (net of amortization or depreciation) if the impairment loss had not been recorded in previous years.

Impairment losses are identified in Note 11.

### **2.3.7 Inventories**

Inventories are valued according to the following criteria:

#### a) Goods and raw materials, subsidiaries and consumables

Goods and raw materials, subsidiaries and consumables are registered on the acquisition cost, which is lowest to the correspondent market value, using the weighted average method.

#### b) Finished and intermediate products and undergoing products and works

The finished and intermediate products as well as undergoing products and works were valued at a "standard cost" production.

The structure of the cost calculation will be supported by the computer system - SAP based on "technical listings" (structured summary of the components of the product) and "scripts" (description of the operations carried out to produce a product) of each product, which have the essential master data for the planning, production control and product's industrial cost, adding value as the product goes through the different stages up to the end stage. The calculation of the standard cost is based on the costs' structure necessary for the normal use of the production capacity installed in the different plant, excluding the inactivity and restructuring costs. Occasionally, are carried out reviews in case there are significant changes in the product's structure.

The Grupo periodically analyses the impairment of its inventories in order to reduce their value to their realizable value, based on both their estimated selling price and their rotation. Regarding this latter factor, the Grupo mainly structures its products between "Line products" and "Products off-line", having defined criteria of impairment according to its historical evolution, nature, typology and rotation, criteria approved and monitored by the Board of Directors.

### 2.3.8 Financial Instruments

#### 2.3.8.1 Factoring and discounted bills

The Grupo derecognises financial assets in its consolidated financial statements, only when the contractual right to cash flows inherent in such assets has expired or when the Grupo transfers substantially all the risks and benefits inherent in the ownership of those assets to a third party. If the Grupo substantially retains the risks and benefits inherent in the ownership of such assets, it continues to recognize them in its consolidated financial statements, recording in the liability under the caption "Financing obtained" the monetary counterpart for the assets assigned.

Consequently, customer balances denominated in discounted and unpaid bills and receivables assigned in factoring at the date of each financial statement, with the exception of non-recourse factoring operations (and for which it is unequivocally transferred the risks and benefits inherent to these accounts receivable) are recognized in the consolidated financial statements of the Grupo until the date of their receipt.

#### 2.3.8.2 Confirming

The Grupo keeps protocols with financial entities in order to allow its suppliers access to an advantageous management tool for their working capital, upon confirmation by the said subsidiary of the validity of the credits that the suppliers hold over it.

Under these protocols, some suppliers have freely entered into agreements with these financial institutions that allow them to anticipate receipt of the covered loans immediately after confirmation by the subsidiary of its validity to the financial institution.

For contracts whose maturity does not exceed 120 days, the Grupo considers that the economic substance of these financial liabilities does not change and therefore maintains the accounting classification of such credits in the "Suppliers" heading up to the date of their normal maturity under the supply contract signed between the Grupo and the supplier whenever (i) the maturity corresponds to a period of time practiced by the industry in which the subsidiary is located, as there are no changes to payment deadlines for periods outside the range that normally apply to other suppliers that are not part of the aforementioned program, and (ii) the subsidiary does not bear liquid charges with the prepayment transaction in relation to the alternative payment at normal maturity. In some situations, the said subsidiary receives from the financial institution a commission for credit collection. In the event that the terms of the debts to suppliers exceed the normal payment period and the amount due has accrued interest at market rates, the corresponding liability is accounted for under "Other creditors" (Note 21).

On the maturity date of said invoices, the amount is paid by the subsidiaries to the financial institution regardless of whether or not they have paid those amounts in advance to the suppliers.

### 2.3.8.3 Investments

#### Recognition

Purchases and sales in investments in financial assets are recorded on the date of the transaction, that is, on the date the Grupo undertakes to buy or sell the asset.

The classification of financial assets depends on the business model followed by the Grupo in the management of financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable.

Changes in the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets may be classified into the following measurement categories:

(i) Financial assets at amortized cost: it comprises the financial assets that correspond only to the payment of nominal value and interest, and whose business model chosen by the management is the receipt of contractual cash flows;

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in a company); a) in the case of debt instruments, this category includes financial assets that correspond to the payment of nominal value and interest for which the business model chosen by the management is the receipt of contractual cash flows or occasionally its sale; b) in the case of equity instruments, this category includes the percentage of interest held in companies over which the Grupo does not have any control, joint control or significant influence and which the Grupo has irrevocably chosen on the date of its initial recognition designate at fair value through other comprehensive income;

(iii) Financial assets at fair value through loss and profit: includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not classified at fair value through other comprehensive income;

#### Measurement

The Grupo initially measures financial assets at fair value, plus transaction costs directly attributable to the purchase of financial assets, for financial assets that are not measured at fair value through profit or loss. The transaction costs of financial assets at fair value through profit or loss are recorded in the income statement of the fiscal year they are incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, and the fair value changes are recorded directly in the other comprehensive income, in the equity, but with no future reclassification even after derecognition of the investment.

#### Impairment losses

Vista Alegre assesses in a forward-looking manner the estimated credit losses associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income. The applied impairment method takes into account the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

Regarding receivables under "Customers" and "Other third party debt" and Customers contracts assets, the Grupo uses a simplified approach permitted by IFRS 9, according to which estimated credit losses are recognized from the initial recognition of the balances receivable and for the whole period up to maturity, considering a matrix of historical default rates for the maturity of the balances receivable, adjusted by prospective estimates.

Regarding the balances receivable from related companies, which are not considered as part of the financial investment in these companies, the credit impairment is assessed according to the

following criteria: i) if the balance receivable is immediately due (“on demand”); ii) if the balance receivable is low risk; or iii) if it has a maturity of less than 12 months.

In cases where the amount receivable is immediately payable and the related company is able to pay, the probability of non-compliance is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related company’s credit risk is assessed and if it is “low” or if the maturity is less than 12 months, then the Grupo only evaluates the probability of a non-compliance occurring for the cash flows that mature during the next 12 months.

For all other situations and nature of receivables, Vista Alegre uses the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there is no increase in credit risk, the Grupo calculates an impairment corresponding to the amount equivalent to expected losses within a period of 12 months. If there has been an increase in credit risk, impairment is calculated corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

#### Derecognition of financial assets

Vista Alegre derecognises financial assets when and only when contractual rights to cash flows have expired or they have been transferred, and the Grupo has substantially transferred all the risks and rewards of ownership of the asset.

#### 2.3.8.4 Third party’s debts

“Customer” and “Other third party debt” heading are initially recognized at fair value and are subsequently measured at amortized cost, net of impairment adjustments.

#### 2.3.8.5 loans

Loans are recorded in liabilities at their nominal value less transaction costs that are directly attributable to the issuance of these liabilities. The financial charges are calculated at amortized cost according to the effective interest rate.

#### 2.3.8.6 Debts to third parties

Debts to third parties to non-interest bearing are recorded at their nominal value, except in situations where the effect of the financial update is considered material.

#### 2.3.8.7 Equity instruments and the distinction between financial liabilities

Financial liabilities and equity instruments are classified according to the contractual substance of the transaction. The Grupo considers equity instruments those in which the contractual support of the transaction shows that the Grupo has a residual interest in a group of assets after deducting a set of liabilities.

Equity instruments issued by the companies of the Grupo are recorded at the value of proceeds received, net of any costs related to their issuance. The treasury shares are accounted for by its acquisition value as a reduction to equity.

The gains or losses resulting from the disposal of treasury shares are registered in "Reserves and retained earnings", not being considered in the results of the period in which they occur.

#### 2.3.8.8 Derivatives and hedge accounting

Derivative financial instruments are initially recorded at the fair value of the transaction date and subsequently measured at fair value. The method of recognizing fair value gains and losses depends on the designation of derivative financial instruments, such as trading or hedging.

The hedging requirements are met when:

- i) there is an economic relationship between the hedged item and the hedging instrument, and the amount of the hedged item and the hedging instrument move in opposite directions;
- ii) fair value changes do not result mostly in credit risk; and
- iii) the hedging ratio designated by Vista Alegre, on each transaction, is the result of the amount of the hedged item and the amount of the hedging instrument that the entity effectively uses to cover that amount of the hedged item.

The derivative instruments used by Vista Alegre defined as cash flow hedging instruments regard mainly the interest rate hedging instruments resulting from loans and exchange rates. Indexes, calculation conventions, interest rate repricing dates and repayment plans for interest rate and foreign exchange hedging instruments are the most consistent with the conditions established for the underlying loans contracted, therefore the present perfect heading relationships. The inefficiencies that might exist are recorded in the headings "Financial Income and Gains" and "Financial Expenses and Losses" of the consolidated statement of income.

Vista Alegre uses as well financial instruments as cash flow hedging , which regard mainly to the exchange rate hedging ("forwards") of loans and commercial operations.

Some exchange rate hedges commercial operations provide perfect hedging relationships and therefore receive hedge accounting treatment. In some situations, loan exchange rate hedges and the remaining commercial operations hedges, since they do not constitute perfect hedge relationships, do not receive hedge accounting treatment, but effectively reduce, in a very significant way, the effect of exchange variations of loans and balances receivable/payable, in foreign currency, regarding which Vista Alegre intends to cover exchange rate risk.

In some particular situations, Grupo may use derivative instruments over the exchange rates in order to carry out the risk hedging related to the future cash flow variations caused by the variation of that variable, and that may not qualify as hedging instruments according to IFRS 9, given that in

these situations the fair value revaluation effect of such derivatives is recorded in the consolidated income statement.

Derivative instruments, although used as mentioned above (mainly as exchange forwards, and derivative under or including interest rate options), regarding which the Grupo did not use hedge accounting, are initially recorded at its cost, which corresponds at its fair value, if any, and afterwards they are re-evaluated to its fair value, whose variations, calculated using specific computer tools, directly affect the headings "Financial Income and Gains" and "Financial Expenses and Losses" of the consolidated income statement.

When there are derivatives embedded in other financial instruments or other contracts, they are treated as separate derivatives in situations where the risks and characteristics are not closely related to contracts and in situations in that the contracts are not presented by its fair value with unrealised gains or losses registered in the consolidated income statement.

Under special conditions, Vista Alegre may use interest rate derivatives aiming at carrying out fair value hedging. Under these situations, derivatives are recorded at their fair value using the consolidated income statement. In the cases, when the hedging instrument is not measured at fair value (namely, loans measured at amortized cost), the effective hedge portion will be adjusted in the book value of the hedged instrument, through the income statement.

On 31<sup>st</sup> December 2020 and 2019, the Grupo had not hired any derivative instruments.

#### **2.3.8.9 Cash and cash equivalents**

The amounts included under "Cash and cash equivalents" correspond to cash, bank deposits, time deposits and other cash investments, which mature less than three months and can be immediately mobilized with insignificant risk of change in value.

#### **2.3.9 Equity**

- ***Share Capital:***

The share capital is fully represented by bearer share certificates, which are classified in the Equity.

- ***Legal Reserve:***

According to the Portuguese commercial legislation, at least 5% of annual net income, established in the Company's individual accounts, which must be allocated to the legal reserve until it represents at least 20% of the Share Capital. The legal reserve is non-distributable unless in case of liquidation of the Company, but can be used to absorb losses, after exhausting all other reserves, or for incorporation in the share capital.

### 2.3.10 Employee benefits

#### 2.3.10.1 Provisions for retirement pensions – defined benefit plan

Some Grupo companies have pension schemes assigned to former employees, in the form of a defined benefit plan; this is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The Grupo has in place several plans of retirement benefits, some at the expense of the Grupo and others in charge of the Futuro – Sociedade Gestora de Fundos de Pensões, S.A. (Grupo Montepio).

The liability recognized in the statement of the consolidated position, in relation to the benefit plan defined, is the present amount of the benefits obligation defined at the date of the consolidated financial statements. The obligations of the defined benefit plans are annually determined by independent actuaries, using the credit method of the projected unit (“Projected Unit Credit Method”). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approaching the terms of the related pension liability.

All actuarial gains and losses arising from adjustments related to the experience and changes in actuarial assumptions are directly recognised in equity and presented in other comprehensive income.

Past-service costs are immediately recognised in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Gains or losses resulting from the curtailment or settlement of a defined benefit plan are recognised in profit or loss for the period in which the curtailment or settlement takes place. A curtailment occurs when there is a material reduction in the number of employees or the plan is changed so that the defined benefits are reduced, with material effects, causing a reduction in the plan's liability.

#### 2.3.10.2 Employment termination

Termination benefits are due when there is termination of employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for those benefits. The Grupo acknowledged these benefits when it can be demonstrated the commitment to a cessation of employment of current employees, according to a detailed formal plan for cessation and when there is no realistic possibility of withdrawal or these benefits are granted to encourage voluntary termination. Where termination benefits fall due more than 12 months after the balance sheet date, they shall be discounted to their current value.

### 2.3.10.3 Holiday, holiday pay and bonuses

The labour code approved by the law no 7/2009 of 12 February, amended by the Laws no 105/2009 of 14 September, and no 53/2011 of 14 October, established in the no 3 of the article 238, the conditions under which the right to holidays, ended at the beginning of each year, should be of 25 days. The Law no 23/2012 of 25 June repealed this provision, passing the right a maximum of 22 days. The Constitutional Court later declared the unconstitutionality of some of the rules of this law, namely the increase of holidays, when this increase was already received in a collective recruitment.

The collective contracting applicable to the ceramics industry, negotiated between APICER and the unions, had accepted the rules for the increase and applied directly or indirectly to about 2/3 of the VAA, S.A. workers. The VAA, S.A. Management has decided, for reasons of equity, to extend the right to increase the vacation due on 01/01/2013 to all employees. It is understood that the criteria underlying the calculation of holidays and holiday allowances, recorded in the 2013 accounts and due on 01/01/2014 should follow the same principle.

### 2.3.10.4 Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF)

In Portugal, with the publication of Law No. 70/2013 and subsequent regulation through Order No. 294-A/2013, the Labour Compensation Fund (LCF) and the Labour Compensation Guarantee Fund (LCGF) entered into force on the 1<sup>st</sup> October. In this context, companies that hire a new employee are required to deduct a percentage of their salary for these two new funds (0.925% for LCF and 0.075% for LCGF), in order to ensure the future partial payment of the corresponding compensation in case of dismissal.

Taking into account the characteristics of each Fund, the following was considered:

Monthly payments made by the employer to the LCGF are recognised as expenses for the period when they occur.

The monthly payments made by the employer to the LCF are recognised as a financial asset of that entity, measured at fair value and with the respective changes recognised in profit or loss.

### 2.3.11 Provisions, assets and contingent liabilities

Provisions are recognized when, and only when, the Grupo has a current obligation (legal or implicit) resulting from a past event, it is probable that an outflow of resources will occur and the amount of the obligation can be reasonably estimated. Provisions are reviewed at the date of each financial statement and adjusted to reflect the best estimate at that date (expected value of the outflow to be incurred), taking into account the risks and uncertainties inherent in such estimates. When a provision is determined taking into consideration the future cash flows required to settle the obligation, it is recorded at their current value. The discount rate in the aforementioned financial update correspond to the average rate of financing of the respective company at the reporting date.

Restructuring: provisions for restructuring are only recognized by the Grupo whenever there is a formal and detailed restructuring plan, and it has already been informed to the parties.

Onerous contracts: obligations resulting from onerous contracts are recognized and measured as provisions. There is an onerous contract whenever the Grupo is before a situation in which the inevitable costs to meet the contract's obligations exceed the economic benefits foreseen to be received.

Contingent assets are not recognized in the consolidated financial statements, but they are reported on the annex when a future economic benefit is foreseen.

Contingent liabilities are not recognized in the consolidated financial statements, but they are reported on the annex, unless the idea of an outflow of resources may affect future economic benefits is a remote one.

The provisions are reviewed and updated on the balance sheet date, so as to reflect the best estimate, at this time, of the obligation in question.

#### **2.3.12 Fair value measurement**

The Grupo measures part of its financial assets, as financial assets available for sale and trading, and part of its non-financial assets, as investment properties and tangible fixed assets (lands and buildings), at fair value at the reference date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in a transaction between market participants to sell the asset or transfer the liability, on the measurement date, under the current market conditions.

The measurement of fair value is based on the assumption that the transaction of selling the asset or transferring the liability may occur:

- In the main asset and liability market, or
- In the absence of a primary market, the transaction should take place in the most advantageous market. The most advantageous market is that which maximises the amount that would be received upon the sale of the asset or that minimises the amount that would be paid to transfer the liability, after considering transaction and transportation costs.

Because different entities and different businesses within a single entity can have access to different markets, the main or most advantageous market for the asset or liability can vary from one entity to another, or even between businesses within the same entity, but they are assumed to be accessible to the Grupo.

Fair value measurement relies on assumptions that market participants would use in pricing the asset or liability, assuming that market participants would use the asset to maximise its value and use.

The Grupo uses valuation techniques that are appropriate to the circumstances and for which there is sufficient data to measure the fair value, maximising the use of relevant observable data, and minimising the use of non-verifiable 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 the data to be used in the fair value measurement into three levels, as detailed below:

Level 1 - Market prices quoted, unadjusted, in active markets for identical assets or liabilities, which the entity may access at the measurement date;

Level 2 – Valuation techniques that use inputs that are not quoted, are directly or indirectly observable.

Level 3 – Valuation techniques that use inputs which are not based on observable market data, i.e., based on unobservable data.

The measurement at fair value is fully classified on the same hierarchy level as the lowest level of the input which is more significant for the measurement as a whole.

#### 2.3.13 Recognition of revenue

Revenue comprises the fair value of the sale of goods and services, net of taxes and discounts, and after elimination of domestic sales.

In determining the amount of revenue, the Vista Alegre assesses for each transaction the performance obligations it undertakes with the customers, the transaction price to for each performance obligation identified in the transaction and the variable price conditions that may lead to future adjustments of the amount of the revenue recorded, and for which the Grupo presents its best estimate.

Income from product sales is recorded in the consolidated income statement, when control over the product or service is transferred to the customer, which is to say, at the moment when the customer is able to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

The Grupo considers that, taking into account the nature of the product or service related to the performance obligation undertaken, the transfer of control takes place mainly on a specific date, but there may be transactions in which the transfer of control occurs continuously throughout the defined contract period.

#### **Net financial results**

Net financial results essentially comprise interest from loans obtained, net of interest from financial investments and exchange rate gains and losses. Financial costs and income are recognized in income on an accrual basis over the period to which they relate.

Loans costs that are directly attributable to the acquisition, construction or production of a qualifying asset (that is, an asset that necessarily takes a substantial period of time to be ready for its intended use or sale, such as for example, inventories that require a substantial period of time to be in a saleable condition, industrial facilities, power plants and investment properties) are capitalized as part of that asset cost, if recoverable. On the 31<sup>st</sup> December 2020 and 2019, there are no capitalized loans.

#### Dividends

These revenues are recognized when the shareholder's right to receive is established.

#### Works for the company

Internal costs (e.g. labour, materials, and transportation) incurred in the production of tangible fixed assets and inventories are capitalized only when the following conditions are met: (i) assets are reliably identifiable and measurable; and (ii) there is a strong possibility that they will generate future economic benefits. No internally generated margins are recognized.

#### 2.3.14 Accrual basis

Income and costs are recorded in accordance with the accrual basis principle, whereby income and expenses are recognized to the extent they are generated, regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding revenues and expenses generated are recorded in the consolidated balance sheet under "Other current assets" and "Other current liabilities", respectively

#### 2.3.15 Government subsidies or other public entities

Government subsidies are recognized at their fair value when there is reasonable assurance that they will be received and that the Grupo will meet the conditions required for granting them. Subsidies and grants received as non-repayable to finance tangible fixed assets are recorded only when there is a reasonable guarantee of receipt under "Other non-current liabilities" and "Other current liabilities", and are recognized in the income statement proportionally to the amortization of subsidized tangible fixed assets.

Subsidies related to costs incurred are recorded as income to the extent that there is a reasonable guarantee that they will be received, that the Grupo has already incurred in subsidized costs and that it complies with the conditions required for granting it.

### 2.3.16 Income tax

The current tax is determined based on the accounting results of the companies included in the consolidation to fiscal rules in force at the location of the Grupo's head offices and considers the tax deferred.

Deferred tax is calculated on the basis of the liability method of the balance sheet, on temporary differences between the book amounts of assets and liabilities and the respective tax base. No deferred tax is calculated on the differences of consolidation, and the difference in the initial recognition of an asset and a liability when it does not affect either the accounting or fiscal result. The tax base of assets and liabilities is determined in order to reflect the tax consequences arising from the way the Grupo expects, on the financial statements' date, to recover or settle the carrying amount of its assets and liabilities, based on fiscal decisions substantially implemented at the balance sheet date.

Since 2014, and with the exception of the subsidiary Faiança Artísticas Bordalo Pinheiro, SA, which continues to be taxed under the Corporate Income Tax in the respective individual context, the remaining subsidiary companies of the Grupo Vista Alegre based in Portugal are part of the Grupo Visabeira, under the Special Taxation Regime for Groups of Companies ("RETGS").

The tax amount to be included in both current and deferred tax, resulting from transactions or events recognized in reserves, is recorded directly in these same headings, without affecting the result for the year.

Deferred tax assets are recognized whenever there is reasonable assurance that future profits are generated against which the assets may be used. Deferred tax assets are reviewed annually and reduced whenever they are no longer likely to be used.

Deferred taxes are determined by the tax rates (and laws) decreed or substantially decreed at the statement of financial position date and are expected to be applicable in the accrual basis of deferred tax assets or settlement of deferred tax liabilities.

### 2.3.17 Subsequent events

Events occurred after the statement of financial position date which provide additional information about conditions that existed on the statement of financial position date ("adjusting events") are reflected in the consolidated financial statements. Events occurred after the statement of financial position date that provide information about conditions which occur after the statement of financial position date ("non-adjusting events"), if materials, are disclosed in the Annex to the consolidated financial statements.

### 2.3.18 Segments reporting

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

products or services in a particular economic environment that is subject to risks and benefits other than those segments operating in other economic environments. The Grupo presents the operational segments based on the Management information produced internally.

### 3. Significant accounting estimates and judgements

When preparing the consolidated financial statements, the Grupo's Board of Directors is based on the experience of past and/or current events, considering certain assumptions related to future events.

The most significant accounting estimates reflected in the consolidated financial statements of the year ended on 31<sup>st</sup> December 2020 include:

- Analysis of impairment and realization of Goodwill and tangible fixed assets;
- Record of impairment on inventories, accounts receivable and provisions;
- Realization of deferred tax assets;
- Calculation of responsibilities associated with defined benefit plans.
- Fair value of tangible fixed assets (land and buildings and other construction) and investment properties;
- Determine the term of leases in contracts that contain options for termination and renewal;
- Determine the incremental interest rate, in leases.

Estimates were determined based on the best information available at the date of preparation of the consolidated financial statements and based on the best knowledge and experience of past and/or current events. However, situations may occur in subsequent periods that, if not predictable at the time, were not considered in these estimates. Changes in these estimates, which occur after the date of the consolidated financial statements, will be adjusted in the income statement prospectively, as required by IAS 8. For this reason and given the degree of uncertainty associated, the actual results of the transactions in question may differ from the corresponding estimates.

The main estimates and assumptions regarding future events included in the preparation of the consolidated financial statements are described in the annexed notes.

#### 4. Changes in the accounting policies

During the exercise of 2020, there were no voluntary changes in accounting policies in relation to those considered in the preparation of the financial information of the previous year presented in the comparative statements.

Regarding new standards and interpretations occurred the following emissions, revisions, changes and improvements in standards and interpretations:

##### 1- Standards, interpretations, amendments and revisions with effect in the exercise

Until the date of the approval of these financial statements, were adopted (“*endorsed*”) by the European Union the following accounting standards, interpretations, amendments and revisions, with mandatory application to the exercise started on 1<sup>st</sup> January 2020:

Standard / Interpretation	Applicable in the European Union in the exercises started on or after	
Amendment to the references to the Conceptual Structure of the IFRS Standards	1-Jan-20	It corresponds to the amendments in different standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) regarding references to the Conceptual Structure reviewed on March 2018. The Conceptual Structure reviewed includes definitions reviewed from an asset and a liability as well as new guidelines on measurements, de-recognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 – Definition of material	1-Jan-20	It corresponds to the amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if, due to its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of the financial statements

based on the financial statements.

Amendment to IFRS 3 – Definition of business	1-Jan-20	Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying a business acquisition.
Amendments to IFRS 9, IAS 39 and IFRS 7 - benchmark interest rate reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as “IBOR reform”), in order to reduce the potential impact of changes in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - “Covid 19 Related Rent Concessions”	1-Jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analysing whether income concessions, typically income suspensions or reductions, related to the “COVID-19” pandemic correspond to contractual modifications.

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There were no significant effects on the Grupo's consolidated financial statements for the year ending on the 31<sup>st</sup> of December 2020, owing to the adoption of the standards, interpretations, amendments and revisions mentioned above.

## 2- Standards, interpretations, amendments and revisions with effect in future exercises

These accounting standards and interpretations whose application is mandatory only in future periods, were, until the approval date of these financial statements, approved (“*endorsed*”) by the European Union:

Standard / Interpretation	Applicable in the European Union in the exercises started on or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 –Stage 2 - benchmark interest rate reform (IBOR Reform)	1-Jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on the 27 <sup>th</sup> of August 2020, related to the second phase of the benchmark interest rate reform project (known as “IBOR reform”), referring to changes in reference interest rates and impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-21	Corresponds to the amendment to IFRS 4 which extends the deferral of application of IFRS 9 for initial years on or after th 1 <sup>st</sup> January 2023.

Although these amendments were approved (“*endorsed*”) by the European Union, were not adopted by the Grupo Vista Alegre in 2020, due to its application is not mandatory. The future adoption of these amendments is not expected to have significant impacts on consolidated financial statements.

### 3- Standards, interpretations, amendments and revisions so far not endorsed by the European Union

The following accounting standards and interpretations have been issued by the IASB and are not yet approved (“*endorsed*”) by the European Union:

Standard / Interpretation	Applicable in the European Union in the exercises started on or after	
IFRS 17 – Insurance Contracts	1-Jan-23	This standard establishes, for insurance contracts within its scope of application, the principles for its recognition, measurement, presentation and disclosure. This standard substitutes the standard IFRS 4 – Insurance Contracts.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing on the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1-Jan-22	<p>These amendments correspond to a set of updates to the various standards mentioned, namely</p> <ul style="list-style-type: none"> <li>- IFRS 3 - update of the reference to the 2018 conceptual structure; additional requirements for analysing obligations in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are</li> </ul>

not recognized in a business combination.

- IAS 16 - prohibition of deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use

- IAS 37 - clarification that costs of fulfilling a contract correspond to costs directly related to the contract

- Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41

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These standards so far not adopted (“endorsed”) by the European Union, but so far not adopted by the Grupo Vista Alegre for the period ended on 31<sup>st</sup> December 2020.

Regarding these standards and interpretations issued by IASB but so far not approved (“*endorsed*”) by the European Union, the future adoption of these amendments is not expected to have significant impacts on consolidated financial statements.

## 5. Companies of the Grupo included in the consolidation

On the 31<sup>st</sup> December 2020 and 2019, the subsidiary companies of Grupo Vista Alegre that were included in the consolidated financial statements, their respective head office and percentage of shares held, may be summarized as follows:

Companies	Head office	Percentage of Participation	
		2020	2019
Vista Alegre Atlantis, SGPS, SA	Ílhavo	Parent company	Parent company
Bordalgest, SA	Lisbon	100.00%	100.00%
Cerexport - Cerâmica de exportação, SA	Ílhavo	100.00%	100.00%
Cerutil - Cerâmicas Utilitárias, SA	Sátão	100.00%	100.00%
Faianças Artísticas Bordalo Pinheiro, SA	Caldas da Rainha	86.14%	86.14%
Faianças da Capôa - Indústria Cerâmica, SA	Ílhavo	100.00%	100.00%
Mexicova, SA	Mexico City	100.00%	100.00%
Ria Stone Fábrica de Louça de Mesa em Grés, SA	Ílhavo	100.00%	100.00%
Ria Stone II, SA	Ílhavo	100.00%	-
Shree Sharda Vista Alegre Private Limited	Delhi	50.00%	50.00%
VA - Vista Alegre España, SA	Madrid	100.00%	100.00%
VAA Brasil – Comércio, Importação e Exportação, SA	S. Paulo	98.03%	89.93%
VAA I.I. – Sociedade Imobiliária, SA	Ílhavo	100.00%	100.00%
Vista Alegre Atlantis Moçambique, Lda	Maputo	99.00%	99.00%
Vista Alegre Atlantis UK LTD	London	100.00%	100.00%
Vista Alegre Atlantis, SA	Ílhavo	100.00%	100.00%
Vista Alegre France, SAS	Paris	100.00%	100.00%
Vista Alegre USA Corporation	New York	100.00%	100.00%

In the financial year ending on the 31<sup>st</sup> of December 2020, the company Ria Stone II, SA was established.

## 6. Segment reporting

Segment information is presented in relation to the Grupo's geographic and business segments and is based on the different types of goods that are produced in industrial plants on different locations. The results, assets and liabilities of each segment correspond to those that are directly attributable to them, as well as those that can reasonably be attributed to them. Moreover, common assets ("corporate assets") are allocated to each operating segment based on their weight in the overall activity of Grupo Vista Alegre.

On the 31<sup>st</sup> December 2020, the Grupo was organised into five main business segments: (1) Porcelain and Related products, (2) Stoneware Oven-to-tableware, (3) Stoneware tableware, (4) Crystal and Glass, (5) Earthenware, and it is according to this segmentation that internal financial reporting and operational reporting systems are presented. Regarding the "Real Estate" segment, and as a result of the sale of the subsidiary VA Grupo, in 2018, the segment was no longer relevant to the Grupo Vista Alegre's activity level, and was only maintained for the purposes of information comparison.

## 6.1-Turnover

### 6.1.1- Information by business segment

The breakdown of turnover by business segment on the 31<sup>st</sup> December 2020 and 2019 is as follows:

	Porcelain and other products	Faience	Oven to tableware	Tableware	Crystal and handmade glass	Total
<b>December 2020</b>						
Gross sales by segment	29,803	8,119	35,492	25,299	11,667	110,379
Sales %	27%	7%	32%	23%	11%	100%
<b>December 2019</b>						
Gross sales by segment	48,966	8,884	22,454	26,223	13,570	120,097
Sales %	41%	7%	19%	22%	11%	100%

The results by business segment are as follows:

	<b>31-12-2020</b>							Total
	Porcelain and other products	Faience	Oven to tableware	Tableware	Crystal and handmade glass	Real State glass	Other not attributable	
Operating profit	-2,479	-353	1,574	4,817	-924	-179	0	2,456
Net financial costs	-2,696	-318	-605	-212	-851	0	0	-4,682
<b>Profit before</b>								
<b>Income tax</b>	-5,175	-671	970	4,604	-1,775	-179	0	-2,226
Income tax							-260	-260
<b>Net income for the financial year</b>	-5,175	-671	970	4,604	-1,775	-179	-260	-2,486
Non-controlling interests	0	0	0	0		0	21	21
<b>Net income for the financial year</b>								
<b>Attributable to shareholders</b>	-5,175	-671	970	4,604	-1,775	-179	-281	-2,507
<b>31-12-2019</b>								
	Porcelain and other products	Faience	Oven to tableware	Tableware	Crystal and handmade glass	Real State glass	Other not attributable	Total
Operating profit	7,216	490	854	5,271	-166	621	0	14,287
Net financial costs	-4,473	-309	-169	-243	-324	0	0	-5,519
<b>Profit before</b>								
<b>Income tax</b>	2,743	181	686	5,028	-490	621	0	8,769
Income tax	0	0	0	0		0	-1,315	-1,315
<b>Net income for the financial year</b>	2,743	181	686	5,028	-490	621	-1,315	7,454
Non-controlling interests	0	0	0	0	0	0	228	228
<b>Net income for the financial year</b>								
<b>Attributable to shareholders</b>	2,743	181	686	5,028	-490	621	-1,543	7,226

Other elements by business segment (non-cash expenses) are as follows:

## 31-12-2020

	Porcelain and other products	Faience	Oven to tableware	Crystal and handmade glass	Real State	Total
Amortization and Depreciation	5,866	1,112	1,055	3,253	130	13,166
Impairment (losses/reversals)	445	2	16	0	-153	310
Provisions (increases/decreases)	42	0	0	0	0	42
<b>Total</b>	<b>6,353</b>	<b>1,114</b>	<b>1,071</b>	<b>3,253</b>	<b>130</b>	<b>13,519</b>

## 31-12-2019

	Porcelain and other products	Faience	Oven to Tableware	Crystal and handmade glass	Real State	Total
Amortization and Depreciation	5,559	780	946	2,804	0	11,007
Impairment (losses/reversals)	-290	-13	-20	0	633	309
Provisions (increases/decreases)	-12	-1	-4	0	-8	-25
<b>Total</b>	<b>5,256</b>	<b>765</b>	<b>922</b>	<b>2,804</b>	<b>0</b>	<b>11,290</b>

The assets and liabilities on the 31<sup>st</sup> December 2020 and 2019 are as follows:

## 31-12-2020

	Porcelain and other products	Faience	Oven to tableware	Crystal/handmade glass	Real State	Other not attributable	Total	
Tangible fixed assets	43,700	12,327	15,430	38,883	17,864	0	5,845	134,050
Investment properties	0	0	0	0	0	930	0	930
Intangible assets and Goodwill	2,743	35	2,695	363	496	0	0	6,332
Financial investments	0	0	0	0	0	0	683	683
Deferred taxes	0	0	0	0	0	0	4,896	4,896
Use Rights (IFRS 16)	0	0	0	0	0	0	7,506	7,506
<b>Non-current assets</b>	<b>46,443</b>	<b>12,362</b>	<b>18,126</b>	<b>39,246</b>	<b>18,360</b>	<b>930</b>	<b>18,931</b>	<b>154,397</b>
Current assets	28,632	2,086	11,520	5,270	10,066	0	17,501	75,076
<b>Total Assets</b>	<b>75,076</b>	<b>14,448</b>	<b>29,646</b>	<b>44,516</b>	<b>28,426</b>	<b>930</b>	<b>36,432</b>	<b>229,473</b>
Loans obtained	0	0	0	0	0	0	77,366	77,366
Subsidies	1,426	484	191	3,679	883	0	0	6,663
Lease liabilities	0	0	0	0	0	0	5,349	5,349
Provisions	0	0	0	0	0	0	238	238
Provisions for pensions	0	0	0	0	0	0	1,138	1,138
Deferred taxes	3,806	701	1,008	960	803	1,500	0	8,778
<b>Non-current liabilities</b>	<b>5,232</b>	<b>1,185</b>	<b>1,199</b>	<b>4,639</b>	<b>1,686</b>	<b>1,500</b>	<b>84,091</b>	<b>99,531</b>
Loans obtained	0	0	0	0	0	0	20,562	20,562
Lease liabilities	0	0	0	0	0	0	2,475	2,475
Asset suppliers	425	0	0	188	0	0	0	613
<b>Other current liabilities</b>	<b>425</b>	<b>0</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>0</b>	<b>23,037</b>	<b>23,650</b>
Operating liabilities	10,348	2,477	14,989	8,039	3,944	0	100	39,897
<b>Total liabilities</b>	<b>16,005</b>	<b>3,662</b>	<b>16,188</b>	<b>12,866</b>	<b>5,630</b>	<b>1,500</b>	<b>107,228</b>	<b>163,078</b>

31-12-2019

	Porcelain and other products	Faïence	Oven to tableware	Tableware	Crystal/handmade	Real State glass	Other not attributable	Total
Tangible fixed assets	48,095	13,734	19,989	41,215	19,658	0	0	142,691
Investment properties	0	0	0	0	0	970	0	970
Intangible assets and Goodwill	2,907	44	2,737	0	406	0	0	6,095
Financial investments	0	0	0	0	0	0	682	682
Deferred taxes	0	728	71	525	0	0	4,563	5,887
Other non-current assets	0	0	0	0	0	0	7,546	7,546
<b>Non-current assets</b>	<b>51,002</b>	<b>14,506</b>	<b>22,797</b>	<b>41,740</b>	<b>20,065</b>	<b>970</b>	<b>12,791</b>	<b>163,871</b>
Current assets	38,176	3,285	8,645	5,946	10,798	0	13,261	80,111
<b>Total Assets</b>	<b>89,178</b>	<b>17,791</b>	<b>31,442</b>	<b>47,686</b>	<b>30,863</b>	<b>970</b>	<b>26,052</b>	<b>243,981</b>
Loans obtained	46,200	2,036	10,543	3,487	9,498	156	0	71,919
Subsidies	865	532	177	4,182	1,013	0	0	6,768
Lease liabilities	4,650	0	50	0	1,192	0	0	5,892
Provisions	0	0	0	0	0	0	238	238
Provisions for pensions	0	0	0	0	0	0	1,194	1,194
Deferred taxes	7,621	219	467	982	0	0	0	9,289
<b>Non-current liabilities</b>	<b>59,336</b>	<b>2,786</b>	<b>11,237</b>	<b>8,651</b>	<b>11,703</b>	<b>156</b>	<b>1,432</b>	<b>95,301</b>
Loans obtained	9,456	9,165	5,518	1,172	2,729	0	0	28,040
Lease liabilities	1,524	0	16	0	391	0	0	1,931
<b>Other current liabilities</b>	<b>10,980</b>	<b>9,165</b>	<b>5,535</b>	<b>1,172</b>	<b>3,119</b>	<b>0</b>	<b>0</b>	<b>29,971</b>
Operating liabilities	11,345	2,826	13,731	12,158	3,727	0	2,130	45,917
<b>Total liabilities</b>	<b>81,661</b>	<b>14,776</b>	<b>30,502</b>	<b>21,982</b>	<b>18,550</b>	<b>156</b>	<b>3,562</b>	<b>171,189</b>

Segment assets mainly include tangible fixed assets, intangible assets, inventories, accounts receivable and cash and cash equivalents. It should be noted that regarding the Tableware stoneware segment, the accounts receivable included in "Current assets" refers to a single customer - IKEA Supply AG.

Segment liabilities correspond to operating liabilities and exclude provisions and deferred taxes that are not easily allocated to the business. Deferred taxes on revaluations of factories and real estate were allocated by business, as were loans.

## 6.2- Information by geographical area

The five segments of the Grupo's industrial (non-real estate) business component operate in three broad geographical areas, despite being managed worldwide. The breakdown of turnover by geographic segment on the 31<sup>st</sup> December 2020 and 2019 is as follows:

### January to December 2020

Geographical area	Porcelain and other products	Faience	Oven to tableware	Tableware	Crystal and handmade glass	Overall total
Portugal	14,364	3,970	858	743	3,572	23,505
France	1,004	233	9,647	5,991	5,346	22,221
The Netherlands	234	244	15,196	4,093	90	19,856
Italy	177	167	1,161	5,893	11	7,409
Spain	2,863	602	290	5,070	662	9,486
Germany	706	109	4,094	1,736	32	6,677
USA	1,688	484	301	0	362	2,835
United Kingdom	283	477	112	558	761	2,191
Brazil	1,317	28	131	0	25	1,501
Sweden	145	575	2	653	10	1,385
Rest of Europe	4,925	744	1,564	562	360	8,154
Other countries	2,096	488	2,136	1	437	5,159
<b>Overall Total</b>	<b>29,803</b>	<b>8,119</b>	<b>35,492</b>	<b>25,299</b>	<b>11,667</b>	<b>110,379</b>

### January to December 2019

Geographical area	Porcelain and other products	Faience	Oven to tableware	Tableware	Crystal and handmade glass	Overall total
Portugal	21,358	5,052	1,063	706	4,812	32,991
France	1,211	271	5,530	5,894	6,001	18,907
The Netherlands	8,315	185	2,105	2,421	110	13,137
Italy	2,890	157	3,455	5,661	35	12,198
Spain	4,567	667	346	4,504	685	10,769
Germany	451	70	3,460	2,866	28	6,875
USA	2,078	174	944	0	129	3,325
United Kingdom	467	265	205	1,623	600	3,160
Brazil	2,081	235	408	0	122	2,845
Sweden	1	521	9	1,635	7	2,173
Rest of Europe	1,568	549	2,762	727	267	5,873
Other countries	3,979	736	2,168	186	774	7,842
<b>Overall Total</b>	<b>48,966</b>	<b>8,884</b>	<b>22,454</b>	<b>26,223</b>	<b>13,570</b>	<b>120,097</b>

#### Total assets by geographical area:

	31-12-2020	31-12-2019
Portugal	222,213	229,942
Rest of Europe	4,661	8,543
Other countries	2,599	5,497
	<b>229,473</b>	<b>243,981</b>

#### Total liabilities by geographical area:

	31-12-2020	31-12-2019
Portugal	151,915	153,093
Rest of Europe	6,704	9,857
Other countries	4,458	8,239
	<b>163,078</b>	<b>171,189</b>

#### Total investments by geographical area:

	31-12-2020	31-12-2019
Portugal	5,710	22,682
Rest of Europe	12	518
Other countries	0	29
	<b>5,723</b>	<b>23,229</b>

## 7. Financial instruments by class

The financial instruments on the 31<sup>st</sup> December 2020 and 2019 were classified as follows:

	Notes	Value in the Consolidated Statement Financial position	
		31-12-2020	31-12-2019
<b>Financial assets</b>			
<b>Available-for-sale financial assets</b>			
Financial investments	13	683	682
<b>Loans and receivables</b>			
Accounts receivable and others	17	13,214	21,727
<b>Cash and cash equivalents</b>			
<b>Total</b>		<b>31,398</b>	<b>36,871</b>
<b>Financial liabilities</b>			
<b>Loans obtained</b>			
Interest-bearing bank loans at variable interest rates	20	67,660	61,166
Unpaid loans (subsidies)	20	16,681	16,685
Operating loans	20	13,588	20,490
Lease liability	14	7,824	7,532
<b>Accounts payable</b>			
Suppliers	21	21,822	23,965
Other creditors	21	5,306	5,063
Investors	21	613	3,697
Advances to customers	21	233	231
<b>Total</b>		<b>133,726</b>	<b>138,829</b>

The financial assets available for sale were measured at the cost of investing in unlisted companies, and whose fair value cannot be reliably measured. The Board of Directors believes that the amount by which these assets are reflected is lower than the respective realization value.

On the 31<sup>st</sup> December 2020 and 2019, the Grupo's liquidity position is detailed as follows:

	Balance sheet value	
	Obtained loans	Loans from related parties
<b>Balance on the 1<sup>st</sup> January 2019</b>	<b>77,886</b>	<b>26,917</b>
Cash Flow:		
Receivables from obtained loans	63,088	43,290
Payments from obtained loans	-51,923	-62,300
Payments resulting from interests and similar benefits	-5,084	0
Payments resulting from amortization of financial leasing contracts	-2,924	0
Receivables from subsidies	8,663	0
Conversion of credits resulting from capital dispersion	0	-7,907
Assignment of credits related to loans from related parties	15,943	0
Other without financial flow	223	0
<b>Balance on 31<sup>st</sup> December</b>	<b>105,873</b>	<b>0</b>
<del>2019</del> Flow:		
Receivables from obtained loans	13,340	10,090
Payments from obtained loans	-13,000	-10,090
Payments resulting from interests and similar benefits	-3,407	0
Payments resulting from amortization of financial leasing contracts	-2,970	0
Receivables resulting from interests and similar benefits	121	0
Receivables from subsidies	1,278	0
Other without financial flow	4,516	0
<b>Balance on 31<sup>st</sup> December</b>	<b>105,752</b>	<b>0</b>
<b>2020</b>		

## 8. Tangible fixed assets

During the financial years ended on the 31<sup>st</sup> of December 2020 and 2019, the movement in the net value of tangible fixed assets was as follows:

	Lands and buildings	Transport Equipment and basic equipment	Office Equipment	Other assets Tools and Utensils	Assets in progress	Cultural heritage (note 13)	Total
<b>Financial year 2020</b>							
Initial net amount	69,421	56,155	62	1,308	9,901	5,845	142,691
Additions	2,160	1,558	34	111	1,498	0	5,360
Sales and write-offs net amount	0	-97	-1	0	0	0	-98
Impairments	-3	155	0	-4	0	0	147
Revaluation	-3,629	0	0	0	0	0	-3,629
Transfer	1,396	6,010	34	337	-7,984	0	-209
Depreciation of the financial year	-2,676	-7,012	-65	-460	0	0	-10,213
<b>Final net amount December 2020</b>	<b>66,668</b>	<b>56,769</b>	<b>63</b>	<b>1,291</b>	<b>3,415</b>	<b>5,845</b>	<b>134,050</b>

	Lands and buildings	Transport equipment and basic equipment	Office Equipment	Other assets Tools and utensils	Assets in progress	Cultural heritage	Total
<b>Financial year 2019</b>							
Initial net amount	60,667	28,338	176	1,803	30,470	5,845	127,299
Additions	3,899	11,928	34	24	7,122	0	23,008
Sales and write-offs net amount	0	-13	-1	0	0	0	-14
Impairments (Note 12)	0	-632	0	0	0	0	-632
Revaluation	1,189	0	0	0	0	0	1,189
Transfer	6,312	21,286	2	1	-27,691	0	-89
Depreciation of the financial year	-2,646	-4,752	-150	-521	0	0	-8,069
<b>Final net amount December 2019</b>	<b>69,421</b>	<b>56,155</b>	<b>62</b>	<b>1,308</b>	<b>9,901</b>	<b>5,845</b>	<b>142,691</b>

The values of the increase in tangible fixed assets on the 31<sup>st</sup> of December 2020 are mainly related to a set of investments in the subsidiary Vista Alegre Atlantis, SA.: in the Atlantis plant (Crystal) hull and crushing preparation for the crystal furnace was carried out, and work on the building for decoration in the Porcelain factory, a new isostatic cup pressing cell and the AEO project (authorized economic operator) were installed, in the area of safety, warehouse and packaging; and at Cerutil, the New Shipping Stoneware project was extended, which provided for an increase in production capacity of by at least another 30% in relation to the installed capacity in a pre-project year, without however changing the existing manufacturing area, enabling product innovation with the production of new stoneware furnace parts, complex geometries and new features.

Fixed assets additions that were classified as “ongoing” on the 31<sup>st</sup> December 2020 and 2019 are mainly related to investment projects under development and implementation, essentially at the above mentioned production facilities. The completion of these investments is foreseen for the end of the financial year 2021.

During the exercise ended on the 31<sup>st</sup> December 2020, the amount of increases in tangible fixed assets includes approximately 852 thousand euros related to the capitalization of expenses (“Works for the company itself”) (2.2 million euros on the 31<sup>st</sup> December 2019), associated to the

investments described above. These expenses mainly relate to the internal personnel expenses of the Grupo that were involved in the development of the projects.

The “Espólio Cultural” corresponds to the Vista Alegre collection pieces, which make up a collection that has been formed by direct transfers from the factory, acquisitions or donations, comprising an extended chronological period, from the 17<sup>th</sup> to the 20<sup>th</sup> century. Moreover, during the fiscal year ended on 31<sup>st</sup> December 2017, aiming at analysing the realization value of the Vista Alegre’s “Espólio Cultural”, a specialized external entity (Cabral Moncada Auctions) carried out an assessment of a significant number of pieces, of which resulted an impairment loss of 214 thousand euros. The criterion used by the assessor corresponds to the value that the owner will have to spend in order to acquire an asset equal or similar in the Art Market.

The Vista Alegre collection pieces mentioned above are not subject to depreciation, since it is understood that the respective residual value is equal to or higher than the net book value. At the end of the financial year 2020, the external independent appraiser (Cabral Moncada Leilões) was asked to carry out an updated analysis on the recovery/realization value of a set of pieces, with no need to record additional impairments as a result of such analysis.

#### -Methods to evaluate revalued property, plant and equipment

Tangible fixed assets corresponding to land and buildings, which essentially comprise factories, warehouses, retail stores and offices, are recorded according to the revaluation model, corresponding to their carrying amount on the reporting date at their fair value, on the date of the last revaluation less accumulated depreciation and impairment losses.

According to the revaluation model, the increases on the assets carrying amount as a result of the land and buildings reassessment are credited under a specific item in equity. The decreases which compensate for prior increases regarding the same asset are reported under the same item as the increases; the remaining decreases are recognized as expenses regarding the period. Annually, the difference between depreciation based on the carrying amount reassessed, regarding the period expenses and the depreciation based on the assets’ original cost, is transferred from the fair value reserve to the retained earnings.

For tangible fixed assets relating to land and buildings held by the Grupo, their fair value was calculated taking into consideration the following information:

- Marketing Value per m<sup>2</sup>;
- Rent value per m<sup>2</sup>;
- Capitalization rate / discount.

The assessment of land and buildings included in Tangible Fixed Assets was carried out essentially by independent appraisers according to one of the following methods, applied according to the specific situation of each property:

**Market method** The market comparison criterion refers to the transaction value of similar properties which are comparable to the property under study, obtained through market prospecting in the area where it is located.

**Income method** The aim of this method is to estimate the value of the property from the capitalisation of its net income, updated to the present moment, using the discounted cash flow method.

The assessments carried out on the aforementioned properties were carried out with reference to the 31<sup>st</sup> of December 2020 by an independent and specialized expert, who is accredited by the Securities Market Commission (CMVM) - Mr. José Carlos Santos.

Should there be an increase in rents per m2 or a decrease in the capitalisation / discount rate, the fair value of real estate will increase. On the other hand, if there is a reduction in rents per m2 or an increase in capitalization rate/discount, the fair value of real estate shall decrease.

Although the above mentioned assessments were carried out on the basis of market data and transactions (essentially disclosed by real estate agencies), their low liquidity and the characteristics and specificities of each property do not allow the market to be classified as an asset. Accordingly, the fair value of the Grupo's tangible fixed assets is classified in Level 3 of IFRS-13.

The fair value and respective yield of the most relevant assets that were based on the valuation occurred in the years 2020 and 2019 are as follows:

Real Estate	Location	31-12-2020		31-12-2019	
		Fair value (in t€)	Yield	Fair value (in t€)	Yield
<b>Tangible fixed assets</b>					
Factory (VAA, SA)	Ílhavo	20,765	8.00%	20,610	8.00%
Atlantis Factory	Cós Alcobaça	4,700	10.00%	4,694	9.50%
Câpoa Factory	Aradas - Aveiro	3,140	7.50%	3,579	8.00%
Cerexport Factory	Tabueira - Esgueira	4,798	8.00%	4,770	8.00%
Braga Store	Praceta St <sup>a</sup> Bárbara - Braga	128	6.00%	133	-
Store of Massarelos/Edif Galiza	R. Piedade - Massarelos	314	6.50%	319	-
Ria Stone Factory	Ílhavo	12,132	7.75%	12,130	-
Quinta Nova Factory	Ílhavo	5,096	8.75%	5,392	8.75%
Cerutil Factory *	Sátão	4,340	8.00%	3,480	8.25%
Bordalo Pinheiro Factory *	Caldas da Rainha	5,737	7.50%	5,400	7.75%
<b>Total</b>		<b>61,150</b>		<b>60,507</b>	

\* Amounts related to the assessment of Fábrica de Cerutil and Bordalo Pinheiro presented with effect as the 31<sup>st</sup> of December 2019, correspond to the fair value resulting from assessments made in 2018.

## 9. Goodwill

On the 31<sup>st</sup> December 2020 and 2019, the composition of Goodwill is as follows:

GOODWILL	Porcelain	Faïence	Total
<b>Gross amount (31<sup>st</sup> December 2019 = 31<sup>st</sup> December 2020)</b>	<b>2,018</b>	<b>4,303</b>	<b>6,321</b>
Accumulated impairments (31 <sup>st</sup> December 2019 = 31 <sup>st</sup> December 2020)	0	-1,610	-1,610
<b>Net Amount</b>	<b>2,018</b>	<b>2,693</b>	<b>4,711</b>

### Impairment tests

According to Notes 2.3.1 and 2.3.2, the Grupo carries out annual Goodwill impairment testing, as well as to assets attached to each one of the operating segments for which impairment indicators have been identified. Whenever the registered amount of the asset is greater than its recoverable amount, an impairment loss is recognized. The recoverable amount is the highest of the net selling price and the value in use.

For the purposes of assessing if there are indicators of impairment, the following topics were considered by the Grupo:

- Physical / technical obsolescence of assets;
- Low or negative asset / EBITDA value;
- Changes in average financing interest rates and risk-free interest rate;
- Generation of negative cash-flows.

The Goodwill and non-current assets impairment tests connected to each of the business segments (Note 6) are made using the "Discounted Cash Flow", method based on financial projections of cash flows for five years for each cash generating unit and considering a perpetuity as from the fifth year.

Financial projections are prepared based on assumptions regarding the evolution of the activity of cash-generating units (and respective cash-generating units), which the Board of Directors considers to be consistent with the company's history and market trends, being reasonable, prudent and reflecting their vision. In addition, whenever possible, market data obtained from external entities were considered, which were compared with historical data and the Grupo's experience.

Discount rates used reflect the level of indebtedness and the cost of debt capital for the Grupo Vista Alegre (given that it is common to the various segments), as well as the level of risk and profitability expected by the market. In addition, it should be noted that, in determining the discount rates, the interest rate on a risk-free asset is referenced to the German bonds interest rate plus a risk premium for Portugal. The discount rates used also include a market risk premium.

The perpetuity growth rate is estimated based on analysis of the market potential of each cash-generating unit, based on the Board of Directors' expectations.

The aforementioned assumptions were quantified based on historical data, as well as on the expectations of the Grupo's Board of Directors. However, such assumptions may be affected by phenomena of a political, economic or legal nature that at present are unpredictable.

As a result of the impairment analyses carried out, based on the aforementioned methods and assumptions, the Board of Directors considers that there are no impairment losses to be recognised on the 31<sup>st</sup> December 2020.

On the 31<sup>st</sup> December 2020 and 2019, the methods and assumptions used in preparing impairment tests with regards to Goodwill and non-current assets for the Grupo (and for the respective cash-generating units ("CGU") to which they belong), which showed evidence of impairment, were as follows:

In 2020:

Impairment testing assumptions	Porcelain	Oven to tableware	Crystal and handmade glass
Method used	Updated cash flow methods		
Basis used	Projection of results for the next 5 years		
Projection years	5 years		
Growth sales in N+1 (2021)	54.57%	-40.70%	10%
CAGR sales 2021-2025	4.5%	4.5%	5.8%
Perpetuity growth rate	1.52%		
WACC used in perpetuity	5.36%		

In 2019:

Impairment testing assumptions	Porcelain	Oven to tableware	Crystal and handmade glass
Method used	Updated cash flow methods		
Basis used	Projection of results for the next 5 years		
Projection years	5 years		
Growth sales in N+1 (2020)	5%	5%	5%
CAGR sales 2020-2024	4.3%	4.3%	4.3%
Perpetuity growth rate	1.90%		
WACC used in perpetuity	6.02%		

For each business areas, based on expectations of future results over a five-year horizon, the method of discounting the respective cash flows (earnings before depreciation, provisions, adjustments, financial results, and income tax) to test whether the recoverable value of each business area is greater than the book value of its assets. Was applied a discount rate of 5.36% (2019: 6.02%).

The compound annual growth rate for the five-year period referred to above is 4.5% (with the exception of the Crystal and Handmade Glass segment, for which a growth rate of 5.8% is estimated, meeting the expectations of the Board of Directors that, in view of the recent investments in capacity increase and production modernization, the growth potential of this segment is higher).

The growth rate of the Porcelain segment estimated for 2021 has extraordinary growth inherent in sales at the expense of the growth rate of the Oven ware Stoneware segment, associated with the transfer of orders from the Private Label channel between those segments. The opposite situation occurred during 2020, as a result of the impacts of the Pandemic, since the Board of Directors, seeking to maintain levels of manufacturing activity, promoted the transfer of the installed production capacity from Porcelain to Oven ware Stoneware, due to the break in retail areas and in the Horeca channel.

The growth rate taken into account for the "Glass and Handmade Glass" segment for the year 2021 a multi-year contract signed in 2017 with a customer for the production of cognac bottles. This contract was delayed in terms of execution and due to the situation of the Covid 19 pandemic during 2020, yet it is estimated that the corresponding "balanced phase" will be reached during the 2022 financial year.

During 2020 it was not possible to achieve the goals defined in terms of turnover and profitability, due to several factors that were not foreseen, among which, and the most significant, was related to the pandemic of the new Covid 19 coronavirus which primarily affected the retail sales channel as stores were forced to close due to the successive states of emergency in the country. Together with this situation, all the restrictions imposed due to the pandemic, such as limited circulation between countries, also contributed to the deviations observed. This situation had a strong impact on the Porcelain and Oven ware Stoneware segments, namely in terms of its operational performance.

The growth rate after 2025 was set at 1.52% (1.90% in 2019).

### Sensitivity analysis

Effective from the 31<sup>st</sup> of December 2020, the Grupo developed a sensitivity analysis to determine and demonstrate variability in the valuation of the above-mentioned segments taking into account the assumptions presented below (the values presented refer to the Enterprise value calculated for each one of the segments in the evaluations carried out):

- i) **Variation in the discount rate (WACC):** an increase/decrease in the discount rate of between {-1 p.p. and +1 p.p.} in these units, would have the following impacts:

≥	-1 p.p.	-0.5 p.p.	Base	+0.5 p.p.	+1 p.p.
Porcelain	180,127	152,937	132,830	117,355	105,078
Oven to tableware	82,214	69,474	60,056	52,812	47,067
Crystal Glass	34,504	29,563	25,903	23,081	20,839
<b>Aggregated</b>	<b>296,845</b>	<b>251,974</b>	<b>218,789</b>	<b>193,249</b>	<b>172,984</b>

- ii) **Variation of the perpetuity rate (WACC):** an increase/decrease in the perpetuity growth rate of between {-0,52 p.p. and +0,48 p.p.} in these units, would have the following impacts:

g	0.01	0.0125	0.0152	0.0175	0.02
$\Delta g$	-0.52 p.p.	-0.27 p.p.	Base	+0.23 p.p.	+0.48 p.p.
Porcelain	119,281	125,367	132,830	140,068	149,060
Oven to tableware	53,701	56,555	60,056	63,452	67,670
Crystal Glass	23,452	24,553	25,903	27,212	28,839
<b>Aggregated</b>	<b>196,434</b>	<b>206,475</b>	<b>218,789</b>	<b>230,731</b>	<b>245,568</b>

In view of the information presented in the tables above, the Board of Directors considers that:

- i) No impairments would result in the cash-generating units "Porcelain" and "Oven ware Stoneware" as a result of the sensitivity analysis carried out;
- ii) The conditions of economic uncertainty associated with the "Crystal and hand-made glass" segment introduce an additional degree of variability to assumptions and may significantly impact the considered estimates. From the sensitivity analysis carried out above, the following impairments would result:
- i. An increase in the discount rate of 0.5 p.p. would represent an impairment of approximately 1,100,000 Euros;
  - ii. An decrease in the perpetuity rate of 0.52 p.p. would represent an impairment of approximately 730,000 Euros;

## 10. Intangible Assets

During the financial years ended on the 31<sup>st</sup> December 2020 and 2019, the changes occurred in the gross value of intangible assets, as well as in the respective amortizations and accumulated impairment losses, were as follows:

	Change management	Project develop.	Computer programmes	Other intangible assets	Fixed assets. in progress	Total
<b>Financial year 2020</b>						
Initial net amount	100	977	19	289	0	1,384
Increases	0	0	0	363	0	363
Transfer	0	0	200	9	0	209
Amortization of the financial year	-33	-161	-49	-91	0	-334
<b>Final net amount December 2020</b>	<b>66</b>	<b>815</b>	<b>170</b>	<b>569</b>	<b>0</b>	<b>1,621</b>
<b>Financial year 2019</b>						
Initial net amount	166	1,138	26	301	0	1,631
Increases	0	0	9	51	0	60
Transfer	0	0	1	88	0	89
Amortization of the financial year	-67	-161	-18	-150	0	-396
<b>Final net amount December 2019</b>	<b>100</b>	<b>977</b>	<b>19</b>	<b>289</b>	<b>0</b>	<b>1,384</b>

The values of the increase in intangible fixed assets as of the 31<sup>st</sup> of December 2020 are related to the carbon dioxide emission licenses at Ria Stone, within the scope of the European Emissions Licensing Trade (CELE), and in view of the current installed capacity of the factory of the subsidiary Ria Stone, S.A..

In the financial year ended on the 31<sup>st</sup> December 2020, no capitalization of expenses (“Work for the company itself”) associated with intangible assets was carried out.

## 11. Impairments

During the financial years ended on the 31<sup>st</sup> December 2020 and 2019, the movement occurred in the imparities of assets was as follows:

	Investments properties	Tangible Fixed assets (Note 8)	Inventories (Note 16)	Customers and accounts receivable (Note 17)	Total
<b>01<sup>st</sup> of January</b>	<b>62</b>	<b>495</b>	<b>10,769</b>	<b>3,486</b>	<b>14,591</b>
Reinforcement	-	632	633	0	1,265
Reversals	-	-	(292)	(323)	(615)
<b>Balance on 31<sup>st</sup> December 2019</b>	<b>62</b>	<b>1,126</b>	<b>11,110</b>	<b>3,163</b>	<b>15,241</b>
Reinforcement	-	-	2	0	3
Reversals	-	(155)	(530)	(36)	(721)
<b>Balance on 31<sup>st</sup> December 2020</b>	<b>62</b>	<b>972</b>	<b>10,583</b>	<b>3,127</b>	<b>14,523</b>

At the end of the exercise in 2019, an impairment associated with tangible fixed assets was established in the amount of 632 thousand euros for the crystal kiln at the Alcobaça plant. As the recoverable value is lower than the book value of the assets, the Company assessed the permanent and definitive loss, recording the respective impairment loss. During 2019 a new kiln was acquired for the crystal segment activity. Thus, annually, the Grupo reverses that impairment in the same amount of amortization for the year accounted for regarding that asset.

In addition, the net reversals of impairment for inventories presented in the table above with reference to the 31<sup>st</sup> December 2020 and 2019 were recorded against the income statement caption "Cost of goods sold and materials consumed" (Note 16).

## 12. Investment properties

On the 31<sup>st</sup> December 2020 and 2019, the detail by real estate investment properties of the Grupo is the following:

	31-12-2020	31-12-2019
Vista Alegre Buildings	930	970
<b>Total investment properties</b>	<b>930</b>	<b>970</b>

During the exercises ended on the 31<sup>st</sup> December 2020 and 2019, the movement occurred in the item "Investment Properties" was as follows:

Vista Alegre Buildings

<b>Investment properties on 01<sup>st</sup> December 2019</b>	<b>1,439</b>
Sale of the Fábrica da Angolana:	
- Gross amount	-544
- Provisions (reversal)	75
<b>Investment properties on 01<sup>st</sup> December 2020</b>	<b>970</b>
Variation in fair value	-40
<b>Investment properties on 31<sup>st</sup> December 2020</b>	<b>930</b>

This is real estate (land and buildings) not used in the ordinary course of business of the Grupo Vista Alegre, which are for sale, under the current state or after a valuation process.

Determining the fair value of investment property was supported by market evidence.

For all the Grupo's real estate, evaluations are carried out by independent external appraisers with professional qualifications. Determining the fair value of investment property was supported by market evidence.

The determination of the fair value of the investment properties was supported by market evidence, since, according to the assessor, the reason behind the assessor's mind, when conceiving the structure of his report, together with fairness and independence only reasons with the aspects closely related to the object under analysis; those relating to the technical aspects, namely the specific characteristics of the assets under consideration, their insertion in the existing network and the elements which influence their tendency in the real estate market, represented by demand and supply, proposing balanced and adjusted venal values, which render analyses as close as possible to reality.

On the 31<sup>st</sup> of December 2020, in addition to the above agreements, there are no other significant contractual obligations to purchase, construct or develop investment property or to repair and maintain it.

The detail of the fair value of the buildings that comprise the Vista Alegre buildings, as well as some market indicators which were based on the valuation are the following:

The amounts recognised in the income statement for December 2020 and 2019 related to income from investment properties (Note 28) were as follows, in thousands of euros:

Real Estate	Location	31-12-2020		31-12-2019	
		Market Price/m <sup>2</sup>	Fair value (in t€)	Market Price/m <sup>2</sup>	Fair value (in t€)
<i>Investment properties</i>					
Pinhais	Alcobaça	€ 25.09	930	€ 26.17	970
<b>Total</b>			<b>930</b>		<b>970</b>

	31-12-2020	31-12-2019
Rental of real estate	3	3

### 13. Financial investments

The heading "Financial investments" consists of residual investments in companies for which the Grupo has no control or significant influence and have been classified as available-for-sale financial investments.

Available-for-sale financial investments were measured at cost as they are investments in unlisted companies, whose fair value cannot be measured reliably.

The detail on the 31<sup>st</sup> December 2020 and 2019 of this heading is as follows:

Financial investments	31-12-2020	31-12-2019
Capital Criativo - SCR, S.A.	500	500
Imerys Ceramics Portugal, SA	60	58
VAA-Empreendimentos Turísticos, SA	45	45
Fundação Visabeira - Instit. Solid. Social	36	36
Lusitânia Gás SA	20	20
Centro Tecnológico da Cerâmica e do Vidro	6	6
Other participations	16	17
	<b>683</b>	<b>682</b>

During 2019, Bordalo Pinheiro bought a share in the company *Capital Criativo - SCR, S.A.*, a venture capital company. The acquisition of this share by that subsidiary allows obtaining tax benefits under the Corporate Income Tax.

## 14. Usage rights assets and lease liabilities

The changes occurred in the financial year ended on the 31<sup>st</sup> December 2020 and 2019 in the amount of use rights, as well as in the respective accumulated amortizations and impairment losses, were as follows:

	Financial year 2020
2020	Buildings and other constructions
<b>Gross asset</b>	
Opening balance on 1 <sup>st</sup> January 2020	10,088
Renewal / new contracts of the exercise	2,839
Disposals for the year	(1963)
<b>Final balance</b>	<b>10,964</b>
<b>Accumulated amortization and impairment losses</b>	
Initial balance	2,542
Disposals for the year	(1703)
Depreciations in the financial year	2,619
<b>Final balance</b>	<b>3,458</b>
<b>Net asset value at 31<sup>st</sup> December 2020</b>	<b>7,506</b>

	2019
2019	Buildings and other constructions
<b>Gross asset</b>	
Initial balance	-
First application of IFRS 16	9,480
Renewal / new contracts of the exercise	608
<b>Final balance</b>	<b>10,088</b>
<b>Accumulated amortization and impairment losses</b>	
Initial balance	-
Depreciations in the financial year	2,542
<b>Final balance</b>	<b>2,542</b>
<b>Net asset value at 31<sup>st</sup> December 2019</b>	<b>7,546</b>

Lease liabilities for the years ended on the 31<sup>st</sup> of December 2020 and 2019 are broken down as follows:

Lease liabilities	31-12-2020	31-12-2019
Operating leases (IFRS 16)	7,640	7,532
Financial leases	184	292
<b>Total</b>	<b>7,824</b>	<b>7,823</b>

The changes occurred in the financial years ended on the 31<sup>st</sup> December 2020 and 2019 in the amount of lease liabilities, was as follows:

2020	Buildings and other constructions
<b>Liabilities</b>	
Initial balance	7,532
Rents bonus (Note 28)	(730)
Renewal / new contracts of the exercise	2,839
Payments made in the financial year	(2319)
Financial cost of the year	318
<b>Final balance on the 31<sup>st</sup> December 2020</b>	<b>7,640</b>

2019	Buildings and other constructions
<b>Liabilities</b>	
Initial balance	-
First application of IFRS 16	9,480
New contracts of the exercise	608
Payments made in the financial year	-2,925
Financial cost of the year	369
<b>Final balance on the 31<sup>st</sup> December 2019</b>	<b>7,532</b>

On the balance sheet date, lease liabilities matured as follows:

On the 31 <sup>st</sup> December 2020:	Amount in debt	Until 12 months	From 12 to 24 months	From 24 to 36 months	≥ 36 months
Operating leases (IFRS 16)	7,640	2,384	1,539	1,053	2,664
Financial leases	184	91	58	9	26

## 15. Income Tax

Current tax for the financial year ended on the 31<sup>st</sup> December 2020 and 2019 is recorded as an account payable to Grupo Visabeira, S.A., under the Special Taxation Regime for Groups of Companies, in the case of subsidiaries companies whose 75% of the share capital at least is directly or indirectly owned, and which are based in Portugal and taxed under the Corporate Income Tax (IRC) included in the Grupo Visabeira.

For the companies not covered by that regime (mainly the foreign subsidiaries of *Grupo Vista Alegre* and *Faianças Artísticas Bordalo Pinheiro, SA*), the current tax for the financial year is recorded against the liability caption “State and Other Public Entities” (Note 23).

On the 31<sup>st</sup> December 2020 and 2019, the detail and changes of deferred tax assets and liabilities, according to the temporary differences that originated them, is as follows:

Temporary differences	Base	Assets	Liabilities	Net effect	Impact P&L Dr/(Cr)	Impact Equity Dr/(Cr)	Transf. to other deb.
<b>Balance on the 31<sup>st</sup> December 2019</b>							
Revaluation of tangible fixed assets / Fair value investment prop. Invest.	41,084	0	9,244				
Impairment of depreciable tangible fixed assets	632	161					
Retirement benefits – Benefit plan managed by the Grupo	970	260	42				
Adjustments and other provisions not fiscally accepted	12,198	2,745	0				
Reportable tax losses - Spain	3,403	851	0				
Reportable tax losses - Mozambique	15	7	3				
Tax credit	0	1,615	0				
Cancellation of intra-group transactions	1,102	248	0				
		<b>5,887</b>	<b>9,289</b>				
<b>Changes of the net information of the financial year</b>							
Revaluation of tangible fixed assets / Fair value investment prop. Invest.	-2,088	0	-470	470	-1,314	844	
Impairment of depreciable tangible fixed assets	-105	-42	0	-42	42	0	
Retirement benefits – Benefit plan managed by the Grupo	169	-2	-40	38	-69	31	
Adjustments and other provisions not fiscally accepted	-546	-123	0	-123	123	0	
Reportable tax losses - Spain	-406	-102	0	-102	102	0	
Reportable tax losses - Mozambique	-2	-2	-1	-1	1	0	
Tax credit	0	-720	0	-720	720	0	
		<b>-991</b>	<b>-511</b>	<b>-480</b>	<b>-395</b>	<b>875</b>	<b>0</b>
<b>Balance on the 31<sup>st</sup> December 2020</b>							
Revaluation of tangible fixed assets / Fair value investment prop. Invest.	38,996	0	8,774				
Impairment of depreciable tangible fixed assets	527	119	0				
Retirement benefits – Benefit plan managed by the Grupo	1,139	258	2				
Adjustments and other provisions not fiscally accepted	11,652	2,622	0				
Reportable tax losses - Spain	2,997	749	0				
Reportable tax losses - Mozambique	12	6	2				
Tax credit	0	895	0				
Cancellation of intra-group transactions	1,102	248	0				
		<b>4,896</b>	<b>8,778</b>				

	31-12-2020	31-12-2019
Current tax	-655	-2,148
Deferred tax	395	833
	<b>-260</b>	<b>-1,315</b>

On the 31<sup>st</sup> December 2020, according to the tax laws of subsidiaries that registered assets due to deferred taxes because of fiscal losses, those were reportable as follows:

T €			T €		
Spain			Mozambique		
Year	Fiscal losses	Expiration Term	Year	Fiscal losses	Expiration Term
2012	419	2030	2016	9	2021
2013	958	2031	2017	2	2022
2014	572	2032	2019	1	2024
2015	1,048	2033			
<b>Total</b>	<b>2,997</b>		<b>Total</b>	<b>12</b>	

On the 31st December 2020, assets that were due to deferred taxes because of fiscal losses and because of other temporary deductible differences were subject to evaluation. As a consequence, these were only registered as soon as it was probable, according to the following information which was referred to, that future taxable income would accrue and that these would be used to recover fiscal losses or to compensate for temporary taxable differences. This evaluation was based on business plans of the different companies of the Grupo, periodically reviewed and updated, in some internal reorganization already identified and in available fiscal planning opportunities.

At the same time, for purposed of measuring asset recovery by means of deferred taxes generated in the consolidated tax group of Grupo Visabeira, the business plans of the companies making it up were used.

VAA, SGPS, S.A. since January 2014 has been covered by the *Regime Especial de Tributação dos Grupos de Sociedades* [special taxation regime for company groups] (RETGS), (headed by Grupo Visabeira, S.A.) under which tax is calculated on the taxable the taxable income of companies included on consolidation, and within the specified regime, and according to the terms therewith.

The RETGS encompasses all of companies participating whether directly or indirectly in a minimum of 75% of social capital and which are based in Portugal and taxable under the *Imposto sobre o Rendimento das Pessoas Coletivas* (IRC) [corporate tax code] which are part of Grupo Visabeira.

For those companies not covered by that regime (essentially the foreign subsidiaries of the Grupo Vista Alegre and the Faianças Artísticas Bordalo Pinheiro, S.A.), the current tax is calculated based on the respective taxable income, determined according to the tax rules in force in the respective country of each entity.

From 1 January 2007 onward, municipalities will be able to charge an annual municipal levy of up to a maximum limit of 1.5% on taxable profit subject to and not exempt from IRC (corporate tax). Thus, in the year ending on 31 December 2018, VAA, SGPS, S.A. and its participating companies with headquarters in Portugal were subject to Corporate Income Tax (IRC) at the rate of 21%, added to the maximum municipal tax levy of 1.5% over taxable income, in this way reaching a combined maximum tax rate of nearly 22.5%.

Additionally, in the year ending on the 31<sup>st</sup> December 2020, taxable income of Portuguese companies that was in excess of 1,500,000 euros were subject to a local state tax, established in accordance with article 87<sup>o</sup>A of the corporate tax code at the following rates:

- 3% for taxable profits between 1,500,000 euros and 7,500,000 euros;
- 5% for taxable profits between 7,500,000 euros and 35,000,000 euros; and
- 7% for taxable profits over 35,000,000 euros.

On the other hand, in the year ending on the 31<sup>st</sup> December 2020, the deduction of net financing costs in determining taxable profit come to be assessed at the higher of the following limits:

- 1,000,000 Euros;
- 30% of income before depreciation, net financing expenses and taxes.

Finally, under the terms of article 88<sup>o</sup> IRC Tax Code, companies with headquarters in Portugal are subject to complementary taxation on a separate set of charges at the rates provided for in the same article.

The table below presents the reconciliation between the nominal and the effective tax rate over the income during 2020 and 2019:

	31-12-2020	31-12-2019
Results before taxes	-2,226	8,769
Nominal rate of tax on profits	21%	21%
Tax rate - 21%	468	-1,841
Permanent differences	-252	-301
Depreciation and amortization taxed during tax periods		
Previous	0	17
Used tax benefits	139	192
Non-deductive provisions	-958	26
Temporary accounting/ tax differences in the recognition of assets	29	-1
Capital gains taxed	-19	1
Fiscal corrections	139	1
Autonomous Taxation	-133	-76
Local tax	-67	-165
<b>Total current tax</b>	<b>-655</b>	<b>-2,148</b>
Deferred tax	395	833
<b>Income tax for the financial year</b>	<b>-260</b>	<b>-1,315</b>
Effective tax rate	<b>12%</b>	<b>-15%</b>

## 16. Inventories

The detail of "Inventories", with reference to 31<sup>st</sup> December 2020 and 2019, is as follows:

	31-12-2020			31-12-2019			Adjustments	
	Gross asset	Impairments	Net Asset	Gross Asset	Impairments	Net Asset	Movement 2020	Movement 2019
Goods	1,056	-695	361	1,604	-758	846	63	225
Raw material	6,174	-1,684	4,490	6,081	-1,644	4,438	-40	67
Products under manufacture	2,375	0	2,375	5,449	0	5,449	0	0
Finished and intermediate products	43,985	-8,203	35,782	39,746	-8,708	31,038	505	-633
	<b>53,591</b>	<b>-10,583</b>	<b>43,008</b>	<b>52,880</b>	<b>-11,110</b>	<b>41,770</b>	<b>528</b>	<b>-341</b>

The criteria used by the Grupo in regards to the value of inventories are described in note 2.3.7.

The detailed calculation of the recognized cost of merchandise sold and materials consumed is recognized in the consolidated income statement, on the 31<sup>st</sup> December 2020 and 2019, as the following:

	Goods	Raw materials subsidiary and consumption	Total
Stocks on the 1 <sup>st</sup> January 2019	1,108	5,458	6,566
Purchases	12,562	28,706	41,268
Inventory settlements	-75	0	-75
Stocks on the 31 <sup>st</sup> December 2019	-1,604	-6,081	-7,685
<b>CMVMC 2019</b>	<b>11,991</b>	<b>28,083</b>	<b>40,073</b>
Stocks on the 1 <sup>st</sup> January 2020	1,604	6,081	7,685
Purchases	17,301	24,202	41,503
Inventory settlements	-460	0	-460
Stocks on the 31 <sup>st</sup> December 2020	-1,056	-6,174	-7,231
<b>CMVMC 2020</b>	<b>17,389</b>	<b>24,109</b>	<b>41,498</b>

The detail of calculation of Production Variation recognized in consolidated income statement on the 31<sup>st</sup> December 2020 and 2019, as the following:

	Finished and intermediate Products	Products and Works in in progress	Total
<b>Balance on the 01<sup>st</sup> January 2019</b>	-38,185	-2,628	-40,813
Inventory settlements	-63	0	-63
Balance on the 31 <sup>st</sup> December 2019	39,746	5,449	45,195
<b>Production variation December 2019</b>	<b>1,498</b>	<b>2,821</b>	<b>4,319</b>
<b>Balance on the 01<sup>st</sup> January 2020</b>	-39,746	-5,449	-45,195
Inventory settlements	356	0	356
Balance on the 31 <sup>st</sup> December 2020	43,985	2,375	46,360
<b>Production variation December 2020</b>	<b>4,595</b>	<b>-3,074</b>	<b>1,521</b>

The amounts of impairment and reversal of impairment losses are recognized in the consolidated statement of profit and loss, respectively, under "Cost of goods sold and materials consumed" and "Change in production", depending on whether these are goods/ raw materials or products.

## 17. Accounts receivable and others

On the 31<sup>st</sup> December 2020 and 2019, this heading was as follows:

	31-12-2020	31-12-2019
Customers	8,484	17,374
Other debtors	4,730	4,354
	<b>13,214</b>	<b>21,727</b>

	31-12-2020	31-12-2019
Accounts receivable from customers and other debtors	16,341	24,890
Less: impairment of accounts receivable	-3,127	-3,163
Accounts receivable from customers and other net debtors-net	<b>13,214</b>	<b>21,727</b>

Other debtors	31-12-2020	31-12-2019
Advances from suppliers	56	64
Expenses to be recognized (deferred costs)	2,135	1,977
Pension Fund (Note 22)	8	187
Other debtors	2,211	349
Other debtors - Grupo Visabeira companies (Note 26)	320	1,776
	<b>4,730</b>	<b>4,354</b>

On the 31<sup>st</sup> of December 2020, Grupo Vista Alegre entered into non-recourse factoring contracts for accounts receivable from customers and carried out derecognition in the amount of 7.6 million euros of accounts receivable on that date. On the 31<sup>st</sup> of December 2019, the amount of non-recourse factoring contracts that led to derecognition of accounts receivable from customers amounted to 2.5 million euros.

The amount of "Expenses to be recognized" corresponds to invoices received in 2020 (2019), but related to expenses incurred only in 2021 (2020), as well as maintenance material for the Grupo's manufacturing areas, which is recognized as a cost based on consumption / use.

The value of “Other debtors” includes balances related to accrued income (701 thousand euros) and factoring with recourse (538 thousand euros).

The maturity of the receivable amounts in the item “Accounts receivable from customers” can be summarized as follows:

Customers	Months seniority after the expiration date				Total	Total	TOTAL
	0 - 6	6 - 12	12 -18	> 18	Overdue	Not due	
2019	3,167	137	404	436	4,144	13,230	17,374
2020	7,220	242	303	0	7,765	719	8,484

## 18. Share capital, treasury shares, issue premiums and other equity

The total authorized number of common shares is 167.650.060 book-entry shares with a nominal value of 0.80 euros per share. All issued shares are paid for.

	No of shares (thousands)	Common Turnover	Common Prize	Treasury Turnover	Treasury Prize	Total
31 <sup>st</sup> December 2018 and 2009	145,040	29,008	0	-1	-1	29,006
On 30 <sup>th</sup> June 2010	145,040	11,603	0	-1	-1	11,601
On 31 <sup>st</sup> December 2016	1,156,348	92,508	0	-1	-1	92,506
On the 31 <sup>st</sup> December 2017	1,524,091	121,927	22,065	-1	-1	143,990
On the 31 <sup>st</sup> December 2018	152,409	121,927	24,280	-1	-1	146,206
On the 31 <sup>st</sup> December 2019	167,650	134,120	25,113	-1	-1	159,231
On 31 <sup>st</sup> December 2020	167,650	134,120	25,113	-1	-1	159,231

On the 12<sup>th</sup> of December 2019, Vista Alegre Atlantis, SGPS, SA increased its capital by new cash inflows, with the suppression of shareholders' preemptive rights, in the amount of 12,192,731.20 euros, resulting in a change in the capital of Vista Alegre from 121,927,316.80 euros to 134,120,048.00 euros, issuing 15,240,914 new shares, with a nominal value of 0.80 euros each, as communicated to the market in due course. Additionally, the aforementioned capital increase resulted in cash inflows of a total amount of 15,240,914 euros, thus determining an issue premium of 3,048,183 euros, a value that made it possible to reach an accumulated amount of 24,280,229 euros of issue premiums. Costs were also reported for the entire capital increase process with legal and financial advice, among others, in the amount of approximately 833,000 euros, which were deducted from the amount of the capital increase.

On 31<sup>st</sup> December 2020, the Company held 110 company shares in its portfolio, valued at the price of 0.80 euros each. The premium paid per share was 1.687 euros. The total amount paid for share acquisition was 1,854 euros and this was deducted from equity.

Additionally, as of 31<sup>st</sup> December 2020 and 2019 supplementary payments were made by the shareholder Visabeira Indústria, SGPS, S.A. in the amount of 38,181,653.20 euros. These supplementary payments are reimbursable while this operation reduces its own Company capital to a value lower than the sum of the social capital and its legal reserve.

## 19. Reserves and retained earnings

The movement occurred in the items of “Reserves and retained earnings” in the periods ended in 31<sup>st</sup> December 2020 and 2019 was the following:

	Results of previous years	Revaluation of land and buildings	Other Reserves	Total
<b>Balance on the 1<sup>st</sup> January 2019</b>	<b>(195,715)</b>	<b>37,056</b>	<b>18,720</b>	<b>(139,938)</b>
Result of the previous year	7,276	-	-	7,276
<b>Amounts that will be reclassified later in results</b>				
Other comprehensive income for the financial year	667	-	-	667
<b>Balance on the 31<sup>st</sup> December 2019</b>	<b>(187,772)</b>	<b>37,056</b>	<b>18,720</b>	<b>(131,994)</b>
Result of the previous year	7,226	-	-	7,226
<b>Amounts that will be reclassified later in results</b>				
Other settlements / net	4,130	(4049)	-	80
Other comprehensive income for the financial year	(1312)	(2785)	-	(4097)
<b>Balance on the 31<sup>st</sup> December 2020</b>	<b>(177,728)</b>	<b>30,222</b>	<b>18,720</b>	<b>(128,785)</b>

“Other comprehensive income for the year” in 2020 essentially reflects the effects of the revaluations of tangible fixed assets (land and buildings) as a result of updates to real estate appraisals carried out by external experts, as well as the effect of exchange rate adjustments, essentially associated with the subsidiary located in Brazil, VAA Brasil - Comércio, Importação e Exportação, SA”, due to the strong devaluation of the Brazilian real.

## 20. Loans obtained

Debts to credit institutions and shareholder loans had the following expression on the 31<sup>st</sup> December 2020 and 2019:

	31-12-2020	31-12-2019
<b>Non-current liabilities</b>		
Bank loans	62,177	54,407
Unpaid loans / subsidies	15,190	13,815
	<b>77,366</b>	<b>68,223</b>
<b>Current Liabilities</b>		
Operating loans	13,588	20,490
Unpaid loans / subsidies	1,491	2,869
Bank loans	5,483	6,467
	<b>20,562</b>	<b>29,826</b>
	<b>97,929</b>	<b>98,049</b>

The main guarantees and conditions of the agreements with the banks and other financial entities are described below. Moreover, the maturity schedule of bank loans and loans from other entities on the 31<sup>st</sup> December 2020 can be summarized as follows:

Institution	Typology	Value in debt	Until 12 months	From 12 to 24 months	From 24 to 36 months	≥ 36 months
Various	Current account	2,083	2,083	0	0	0
Various	Mutual / Loans / Bond	65,577	3,400	1,225	1,225	59,727
	<b>Bank loans</b>	<b>67,660</b>	<b>5,483</b>	<b>1,225</b>	<b>1,225</b>	<b>59,727</b>
Various	Confirming loans	3,340	3,340	0	0	0
Various	Funding "Express Bill"	427	427	0	0	0
Various	Discount on export shipments	9,688	9,688	0	0	0
Various	Factoring	134	134	0	0	0
	<b>Operating loans</b>	<b>13,588</b>	<b>13,588</b>	<b>0</b>	<b>0</b>	<b>0</b>
FRME *	Other loans	449	449	0	0	0
FIEAE **	Other loans	1,200	0	0	0	1,200
AICEP ***	Repayable subsidies	15,032	1,042	550	1,282	12,158
	<b>Unpaid loans / subsidies</b>	<b>16,681</b>	<b>1,491</b>	<b>550</b>	<b>1,282</b>	<b>13,358</b>
	<b>Overall Total</b>	<b>97,929</b>	<b>20,562</b>	<b>1,775</b>	<b>2,507</b>	<b>73,085</b>

\*FRME – Fundo para a Revitalização e Modernização do tecido Empresarial, SGPS, S.A.

\*\*FIEAE – Fundo Imobiliário Especial de Apoio às Empresas

\*\*\*AICEP – Agência para o Investimento e Comércio Externo de Portugal

#### The Grupo's main financings include:

**Bond loan** in the amount of 50 million euros issued in two installments: i) one installment issued on the MARF (“Mercado Alternativo de Renta Fija” (Madrid, Spain) in the amount of 45 million euros, taken by several institutional investors, starting on 21/10/2019 for 5 years and with a total bullet in October 2024 and ii) a second installment of 5 million euros starting on 21/10/2019 and maturing on 21/10/2024 with constant annual settlements (25%) of capital as of the 31<sup>st</sup> January 2022, subscribed by Banco BPI.

**Novo Banco, SA:** Funding in the total value of 10 million euros, to be reimbursed in 33 consecutive and equal quarterly instalments of capital and interest, with the due date of October 2020, with assignment of receipts from the client Moët Hennessy. Taking into account the current context of a pandemic caused by the SARS-CoV-2 virus, legal moratoriums have been applied since March 2020, with maturity in October 2021. The amount outstanding on the 31<sup>st</sup> December 2020 was 2.18 million euros.

**Novo Banco, SA:** Funding of a maximum amount of 6.5 million euros, repaid in 20 consecutive and equal quarterly instalments of capital and interest, maturing in September 2024, with a pledge of the equipment and a reduction in the proportion of the receivable of the reimbursable incentive. The amount outstanding on the 31<sup>st</sup> December 2020 was 3.24 million euros. Also in this financing, a legal moratorium was applied in the last 3 quarterly installments of 2020.

**Caixa Económica Montepio Geral:** Loan in the total of 2.5 million euros taken out on October 2016 and with continual monthly instalments of capital and interest with the due date of 28-10-2021. The amount outstanding on the 31<sup>st</sup> December 2020 was 0.9 million euros. Also in this financing, a legal moratorium was applied in the last 3 quarterly installments of 2020.

**Caixa Económica Montepio Geral:** Loan in the amount of 1 million euros contracted in May 2020, under the "SPECIFIC LINE COVID-19 - SUPPORT FOR ECONOMIC ACTIVITY", intended exclusively to finance treasury needs and with repayment in monthly installments, with a grace period of capital during the first 12 months and maturity in May 2024.

Also within the scope of the "COVID SPECIFIC LINE 19 - SUPPORT FOR MEDIUM-SIZED COMPANIES, SMALL MID CAPS AND MID CAPS", to support treasury needs, loans were contracted with *EUROBIC* and *Banco Santander Totta* in the amount of 1M € and 1.5M € respectively, for a period of 72 months and 12 months of deferral and with a guarantee provided by *SPGM - Sociedade Portuguesa de Garantia Mútua* in favour of the bank in 80% of the outstanding capital at each moment.

**Caixa Geral de Depósitos:** 2 Loans in the total amount of 2.3 million euros contracted in July 2020, supported by the InnovFi guarantee with financial support from the European Union under the financial instruments of 2020 (FEI lines), for an overall term of 72 months, including 12 months of use, 6 months of deferral and 54 months of amortization.

**Banco do Brasil:** Loan in the amount of 2 million euros, to improve cash flow, semester reimbursement of 1 million euros, with the due date on October 2022, and with customer receivables.

**Agência para o Investimento e Comércio Externo de Portugal, EPE:** Total financing to the amount of 15.1 million euros. The date for the first repayment corresponds to clause 11 of the investment contract, according to which: "The repayable incentive is granted for a total term of 8 years, which includes a grace period of 2 years. This term begins: (i) on the date on which the first payment of the Refundable Incentive is settled; or (ii) from the end of the financial year following the entry into force of this contract; whichever comes first."

**FRME:** Loan to the amount of 480 thousand euros, 133 thousand euros of which are still due, with monthly instalment of 13.3 thousand euros. Due to the legal moratorium applied since March 2020, the date of the last reimbursement will occur on 29/12/2021.

**FRME:** Loan to the amount of 1.13 million euros, 315 thousand euros of which are still due, with monthly instalment of 31.5 thousand euros. Due to the legal moratorium applied since March 2020, the date of the last reimbursement will occur on 29/12/2021.

**FIEAE:** Loan to the amount of 1.2 million euros to be settled on 01-09-2024.

**IKEA Supply AG:** A loan of 2.5 million euros, including the respective interest outstanding of 2.11 thousand euros, to finance equipment in the scope of the innovation project and the expansion of the productive capacity of the Ria Stone factory, made available in stages between 08-03-2018 and

11-10-2018. The date of the last repayment will take place on 20-04-2025, including the respective interest.

**IKEA Supply AG:** Loan in the amount of 660 thousand euros, intended for working capital financing due to a significant decrease in sales during the Covid-19 pandemic. The last repayment date will occur on 20-12-2021.

Grupo VAA has access to available lines of investment support under the *Portugal 2020* community funds projects, in the form of reimbursed incentive, totalling 18 million euros for investment support, having been used 16.8 million euros.

The Grupo also has other debt instruments lines to support the treasury in the form of factoring, exports discount and payment to suppliers to the amount of 31.8 million Euros. On the 31<sup>st</sup> December 2019 around 18.2 million Euros were used, of which 13.6 thousand euros are classified as financial debt (the remaining amount relating to confirming classified as "Other Creditors" - Note 21).

**(1) The guarantees and other conditions for the loans negotiated related to the tableware business segment (Ria Stone, S.A. subsidiary) are as follows:**

***AICEP – Agência para o Investimento e Comércio Externo de Portugal, EPE:***

Guarantees:

The company undertakes to present a bank guarantee, under the terms and conditions stipulated in the Payment Standard applicable to Projects approved under the NSRF Incentive Systems.

Non-compliance:

Failure to comply with obligations or any breach of the obligations set forth in the investment contract shall be assessed by the *Tribunal Arbitral*.

The liability of the shareholders shall be proportional to their respective shares in the Company's share capital at the date of the non-compliance, and shall continue for the term of the contract even in the event of bankruptcy, merger or dissolution of the Company.

**IKEA Supply AG:**Guarantees:

The company is obliged to present until 31-01-2015 a mortgage, in favour of IKEA, of equipment belonging to Ria Stone already defined in the loan agreement. It was filed within the stipulated date.

As part of the financing granted in 2018 by *IKEA Supply AG* for the implementation and expansion of the plant, Ria Stone pledged equipment, as defined in the respective loan contracts. On the 31<sup>st</sup> December 2020 these financings amount to 2.77 million euros.

Non-compliance:

Failure to comply with the obligations stipulated in the contract implies the immediate payment of the amounts due at the date, plus interest and other expenses, without any prior notice from IKEA.

**(2) The guarantees and other conditions for the bond loan signed in October 2019 and revised in June 2020:****Security Agreement:**

- Vista Alegre Atlantis SGPS, SA pledged Ria Stone's shares and rights (*4,550,000.00 shares with a nominal value of 1 euro each, representing 100% of Ria Stone's share capital*)
- The pledge on the shares was granted as a commercial pledge under the Commercial Code and the Commercial Pledge Law.
- Vista Alegre Atlantis SGPS, SA gave as guarantee for the timely fulfillment of obligations, any right to receive in cash or any other assets of Ria Stone, including interest (accumulated or capitalized), as a result of the provision of ancillary installments, supplementary payments, supplies, other subordinated loans, other forms of equity, quasi-equity or other forms of cash or kind financing provided to Ria Stone, as the case may be, carried out after the date of the agreement's signature.
- Vista Alegre Atlantis SGPS, SA pledged a commercial pledge, under the terms of the Commercial Code and the Commercial Pledge Law, on the rights of existing credit balances in Ria Stone's bank account.
- Bordalgest, SA.; Cerexport – Cerâmica de Exportação, SA; Cerutil - Cerâmicas Utilitárias, SA; Faianças Artísticas Bordalo Pinheiro, SA; Faianças da Capôa – Indústria Cerâmica, SA; Ria Stone, Fábrica de Louça de Mesa em Grés, SA; and Vista Alegre Atlantis, SA companies jointly guarantee the timely fulfilment of all obligations guaranteed by Vista Alegre Atlantis SGPS, SA.

The guarantees granted under this contract are created jointly and are interconnected, and it is determined that the recoverable amounts are limited to the maximum amount of 60,000,000.00 euros.

**Commitments (Other):**

Vista Alegre Atlantis SGPS, SA undertakes, in accordance with the provisions of the Bond Loan contract to comply with certain financial conditions, to be periodically calculated based on its consolidated financial statements as follows:

- i. The relation between Net operating debt/EBITDA is equal or inferior to:

2019	31/12/2019: 3.75x
2020	30/06/2020: 6.00X
	31/12/2020: 6.00X
2021	30/06/2021: 3.00x
	31/12/2021: 3.00x
2022	30/06/2022: 2.75x
	31/12/2022: 2.75x
2023	30/06/2023: 2.50x
	31/12/2023: 2.50x

It should also be noted that, as announced to the market published on the 30<sup>th</sup> of June 2020, the Company saw the amendment to clause 9.5 of the terms and conditions of the bond loan signed in October 2019 approved by the General Meeting of Bondholders, so that the Financial Covenant provided for in this provision relating to the ratio between Net Debt and EBITDA regarding the Relevant Periods ending on the 30th of June 2020 and on the 31<sup>st</sup> of December 2020 will be 6x. This ratio returns to the previous figures as of the 30<sup>th</sup> of June 2021.

- ii. That its Net Equity over Net Equity plus the Total Consolidated Debt is equal to or greater than 23 (twenty-three) percent.

- **Ensure that no dividends or remuneration in shares**, under any form (including repayment of loans to shareholders and capital reduction) is proposed by the Board of Directors of VAA, SGPS, S.A. if the Net Debt/EBITDA ratio is equal to or greater than:

2019	31/12/2019: 3.75x
2020	30/06/2020: 6.00X
	31/12/2020: 6.00X
2021	30/06/2021: 3.00x
	31/12/2021: 3,00x
2022	30/06/2022: 2.75x
	31/12/2022: 2,75x
2023	30/06/2023: 2.50x
	31/12/2023: 2,50x

## 21. Accounts payable and other debts

On the 31<sup>st</sup> December 2020 and 2019, the item "Accounts payable and other debts" had the following composition:

	31-12-2020	31-12-2019
Suppliers	21,822	23,965
Creditors and accrued expenses	17,113	21,960
	<b>38,935</b>	<b>29,325</b>
	<b>38,935</b>	<b>45,925</b>

The item "Suppliers" present itself on the 31<sup>st</sup> December 2020 and 2019 as shown in the following:

	31-12-2020	31-12-2019
Current account suppliers	21,625	23,823
Suppliers invoices receivable and checking	197	127
Suppliers' securities payable	0	15
	<b>21,822</b>	<b>23,965</b>

On the 31st of December 2020 and 2019, this entry was made up of current balances payable to suppliers, all of which are due in the short term.

The Grupo, within the scope of financial risk management, has implemented policies to ensure that all liabilities will be settled within the defined payment terms.

The item “Creditors and accrued expenses” present itself as shown in the following table:

	31-12-2020	31-12-2019
Accrued expenses	9,845	10,955
Related parties - Grupo Visabeira (RETGS) (Note 34)	1,116	2,014
Investors	613	3,697
Other creditors	5,306	5,063
Advances to customers	233	231
	<b>17,113</b>	<b>21,960</b>

The item “Other Creditors” includes 4.7 million euros related to the confirming commercial debts contracts (4.1 million euros on the 31<sup>st</sup> December 2019).

The item “Accrued expenses” on the 31<sup>st</sup> December 2020 and 2019 present itself as shown in the following table:

	31-12-2020	31-12-2019
Personnel costs	6,824	6,576
Interest payable	2,610	3,764
Natural gas	1	1
Rappel	64	186
Property tax	0	0
Electricity	17	29
Others	331	398
	<b>9,845</b>	<b>10,955</b>

## 22. Provisions

### 22.1 Provisions

The information related to provisions, on 31<sup>st</sup> December 2020 and 2019, can be summarised as follows:

	30-12-2020	31-12-2019
<b>Initial balance on the 01<sup>st</sup> January</b>	<b>238</b>	<b>369</b>
Change of scope	0	-61
Provision for other risks and charges	0	-70
Taxes	0	-70
<b>Final balance</b>	<b>238</b>	<b>238</b>

## 22.2 Provision for pensions

Grupo VAA has a number of defined benefit pension plans in place, some of which are borne by the Pension Funds specially constituted and managed by the actuarial society (*Futuro- Sociedade Gestora de Fundos de Pensões, S.A.*) and others are borne by the Grupo itself ("*Plano de benefícios definido – sem Fundo*").

Borne by the *Futuro- Sociedade Gestora de Fundos de Pensões, S.A.* are two funds:

- One ("Ex-Atlantis"), called Adesão Coletiva Atlantis, has an indeterminate duration. All employees of Vista Alegre Atlantis, S.A., from Ex - Atlantis – Cristais de Alcobaça, S.A, working for the Subsidiary until the 31<sup>st</sup> December 2013, and who meet the requirements of eligibility provided for in the Pension Plan, which is to say all participants who are 65 years old, and who have worked at least ten years for the subsidiary, are entitled to a supplementary old-age pension calculated in accordance with the Pension Plan.

This fund is financed by the *Fundo de Pensões Viva* [Viva Pension Fund].

-Another ("Former Vista Alegre" and "Vista Alegre Grupo"), called the *Fundo de Pensões Grupo Vista Alegre*, also of indefinite duration, which includes the permanent employees of Vista Alegre Atlantis SA, who worked for the formers Fábrica de Porcelana da Vista Alegre, S.A. and Vista Alegre Grupo - Vista Alegre Participações S.A., who have signed an individual employment contract before the 20<sup>th</sup> December 1976 and are covered by the Collective Agreement for the Ceramic Industry.

The Grupo Vista Alegre fund is financed by the Grupo Vista Alegre Pension Fund.

The responsibilities of the Grupo on the 31<sup>st</sup> December 2020 and 2019 are the following:

	31-12-2020	31-12-2019
"Plano de benefícios definidos - sem Fundo"	<b>1,138</b>	<b>1,194</b>
"Plano de benefícios definidos - sem Fundo"		
<b>Former Vista Alegre</b>		
Responsibilities for previous services	-718	-805
Market value of the fund	701	1,000
	<b>-18</b>	<b>196</b>
<b>Former Atlantis</b>		
Responsibilities for previous services	-312	-362
Market value of the fund	337	352
	<b>26</b>	<b>-9</b>
<b>Excess/(deficit)</b>	<b>8</b>	<b>187</b>

The excess of the fair value of the Fund's assets compared to actuarial liabilities, in the amounts of 8 thousand euros and 187 thousand euros, respectively, as of the 31<sup>st</sup> of December 2020 and 2019, is recorded in accounts receivable, as per Note 17.

The actuarial study carried out by the independent specialized actuary - Futuro, Pension Fund Management Company, S.A. is based on the following assumptions and theoretical bases:

	31-12-2020	31-12-2019
Discount rate	1.00%	1.30%
Salary growth rate	1.00%	1.00%
Pension's growth rate	0.25%	0.25%
Mortality tables	TV 88/90	TV 88/90
Disability tables	EKV 80	EKV 80
Retirement age (men and women)	65	65

The evolution of responsibilities with plans to retirement complement was the following:

2019	without Fund	with Fund (VA)	with Fund (Atlantis)	Total
<b>Responsibilities for previous services – 1<sup>st</sup> January 2019</b>	<b>1,360</b>	<b>757</b>	<b>360</b>	<b>2,476</b>
Current service cost	0	5	5	10
Interest cost	9	15	7	32
Pensions paid	-118	-85	-28	-232
Change in assumptions	0	34	28	62
Actuarial losses/gains	92	80	-10	162
Adjustment of previous exercises	-149	0	0	-149
<b>Responsibilities for previous services – 31<sup>st</sup> December 2019</b>	<b>1,194</b>	<b>805</b>	<b>362</b>	<b>2,361</b>

2020	without Fund	with Fund (VA)	with Fund (Atlantis)	Total
<b>Responsibilities for previous services – 1<sup>st</sup> January 2020</b>	<b>1,194</b>	<b>805</b>	<b>362</b>	<b>2,361</b>
Current service cost	0	1	5	5
Interest cost	2	10	5	17
Pensions paid (without fund)	-62	0	0	-62
Pensions paid (with fund) (comprehensive income)	0	-114	-26	-141
Change in assumptions (comprehensive income)	0	12	12	24
Actuarial losses/gains (comprehensive income)	5	4	-45	-36
<b>Responsibilities for previous services – 31<sup>st</sup> December 2020</b>	<b>1,138</b>	<b>718</b>	<b>312</b>	<b>2,168</b>

On 31<sup>st</sup> December 2020 and 2019, the Grupo Vista Alegre maintains a recognized provision (included in the component "without fund"), related to the complementation of the retirement pension of a Grupo Vista Alegre former director, based on the accounting calculation performed by the entity *Futuro, Sociedade Gestora de Fundos de Pensões, S.A.*, approximately in the amount of 727 thousand euros and 736 thousand euros, respectively. On December 2014, the Supreme Court condemned

VAA – Vista Alegre Atlantis SGPS, S.A. to pay a complementation of the life retirement pension to a former administrator, in the total annual amount of 230,923.38 euros, to pay in 12 monthly instalments in the amount of 19,243.62 euros each, updatable annually according to the official inflation index, having already been paid the amounts due until February 2018, in accordance with the settlement concluded between the parties.

From February 2018 (date from which the former administrator became retired), considering the analysis and position of the Grupo Vista Alegre legal advisors, the amount of the complementation of the retirement pension assigned to the former administrator was reduced (from 20.8 thousand euros to 7.5 thousand euros) under certain legal provisions, in particular the provision which prohibits commercial companies the award of pensions to an administrator higher than the high remuneration of the administrator with executive functions.

As a result of that reduction in the payment of the pension supplement during the 2018 financial year, and during 2019 and 2020, was delivered by the former administrator, an executive application related to the payment of the difference between the amount that the Vista Alegre Atlantis SGPS, S.A. was ordered to pay and the amount effectively paid from February 2018, having the company presented an appeal to court decision. A security deposit of approximately EUR 292,000 is also being established to deal with the above-mentioned process.

The provision constituted on 31<sup>st</sup> December 2020 approximately to the amount of 727 thousand euros (during 2020 financial year, a 42 thousand euros provision was strengthened), is the best estimate of the Company's Board of Directors with respect to future expenditures with the complementation of the retirement pension to that former administrator.

The assets of the funds intended to finance retirement pension liabilities have evolved as follows:

	with Fund (VA)	with Fund (Atlantis)	Total
<b>Amount - 1<sup>st</sup> January 2019</b>	<b>904</b>	<b>355</b>	<b>1,261</b>
Expected return	18	7	25
Gains/losses on income	160	3	163
Pensions paid	-82	-13	-95
<b>Amount - 31<sup>st</sup> December 2019</b>	<b>1,001</b>	<b>353</b>	<b>1,353</b>
Expected return	13	5	18
Gains/losses on income (comprehensive income)	-216	3	-213
Pensions paid (comprehensive income)	-97	-23	-120
<b>Amount - 31<sup>st</sup> December 2020</b>	<b>701</b>	<b>338</b>	<b>1,038</b>

Actuarial gains and losses result essentially from changes in actuarial assumptions and differences between these assumptions and actual data, and are recognized directly in Shareholders' equity and presented in the consolidated statement of comprehensive income.

The table below summarizes the composition of the net cost of retirement pensions in the years ended on the 31<sup>st</sup> December 2020 and 2019 recognized in the consolidated statement of income in personnel expenses:

	Without Fund		With fund	
	Dec-20	Dec-19	Dec-20	Dec-19
Current service cost	0	0	5	10
Interest cost	2	9	15	22
Expected return	0	0	-25	-29
<b>Net cost</b>	<b>2</b>	<b>9</b>	<b>-5</b>	<b>3</b>

The minimum funding level required by the ASF – *Autoridade de Supervisão de Seguros e Fundos de Pensões*, during the past two years was as follows:

#### VA Pensions Fund

	2020	2019
(1) Responsibilities for previous services	718	805
(2) Value of the fund	701	1,000
(3) Financing Surplus/(Deficit) (2)-(1)	-18	196
(4) Financing level (2)/(1)	<b>98%</b>	<b>124%</b>

#### Former Atlantis Pensions Fund

	2020	2019
(1) Responsibilities for previous services	312	362
(2) Value of the fund	337	352
(3) Financing Surplus/(Deficit) (2)-(1)	26	-9
(4) Financing level (2)/(1)	<b>108%</b>	<b>97%</b>

The composition of the Fund's portfolio and the statistics of the population covered had the following decomposition:

**VA Pensions Fund**

	31-12-2020	31-12-2019
Fixed-rate bonds	35.4%	33.3%
Floating rate bonds	34.6%	33.2%
Shares	11.7%	16.5%
Liquidity	2.5%	0.4%
Real State	15.9%	16.6%

**Former Atlantis Pensions Fund****(Collective membership to the Open pension Fund *BPI Valorização*)**

	31-12-2020	31-12-2019
Fixed-rate bonds	27.6%	25.3%
Floating rate bonds	36.9%	40.0%
Shares	27.2%	26.5%
Liquidity	5.3%	6.1%
Real State	3.2%	2.1%

	31-12-2020	31-12-2019
<b>VA Pensions Fund</b>		
Number of employees	4	5
Number of retired persons	36	44
<b>Former Atlantis Pensions Fund</b>		
Number of employees	191	198
Number of retired persons	22	28
<b>Pensions' payable by the Company</b>		
Number of employees	0	0
Number of retired persons	2	3

Sensitivity of the VA fund's liability to changes in actuarial and financial assumptions:

Sensitivity analysis		Increase	Decrease
Discount rate	(0.25 pp)	-23	24
Salary growth rate	(0.25 pp)	0	0
Pension growth rate	(0.25 pp)	24	-23
Mortality	(1%)	-98	103

Sensitivity of the former Atlantis fund's liability to changes in actuarial and financial assumptions:

Sensitivity analysis		Increase	Decrease
Discount rate	(0.25 pp)	10	-10
Salary growth rate	(0.25 pp)	2	-2
Pension growth rate	(0.25 pp)	8	-8
Mortality	(1%)	-14	14

## 23. State and other public entities

On the 31<sup>st</sup> December 2020 and 2019, the composition in the item "State and other public entities" was as follows:

	31-12-2020		31-12-2019	
	Asset	Liabilities	Asset	Liabilities
Income tax	0	192	0	605
Withholding of income tax	0	290	0	295
Taxes on commercial transactions*	1,353	536	2,152	169
Social security contributions	0	556	0	833
	<b>1,353</b>	<b>1,574</b>	<b>2,152</b>	<b>1,902</b>

\* VAT, ICMS, PIS, COFINS and IPI.

## 24. Subsidies

The main information about the investment subsidies allocated to the Grupo on 31<sup>st</sup> December 2020 is as follows:

	31-12-2019	Conversion of non-repayables		Settlements	Amortization (Note 28)	31-12-2020
		Incentives	Reinforcement			
<b>Medium and long-term investment subsidies</b>	<b>6,768</b>	<b>798</b>	<b>165</b>	<b>45</b>	<b>-1,113</b>	<b>6,663</b>
Stoneware Tableware Project (Ria Stone)	4,182	0	0	26	-529	3,679
Porcelain Project (Vista Alegre, S.A.)	865	798	165	1	-402	1,426
CerexCor & CristalLux Project (Vista Alegre S.A.)	1,013	0	0	0	-129	884
Cerutil Projeco (Cerutil)	177	0	0	18	-4	191
Bordalo Pinheiro Project (Bordalo Pinheiro)	532	0	0	0	-48	484

A brief description of each project is given below:

### Tableware

This is a project of national strategic interest for the establishment of a new company - Ria Stone - which manufactures stoneware tableware, using innovative processes of single-fired, based on a large automation procedure. This subsidiary has been operating since 2012 (date of incorporation) and has as its sole customer the company IKEA.

### Porcelain

Innovation projects in the porcelain segment, with a view to the modernization of the factory, stimulated by the innovation of productive processes, with changes in several manufacturing sections (presses, firing, decal, decoration, storage), especially the purchase of a new kiln of the hollow parts firing, which in turn enabled the development of an innovative, technically better and

more resistant porcelain product. The projects aimed at recognising and reinforcing the presence of the Vista Alegre brand at an international level.

#### **CerexCor & CristalLux**

A two front innovation project, one regarding the Stoneware Oven to tableware (at the Aveiro factory) and another regarding Crystal (at the Alcobaça factory). The first aiming at diversifying the production by process innovation introducing coloured pastes in the manufacturing process to create better quality product, and the latter aiming at changing fundamental Crystal manufacturing processes, for innovative processes, with unique moulding (*single pass*).

#### **Cerutil**

Productive innovation project, within the stoneware Oven to tableware segment, for innovative products, achievable with the significant change of the production processes. This project aims at increasing the capacity of the Cerutil factory, with intervention in the use and introduction of pastes in the production, foreseeing the reuse of the chips that until then were considered as a manufacturing process waste. Likewise, the other stages of production (pressing, placing in the kiln, etc.) will undergo changes to a more efficient layout, so that the company can achieve an innovative product with complex geometries, introducing non-stick characteristics, therefore becoming very competitive and differentiating.

#### **Bordalo Pinheiro**

Innovation project in the Earthenware segment increasing the capacity by introducing new tailored equipment, designed together with the suppliers, mainly to respond to the needs and features of the sector. The project foresees process innovation for more energy-efficient processes that reduce manufacturing costs and optimize production by improving the quality of the pieces. With this project, Bordalo expects to achieve higher turnover, new international markets, increasing its competitiveness levels.

## 25. Revenue

During the years ended on the 31<sup>st</sup> December 2020 and 2019, the categories of revenue recognised include revenue from:

	31-12-2020	31-12-2019
Sales of goods	109,796	119,355
Services provided	583	741
	<b>110,379</b>	<b>120,097</b>

## 26. Personnel costs

Expenses with personnel for the financial years ended on the 31<sup>st</sup> December 2020 and 2019 may be analysed as follows:

	31-12-2020	31-12-2019
Salaries and other personnel costs	33,154	34,172
Salaries and other short-term benefits of the Management	618	500
Retirement pensions	51	51
Expenses with salaries	6,729	7,467
<b>Total</b>	<b>40,552</b>	<b>42,190</b>

The liabilities with pension retirement plans are explained in Note 22.

The entry “Compensation and other personnel expenses” as of the 31<sup>st</sup> of December 2020 includes 427 thousand euros in insurance costs and 177 thousand euros in social action expenses.

On the 31<sup>st</sup> December 2020 and 2019, the number of employees working for the Grupo (considering the division they work for) may be analysed as follows:

Number of employees at the end of 2020	31-12-2020	31-12-2019
Cerutil - Cerâmicas Utilitárias, SA	299	280
Faianças Artísticas Bordalo Pinheiro, SA	296	302
VAA Vista Alegre Atlantis SGPS	14	12
Vista Alegre Atlantis, SA	1,499	1,567
Vista Alegre France, SAS	5	5
VA - Vista Alegre España, SA	53	53
VAA Brasil – Comércio, Importação e Exportação SA	11	11
Vista Alegre Atlantis USA	0	2
Vista Alegre Atlantis Moçambique, Lda	3	5
Ria Stone Fábrica de Louça de Mesa em Grés, SA	280	250
	<b>2,460</b>	<b>2,487</b>

Average number of employees per company	31-12-2020	31-12-2019
Cerutil - Cerâmicas Utilitárias, SA	298	260
Faianças Artísticas Bordalo Pinheiro, SA	305	286
VAA Vista Alegre Atlantis SGPS	13	12
Vista Alegre Atlantis, SA	1,515	1,549
Vista Alegre France, SAS	5	6
VA - Vista Alegre España, SA	53	53
VAA Brasil – Comércio, Importação e Exportação SA	11	11
Vista Alegre Atlantis USA	1	2
Vista Alegre Atlantis Moçambique, Lda	4	5
Ria Stone Fábrica de Louça de Mesa em Grés, SA	261	232
	<b>2,466</b>	<b>2,416</b>

## 27. Services provided

On the 31<sup>st</sup> December 2020 and 2019, this item presented the following composition:

	31-12-2020	31-12-2019
Electricity	3,714	3,423
Specialized works	3,151	4,191
Subcontracts	1,610	2,124
Freight transport	2,045	2,691
Conservation and repair	1,997	1,940
Advertising and marketing	1,978	2,033
Travels and stays	675	924
Cleaning, hygiene and comfort	613	518
Insurance	588	473
Surveillance and safety	537	433
Commissions	639	369
Fuels, water and other fluids	322	417
Royalties	250	337
Tools and utensils for fast wear	368	232
Fees	156	183
Communication	296	217
Rents	410	349
Others	877	323
	<b>20,226</b>	<b>21,175</b>

## 28. Other operating income and revenues and other operating expenses and losses

Other operating income and expenses for the financial years ended 31<sup>st</sup> December 2020 and 2019 can be analysed as follows:

	31-12-2020		31-12-2019	
	Costs	Income	Costs	Income
Costs and income relating to previous years	134	0	0	0
Gains and losses with immobilization- reductions/disposal	0	27	0	431
Other subsidies	0	3,059	0	0
Offers/ samples stocks	376	0	321	0
Taxes	220	0	178	0
Currency exchanges differences	0	340	0	98
Subsidies for operating and training	0	235	0	259
Investment grants	0	1,113	0	1,048
Sale of chips/waste, scrap, moulds and freight	0	401	0	1,426
Interest and similar	0	0	120	0
Rents (IFRS 16)	0	911	0	0
Other operating expenses and profit	286	469	349	152
	<b>1,016</b>	<b>6,554</b>	<b>968</b>	<b>3,414</b>

The item “Other subsidies” refers to extraordinary support for reduction in economic activity as a result of the impacts resulting from the pandemic caused by the new Covid-19 coronavirus. This support was translated into measures adopted by the various companies of the Grupo, whether through simplified Lay-off (1.8 million euros) or through Support for the Recovery of the Activity (1.3 million euros).

The “Rent bonus (IFRS16)” entry includes the income associated with the reduction in the value of the rent negotiated with the landlords of the different leased commercial establishments (stores) located in shopping centres resulting from the effects of the Covid 19 pandemic in the amount of approximately 181 thousand euros and the effect of adopting the amendment to IFRS 16 in the amount of approximately 730 thousand euros (Note 4).

## 29. Financial results

The financial results for the financial years ended on the 31<sup>st</sup> December 2020 and 2019 were as follows:

	31-12-2020	31-12-2019
Interest with loans and overdrafts	-2,070	-1,689
Interest with operating loans	-613	-1,100
Interest with related parties	-251	-700
Interests on leases	-318	-369
Recognition of amortised cost	-580	-847
Other financial expenses	-970	-823
Financial income - interests	121	9
	<b>-4,682</b>	<b>-5,519</b>

The item “Other Financial Charges” on the 31<sup>st</sup> of December 2019 includes an amount of 383 thousand euros regarding collections’ commissions in stores.

For the year ended on the 31<sup>st</sup> December 2020, the item “Interests on leases” includes the impact of the application of IFRS 16 to the amount of approximately 318 million euros (Note 14).

## 30. Earnings per share

### Basic and Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares to incorporate the effects of the conversion of all potential dilutive common shares. The company has no potentially dilutive common shares, so the diluted earnings per share are equal to the basic earnings per share.

The basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of common shares of the company during the year, excluding the common shares acquired by the company and held as treasury shares.

	31-12-2020	31-12-2019
(Loss) / Profit attributable to equity holdings	<b>-2,507</b>	<b>7,226</b>
Number of common shares issued deducted from treasury shares	<b>167,650,060</b>	<b>152,534,414</b>
Basic earnings per share (euros per share)	-0.0150	0.0474
Diluted earnings per share (euros per share)	-0.0150	0.0474

### 31. Contingencies

Grupo Vista Alegre has contingent liabilities related to bank guarantees and different nature guarantees, as well as other contingencies related to its business activity.

We don't expect any significant losses arising from contingent liabilities.

The amount of guarantees and collateral provided to cover financial commitments which are not included in the consolidated statement of financial position is 334 million euros and 330 thousand euros on the 31<sup>st</sup> December 2019, respectively.

The amount of guarantees provided to cover financial commitments included in the Consolidated Financial Statement is 59.9 million euros and 59.47 million euros on the 31<sup>st</sup> December 2020 and 2019, respectively.

With the renegotiation of the debt to the banks, a mortgage was provided to the banking institutions, which is a voluntary mortgage, covering all present and future constructions, improvements and accessions, built and to be built by VAA SGPS and its subsidiaries:

Real Estate	Entity	Net Accounting Value
Ria Stone	CGD	11,456
Cerutil	CGD	1,632
Bordalo Pinheiro	ISS	559

Regarding the subsidiary *Faianças da Capôa*, a lawsuit was filed, which led to the legal registration of a mortgage on its building amounting to 1.67 million euros, which is solely and exclusively the responsibility of the creditor. The Grupo maintains a provision recorded on the 31<sup>st</sup> December 2019 to the amount of approximately 225 thousand euros to cover this legal proceeding. However, it does not estimate that the outcome of this process will result in additional significant impacts for the Grupo, being this position seconded by its legal advisors (Note 22.1).

During 2019 and 2020, executive requests were filed by a former director regarding payment of the difference between the amount that Vista Alegre Atlantis, SGPS, S.A. was ordered to pay him, and the amount effectively paid from February 2018 onwards (see Note 22.2).

That former director claims to have the right to demand from VAA: the (partial) amounts owed on account of the retirement pensions for the months of February 2018 and March 2018, plus the respective late payment interest due and falling due, at the legal rate, until full and effective payment is made; the amount of 60,347.25 euros, relating to 50% of the late payment interest due up to the 31<sup>th</sup> of January 2015; and late payment interest due between the 1<sup>st</sup> of February 2015 and the 31<sup>th</sup> of January 2018.

Thus, the former director considers himself to be a creditor of the Debtor Companies in the total amount of 166,526.94 euros.

Following the request for full payment, the former director submitted a request on the 12<sup>th</sup> of March 2019 for reinforcing the guarantee in the amount of 291,638.05 euros, which was carried out. However, on the 21<sup>st</sup> January 2020, the former director filed a new request for full payment regarding the amounts allegedly due for the months of February 2019 to December 2019 and late payment interest, totalling 150,156.05 euros. Embargoes were also filed by the Debtor Companies regarding this new request for full payment, which are pending, and the Court decided to suspend the embargoes until the final judgment of the decision handed down in the initially deducted execution embargoes, which is under appeal. Following the request for full payment, the former director submitted a request for reinforcing the guarantee in the amount of 441,794.30 euros.

Additionally, there are several lawsuits filed against the Grupo, namely in the area of labour, which to be considered one hundred percent well founded, total an amount of 23 thousand euros.

Additionally, the following guarantees were granted:

- Industrial equipments, whose net asset value at 31<sup>st</sup> December 2020 amounts to 4 million euros;

## 32. Commitments

### Commitment towards investments

Commitments towards investments contracted but not yet incurred on the 31<sup>st</sup> December 2020 amount to 474 million euros, and regard the amounts already under contract, but only materialized over the following 12 months. The largest portion, around 426 thousand euros, relates to furnace maintenance equipment.

## 33. Financial Risk Management

In the Grupo Vista Alegre, the main financial liabilities are loans obtained from banks, commercial payables and other accounts payable. Financial liabilities are incurred in order to finance the Grupo's operations, namely the Companies' Grupo working capital and investments in expansion and maintenance of production capacity.

Financial assets derive from operations and are comprised of trade accounts receivable and other debtors and cash and short-term deposits. Grupo also has available-for-sale investments, which are recorded at acquisition cost and of limited significance.

Grupo Vista Alegre is basically exposed to (i) market risk essentially with interest rate and Exchange rate changes, (ii) credit risk and (iii) liquidity risk. VAA's main purpose is to reduce these risks to an acceptable level.

### Market risk

Market risk is the fair value risk of future cash flows fluctuating due to changes in market prices. Market risk encompasses three types of risk: interest rate risk, currency risk, and other price risks.

- Interest rate risk

The Grupo exposure to interest rate risk comes primarily from loans obtained at variable rates. Part of the financing had an interest rate indexed to Euribor in different maturities. These rates started to decrease on October 2008 as a result of the successive cuts in the European Central Bank's interest rate in response to the international financial crisis, which has led to a downward trend in recent years, in 2015 reached negative values and in 2020 the downward trend continued. If the average interest rate supported in 2020 had been 0.5 p.p. higher (lower), the net financial costs would have increased (reduced) by approximately 208 thousand euros.

Additionally, Grupo Vista Alegre issued guaranteed bonds in the amount of 45 million euros in 2019, with a fixed annual rate of 4.5% and maturity in October 2024, as well as guaranteed bonds in the amount of 5 million euros with an annual fixed rate of 3.5% and final maturity in October 2024. Thus, the Grupo ensured coverage of exposure to interest rate variations for 49% of total financial debt.

- Exchange risk

Vista Alegre has subsidiaries in Brazil, the United Kingdom, Mozambique, the United States of America, Mexico and India through which it markets in its respective markets in Reais, Pounds, Meticaís, US dollars, Mexican Pesos and Indian Rupees, respectively. In Brazil, where the impact was more significant, exchange rate risk vis-à-vis the euro, the currency in which its imports of goods from Portugal are made, the Grupo holds a short position of around 1.3 million euros. The Brazilian real depreciated 41.51% against the euro in 2020. A 2% change in the exchange rate would have an impact of around 26 thousand euros. In consolidated terms it presents a balance sheet risk by incorporating the accounts of foreign subsidiaries, using functional currencies other than the Euro.

In commercial accounts receivable and commercial accounts payable there are balances in currencies different from the euro, namely American Dollars, but without any significant value., as explained below:

Commercial receivable accounts and others:

Currency	Amount 2020	Amount 2019
BRL	1,918,013.06	3,213,338.78
MZN	2,362,724.25	2,734,439.61
USD	451,236.52	544,790.33
MXP	2,018.83	635.64

Commercial payable acco

Currency	Amount 2020	Amount 2019
MZN	32,437,534.20	20,798,947.67
INR	23,346,891.11	18,835,591.24
BRL	8,277,649.62	21,554,426.61
USD	2,689,943.99	2,571,478.52
MXP	13,790.18	7,280.50
GBP	51,685.09	47,932.76

- Credit risks

Vista Alegre Atlantis, SGPS, S.A.'s subsidiaries are exposed to a variety of diversified risks. Management is aware of the importance of credit risk management and the protection of their treasury, recognizing the importance of credit insurance as an essential instrument both domestically and abroad. Conscious of the importance of adopting active management of different financial risks in order to minimize their potential negative impacts on cash flow, results and value of companies, it seeks to manage these risks effectively by formulating adequate hedging strategies.

Credit risk is an important and complex aspect which is present in the daily life of the Grupo. Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change. The definition of credit risk is a reflection of the variety, quality and origin of the information available to the credit analyst.

The Grupo keeps the credit insurance policies, leaves the analysis of credit granting to professionals who are specialized in debts recovery, receiving from the credit company the indication of exposure - credit limit - adjusted to the credit capacity of each client. Thus, management can be primarily focused on operational issues. The coverage of this risk allows as well for compensation of 90% for the unpaid credits. Recent years have been marked by increased restrictions on lending in general, with credit limits having undergone significant unfavourable revisions. In view of this scenario, and in order to meet credit risk coverage needs in which the limits granted under the base policies are insufficient, Grupo Vista Alegre has insured additional coverage to support exports, which allows for increasing partial coverage of its risks, up to twice the amount allocated by the insurer, in OECD markets.

The payment terms for the receivables from customers not yet due without an impairment entry and due with an impairment entry, as of the 31<sup>st</sup> of December 2020 and 2019 are:

	31-12-2020	31-12-2019
<b>Not yet overdue</b>	<b>719</b>	<b>13,230</b>
<b>Overdue but with no impairment entries</b>		
0-30 days	5,016	1,251
30-90 days	1,758	989
+ 90 days	991	1,904
<b>Total</b>	<b>7,765</b>	<b>4,144</b>
<b>Overdue but with impairment entries</b>		
0-90 days		
90-180 days		
180-360 days		
+ 360 days	2,150	2,150
<b>Total</b>	<b>2,150</b>	<b>2,150</b>
<b>Overall Total</b>	<b>10,634</b>	<b>19,524</b>
<b>Total net impairments</b>	<b>8,484</b>	<b>17,374</b>

The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal credit. The detailed analysis of a client's credit risk is usually summarized in a credit report, which includes available and relevant information such

as the client's character, management capacity, assets, history, financial information, credit guarantees and payment conditions for drawing up an opinion on a credit operation.

The Grupo believes that it does not have significant credit risk concentrations, maintaining an active credit control for all its clients, overseen by the Financial Management.

#### Liquidity risk

Liquidity risk is the risk that the the Grupo will encounter difficulties in meeting commitments associated with financial instruments. This risk is the biggest that the Grupo have been exposed to. The Grupo VAA, substantially improved its financial conditions as a result of changes in the shareholder structure, in previous years, and the positive evolution of its operations, with operations involving the issuance of a bond loan and a capital increase in 2019 strongly contributed to the improvement of the financial strength of the Grupo Vista Alegre. Treasury and investments are managed by a global and centralized organization, which allows reducing cash flow risks, avoiding exposure to variations that may affect the companies' results.

The use of discount on export shipments allows a reduction of the average time of receipt with the inherent anticipation of receipts and a better treasury management by obtaining timely working capital necessary to finance the operating cycle, fundamental to sustained economic and financial growth. The Grupo also has other debt instruments lines to support the treasury in the form of factoring and payment to suppliers in the amount of 32.3 million Euros. On the 31<sup>st</sup> of December 2020 were used about 18,2 million Euros, of which 13.6 thousand euros are classified as financial debt (the remaining amount relating to confirming classified as "Other Creditors" - Note 21). This type of lines has enabled a more efficient management of liquidity risk and cash flows. Although they appear under short-term liabilities, they are of a revolving nature, and therefore they are not expected to be repaid within one year.

In terms of cash and cash equivalents, they reached 17.5 million euros on the 31<sup>st</sup> of December 2020, 3 million euros more than during the previous year.

Vista Alegre obtained approval, already in 2021, of an application to the "Covid-19 Economy Support Lines Exporting Companies" in the amount of 7.6 million euros and a medium and long term line to support the investment made in the faience plant (Bordalo Pinheiro) in the amount of 3 million euros. These measures will reinforce Grupo Vista Alegre's liquidity, which is very solid during this pandemic period.

Vista Alegre is obliged to comply with the financial covenants in connection with the issuance of the 50 million euros bond loan contracted in October 2019. In 2020, the Company negotiated the change of the financial debt covenant - Net Debt on Ebitda to a maximum limit of 6,0x. With reference to the impact of Covid19 on Grupo Vista Alegre generating Ebitda in 2020, which was also felt during the first months of 2021 as a result of the containment measures imposed, the Company will also promote, in line with what happened in the year 2020, a new change in the maximum limit of that contractual financial ratio, both for the purposes of measurement on the 30<sup>th</sup> of June 2021 and on the 31<sup>th</sup> of December 2021, taking into account that the Board of Directors' expectations

regarding the Grupo's ability to achieve the financial ratio currently set for those periods (3x) are very slim.

### 34. Balances and Transactions with related parties

The entities that, on the 31<sup>st</sup> December 2020, had a qualifying share in Grupo Vista Alegre were:

Shareholder	Shares	
	No of shares	% of voting rights
Grupo Visabeira, SGPS, SA (1)		
Directly (its own portfolio)	5,548,417	3.31%
Through Visabeira Indústria, SGPS, SA	137,965,920	82.29%
<b>Total attributable to Grupo Visabeira, SGPS, SA</b>	<b>143,514,337</b>	<b>85.60%</b>
Caixa Geral de Depósitos, SA:		
Directly (its own portfolio)	4,188,830	2.50%
Through FCR Grupo CGD CAPITAL	987,364	0.59%
<b>Total attributable Caixa Geral Depósitos, SA</b>	<b>5,176,194</b>	<b>3.09%</b>
Free Float	18,959,419	11.31%
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>
Treasury shares	110	0.00%
<b>Total shares Vista Alegre Atlantis</b>	<b>167,650,060</b>	<b>100.00%</b>

(1) The majority shareholder of VISTA ALEGRE ATLANTIS SGPS, S.A., VISABEIRA INDÚSTRIA, SGPS, S.A., is totally owned by Grupo Visabeira, S.A., whose majority shareholder, NCFGEST, S.A., possesses 98.25%, being this last company totally owned by the individual partner Fernando Campos Nunes.

The following transactions were carried out with parties related to the level of remuneration:

	31-12-2020	31-12-2019
Salaries and other short-term benefits of the Management	618	500
Retirement pensions with former administrators	51	51
	<b>670</b>	<b>551</b>

The remunerations previously described are all of a fixed nature, occurring during the 2020 and 2019 financial years.

The balances outstanding as of the 31<sup>st</sup> of December 2020, with related parties are almost exclusively from demand deposits and operating loans with the bank Caixa Geral de Depósitos Group ("CGD") as well as operating accounts receivable and payable with Grupo Visabeira companies.

The outstanding balances on the 31<sup>st</sup> December 2020 with related parties are almost exclusively derived from funding obtained from the VISABEIRA and CGD Groups.

The balances of assets and liabilities to related parties on 31<sup>st</sup> December 2020 and 2019 are as follows:

	31-12-2020	31-12-2019
<b>Assets</b>		
Grupo CGD - Demand deposits	5,981	2,317
Grupo Visabeira - Other Debtors (Note 17)	320	1,776
	<u>6,301</u>	<u>4,093</u>
<b>Liabilities</b>		
Grupo CGD		
Operating loans	818	4,017
Bank loans	5,585	147
	<u>6,403</u>	<u>4,164</u>
Grupo Visabeira		
Suppliers and other creditors	3,700	222
Related parties - RETGS (Note 21)	1,116	2,014
	<u>4,816</u>	<u>2,236</u>
	<b>17,520</b>	<b>10,493</b>



Transactions with related parties on the 31<sup>st</sup> December 2020 and 2019:

	31-12-2020		31-12-2019	
	Purchases to related parties (COSTS)	Sales to related parties (INCOME)	Purchases to related parties (COSTS)	Sales to related parties (INCOME)
Grupo CGD	390	0	817	0
<b>GRUPO VISABEIRA</b>	<b>1,423</b>	<b>220</b>	<b>3,078</b>	<b>1,355</b>
CREATIVE SHOTS - AGÊNCIA DE COMUNICAÇÃO	135	0	0	0
EDIVISA - EMPRESA DE CONSTRUÇÕES, S.A.	100	41	471	431
EMPREENHIMENTOS TUR. MONTE BELO, S.A.	41	23	51	53
GRANBEIRA, SOC. EXPL. COM. GRANITOS	2	0	2	0
MOB	51	0	36	0
MOVIDA	90	0	102	0
MUNDICOR - VIAGENS E TURISMO, SA	95	0	346	0
PDT- PROJECTOS DE TELECOMUNICAÇÕES, S.A.	9	9	3	1
VAA-EMPREENHIMENTOS TURISTICOS, S.A	21	67	100	31
VIATEL - TECNOLOGIA DE COMUNICACOES, SA	146	25	185	21
VISABEIRA - SOC. TEC. OBRAS E PROJ.	23	11	22	1
VISABEIRA GLOBAL SGPS, SA	0	8	0	1
VISABEIRA IMOBILIARIA, SA	15	0	15	0
GRUPO VISABEIRA, SA	332	38	699	19
VISABEIRA INDUSTRIA, SGPS, S.A.	256	-9	924	779
VA GRUPO-VISTA ALEGRE PAR	36	0	38	0
REAL LIFE -TECNOLOGIAS DE INFORMAÇÃO	0	1	0	0
VISABEIRAHOUSE, S.A.	1	0	1	0
VISACASA, S.A.	65	0	62	0
ZAMBEZE - RESTAURAÇÃO, S.A.	2	-4	20	7
TROPPO SQUISITO LISBOA, LDA	0	0	1	9
IEME S.R.L.	0	1	0	0
AEROPROTECHNIK	0	4	0	0
PINEWELLS, SA	3	3	0	1
VISABEIRA TURISMO, IMOBIL	0	3	0	0

### 35. Impacts of the Covid-19 pandemic

In March 2020, the new corona virus (a disease called Covid-19) was declared a pandemic by the World Health Organization (WHO). Prophylactic social isolation was put into practice in several countries, which contributed to the slowdown in the global economy as well as to the reduction in demand for ceramic goods, namely in the main markets where Vista Alegre operates, namely in Portugal and other European countries.

As a result of this unpredictable scenario, Vista Alegre adopted a set of actions aimed at mitigating the impact of the pandemic on its financial position, which included a reduction in costs and investments and an increase in financial liquidity. Vista Alegre's management believes that it has adequate resources to continue its long-term operations, and as such, the principle of continuity is applied in preparing the consolidated financial statements.

With the emergence, spread and infection of the new corona virus (Covid-19), several measures were taken to contain the virus with very significant estimated impacts on the Portuguese economy, as well as in other economies, namely, limitations on travel rights and closure of several facilities and establishments.

As a result of the population containment measures, people and companies were and are being forced to adapt to a new reality, transforming both work and social life.

In the uncertainty of this threat, it is essential that companies design and implement structured and efficient contingency plans in a timely manner that guarantee employee protection and business continuity or that, at least, mitigate the resulting effects.

In Grupo Vista Alegre, the greatest impact at the financial level was on sales, which suffered a sharp drop in the retail channel due to the closing of physical stores all over the world. The Private Label channel - which is based on the production and sale of pieces related to customer projects - had good sales behaviour, especially in the Oven Stoneware segment, showing considerable growth.

With the relocation of physical sales to the online channel, this showed an exponential increase in sales. For Vista Alegre, demand on the online channel has been quite high since the beginning of the pandemic. At the same time, Vista Alegre teams were able to adapt quickly and adapt to digital means. Business has become more digital, accelerating transformations, always seeking to satisfy customers' needs. All digital channels grew substantially with the emergence of Covid-19, reaching record values and, consequently, requiring a rapid response to adapt the responsiveness to customers' needs.

Grupo Vista Alegre Atlantis secured the contract of two important orders for the second half of 2020, in the amount of 16.2 million euros. At a time of considerable uncertainty in the global market, Vista Alegre maintained its collaboration with major global brands, such as contracted operations, for example.

Another significant impact of the Covid-19 pandemic was the labour and human resources structure that had to adapt to a new way of working. The successive states of emergency in Portugal forced the various units of the Grupo to adopt preventive measures and support to business, such as simplified lay-off and a temporary reduction in the normal weekly working period (NWP). These measures led to the adoption of remote work in departments/posts where this could be done and the Grupo's employees have adapted very well. At a time when we are still undergoing a second lock down, we continue to emphasize these preventive measures and support for business as mentioned in Note 36.

Our main concern is, of course, the health and well-being of all our employees. In order to reinforce the protection of our employees and the continuity of our business, we activated a set of protection measures from an early stage: remote work, individual protection measures in the workplace, travel and visitor restrictions, restriction on events participation and meetings, as well as measures to reinforce hygiene in our facilities.

We are also committed to supporting our customers during the current public health crisis. At a time when many Portuguese are changing their habits and routines and working remotely, keeping our customers close is the main goal of Vista Alegre.

The main impacts resulting from the new coronavirus (Covid-19) in the Grupo Vista Alegre during 2020, are as follows:

- Stopping production for a period of 3 weeks (between the 27<sup>th</sup> of March 2020, to the 9<sup>th</sup> of April 2020) for bringing forward the holidays usually taken during the month of August. Production resumed on the 14<sup>th</sup> of April although at a slower pace due to the Decree-Law of the 1st state of emergency and the closing of physical stores;
- The successive states of emergency in Portugal and the restrictions imposed by the government for closing and limiting the opening hours of physical stores caused sales to decrease by 8% during the year ending on the 31<sup>st</sup> of December 2020, while EBITDA decreased 37% during the same year;
- Resort to moratoriums on bank debts (Note 20);
- New Covid-19 financing lines obtained in 2020 (Note 33);
- Impact of renegotiating rents with the landlords of leased stores, highlighting the positive effect on the income statement resulting from reduction in these rents (Note 28);
- Government support regarding "lay off" and "Resumption of activity" (Note 28).

### 36. Subsequent events

Subsequent to the 31<sup>st</sup> December 2020, occurred the following events related to the Grupo Vista Alegre, which due to their importance must be highlighted in this annex:

As published for the market on the 5<sup>th</sup> of February 2021, the worsening of the epidemic situation in the country, together with the suspension of the retail trade activities of Vista Alegre and the closure of its stores, also determined the implementation of preventive and response measures by some of the subsidiaries of VAA - Vista Alegre Atlantis SGPS, S.A. (“VAA” or “Society”).

The increase of the contagion level registered at the Satão industrial plant of *Cerutil - Cerâmicas Utilitárias, S.A.*, in the stoneware segment, led to a 60% reduction of the normal working period of 97.8% of its employees (cf. Paragraph a) of article 5 of Decree-Law no. 46-A / 2020 of the 30<sup>th</sup> of July, as amended), to be in force during February, after which the operating rules of this production unit will be reassessed.

Regarding the stoneware segment, in the Ria Stone, *Fábrica de Louça de Mesa em Grés, S.A.* production plant in Ílhavo, 1.82% of employees were, during February, reducing their normal working period by 30% (under the legal statute in reference). However, no production capacity and no IKEA orders/deliveries in volume for the customer is being affected.

These measures were added to the initiatives already carried out by *Vista Alegre Atlantis S.A.*, in the porcelain and crystal segments, and by *Faianças Artísticas Bordalo Pinheiro, S.A.*, in the earthenware segment, due to the suspension of the activity of VAA's national retail network (closing of stores). These subsidiaries resorted to the simplified lay-off measures (see paragraph a) of no 1 of the article 4, Decree-Law no. 10-G / 2020, of the 26<sup>th</sup> of March (as amended), and temporary reduction of the normal weekly working hour period (see paragraph a) of the article 5 of the aforementioned Decree-Law no. 46-A / 2020, of the 30<sup>th</sup> of July (as amended). The result was the temporary suspension of employment contracts for 12.5% of workers at *Vista Alegre Atlantis S.A.* and 1.75% of workers at *Faianças Artísticas Bordalo Pinheiro, SA.* (all workers assigned to the store network). The remaining workers of these subsidiaries are working full-time or with temporary reduction of their normal weekly working hour period (i.e. 14.02% of the employees of *Vista Alegre Atlantis S.A.* and 4.20% of the employees of *Faianças Artísticas Bordalo Pinheiro, S.A.*).

The measures that have been adopted contribute to maintain the workers' health, as well as to keep their jobs, contributing as well to a reduction of the operating expenses at VAA and its subsidiaries.

VAA will, with the caution required for this atmosphere of uncertainty, continue to monitor the impacts of the current public calamity situation arising from the COVID-19 pandemic. Moreover, it will adopt the relevant measures to maintain its business, to the extent possible within this context, and promote the resilience and sustainability of the Grupo, in particular through the temporary required adjustments to VAA production, in the event of suspension of commercial activity at stores in Portugal is prolonged - except in the on-line channels - and depending on the evolution of the

pandemic situation and its legal framework in Portugal and in other countries in which VAA operates.

On the 4<sup>th</sup> of March 2021, it was published in the CMVM that Vista Alegre has already secured new supply contracts totalling more than 20 million euros for the second, third and fourth quarters of 2021. These values are added to the existing and dynamic order portfolio of its vast distribution network, which has shown a great deal of activity.

Europe is the main destination for these new supplies, with emphasis on France, Germany and the Scandinavian countries, but it should also be noted that a significant part (25%) goes to the Asian continent.

Vista Alegre also stands out for the resilience of its subsidiaries USA, Brazil, Spain and France, which are experiencing significant growth in their retail businesses.

Difficulty and reduction in sales continues to be the reason the chain of its own stores in Portugal remains closed and a very strong slowdown on the global level of sales in the Hotels and restaurants channel. In these channels, the Grupo expects to experience a recovery at the beginning of the second quarter.

These new supply contracts, together with the normal order portfolio, represent an important basis for the Grupo to be able to maintain an activity with good occupancy levels.

The current epidemic status of the country continues to determine the maintenance, by some of the VAA subsidiaries, of measures to prevent and respond to the pandemic situation.

The companies of Grupo Vista Alegre maintained the current measures of simplified lay-off and temporary reduction of the standard working hours until the end of April 2021, with the exception of the production unit of Ria Stone, Fábrica de Louça de Mesa em Grés, S.A., in Ílhavo, in the stoneware table segment, which has resumed its working period since the 1<sup>st</sup> of March.

These measures were reinforced in a press release to the CMVM on the 5<sup>th</sup> of April 2021, and are currently in force.

Additionally, and specifically with regard to fulfilling contractual conditions in terms of the financial ratios resulting from the bond loan contracted in October 2019 (Note 20), and similar to what happened during the first quarter of 2020, the Grupo started preparatory work to trigger the necessary formalities with a view to requesting an adaptation and adjustment of the referred financial ratios to the impacts resulting from the current crisis, with the Board of Directors' conviction that such changes will be implemented.

The degree of uncertainty associated with surveying the phasing out of present lock down measures poses the need for continuous monitoring by VAA on the impacts arising from COVID-19 that may arise from it, adopting, at any moment, the relevant measures to promote business continuity and the Grupo's resilience and sustainability.

Given the uncertainty regarding the duration of the Pandemic caused by COVID-19 and the extent of its effect on the global economy, Grupo Vista Alegre is unable to foresee the full impact of these events on its future results, but estimates that these will continue to be relevant. Notwithstanding, in view of the aforementioned and of the measures in progress, the Board of Directors believes that it has suitable resources to maintain its activities, and the continuity of the Grupo Vista Alegre's operations is ensured.

The Certified Accountant

The Board of Directors

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Ílhavo, 30<sup>th</sup> of April 2021

## ANNEX TO THE SEPARATE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDING ON 31<sup>ST</sup> DECEMBER 2020

During the period ended on 31<sup>st</sup> December 2020, the entities with related parties of the Grupo Vista Alegre are the following:

- NCFGEST, SA
- Grupo Visabeira, SA
- Aeroprotechnik - Aerial Engineering, Lda
- Cabling Station Data, SA
- Cass Constructel, Ltd
- Comatel Infraestruturas, Lda.
- Constructel - Contructions et Telecommunications Belgique
- Constructel - Contructions et Telecommunications, SARL
- Constructel Africa, SA
- Constructel BAU GmbH
- Constructel Denmark, ApS
- Constructel Energie, SA
- Constructel Italia, SRL
- Constructel Infra-Structures, SAS
- Constructel GmbH
- Constructel LLC
- Constructel Sweden AB
- Constructel UK, Ltd
- Constructel Visabeira, S.A.

- Edivisa - Empresa de Construção Lda.
- Edivisa - Empresa de Construções, SA
- Electrotec - Projecto, Execução e Gestão de Redes de Energia, Lda.
- Electrotec Engenharia, SA
- Electrovisa, Lda.
- Field Force Atlântico, SA
- Gatel, SAS
- Hidroáfrica - Comércio e Indústria, SARL
- IEME, SRL
- Intelvisa, Gestão de Participações, SA
- Modal Installation, SA
- Mascaux 800, SA
- Naturenergia - Agro-Energias, SA
- PDT - Projectos e Telecomunicações, SA
- PTC - Serviços de Telecomunicações, SA
- Real Life - Tecnologias de Informação, SA
- Real Life Advanced Technologies Academy MZ, SA
- Real Life Technologies MZ, SA
- SCI Constructel
- Selfenergy Moçambique, SA
- Sogitel - Sociedade de Gestão Imobiliária, Lda.
- Televisa - Sociedade Técnica de Obras e Projectos, Lda.
- Televisa Marrocos, SA
- TV Cabo - Comunicações Multimédia, Lda.
- TV Cabo Angola, Lda.

- Viatel – Tecnologia de Comunicações, SA
- Visabeira Infraestruturas, Lda.
- Visabeira Global, SGPS, SA
- Visacasa - Serviços de Assistência e Manutenção Global, SA
- Visaqua - Gestão de Infra- estruturas e Serviços, Ambientais, SA
- Agrovisa - Agricultura e Pecuária, Lda.
- Álamo - Indústria e Desenvolvimento Florestal, Lda.
- Ambitermo - Engenharia e Equipamentos Térmicos, SA
- Ambitermo Maroc Chaudieres Industrielles, SARL
- Celmoque - Cabos de Energia e Telec. de Moçambique, SARL
- Granbeira - Soc. de Exploração e Com. de Granitos, SA
- Granbeira II - Rochas Ornamentais, SA
- Marmonte - Mármore de Moçambique, SARL
- Mob - Indústria de Mobiliário, SA
- Mob Cuisines, SASU
- Pinewells, SA
- Tubangol - Tubos de Angola, Lda.
- Visabeira Indústria, SGPS, SA
- Visaconstroi - Construção e Gestão Imobiliária, Lda.
- Gesvisa, SA
- Empreendimentos Tur. Montebelo - Soc. Tur. e Recreio, SA
- Imobiliária Panorama, Lda.
- Inhambane Empreendimentos, Lda.
- Milibangalala, SA
- Movida - Empreendimentos Turísticos, SA

- Mundicor - Viagens e Turismo, SA
- Soginveste Empreendimentos, Lda.
- Turvisa - Empreendimentos Turísticos, Lda.
- VAA - Empreendimentos Turísticos, SA
- Visabeira Turismo, SGPS, SA
- Zambeze - Restauração, S.A
- Zambeze Village, Lda.
- Ifervisa - Sociedade de Promoção e Desenvolvimento Imobiliário, SA
- Imovisa - Imobiliária de Moçambique, Lda.
- Visabeira Imobiliária, SA
- Visabeira Imobiliária, SGPS, SA
- Agrovisa - Agricultura e Pecuária, Lda.
- Ambitermo Angola, Lda.
- Angovisa, Lda.
- Autovisa - Serviços Auto, SARL
- Build Down & Build Up Moçambique, Lda.
- Catari Angola, Lda.
- Combustiveis do Songo, SA
- Imensis - Soc. Gestão Empreem. Imobiliários, Lda.
- Iutel - Infocomunicações, SA
- Mercury Comercial, Lda. (Mozambique)
- Mercury Comercial, Lda. (Angola)
- Mercury South Africa, Lda.
- PDA - Parque Desportivo de Aveiro, SA
- Predibeira - Compra e Venda de Propriedades, Lda.

- Rentingvisa, Unipessoal Lda.
- Telesp Telecomunicaciones, Electricidad y Gás de España, SA
- Turvisa, Lda.
- Vibeiras, Sociedade Comercial de Plantas SA
- Visabeira Angola - Investimento e Participações, Lda.
- Visabeira Knowledge and Research, SA
- Visabeira Moçambique, Lda
- Visabeira Serviços, SGPS, SA
- Visabeira Saúde, SA
- Visasecil - Prestação de Serviços, Lda.
- Visatur - Empreendimentos Turísticos, Lda.
- Visauto - Reparações Auto, Lda.

The members of Vista Alegre Atlantis, SGPS, SA Board of Directors, performing its functions on 31<sup>st</sup> December 2020, are the following:

- Nuno Miguel Rodrigues Terras Marques
- Paulo Jorge Lourenço Pires
- Alexandra da Conceição Lopes
- Alda Alexandra Abrantes Costa
- Paulo José Antunes Soares
- Nuno Miguel Ferreira de Assunção Barra
- Nuno Maria Pinto de Magalhães Fernandes Thomaz
- Jorge Paulo Sacadura Almeida Coelho
- Cristina Isabel Sousa Lopes
- Teodorico Figueiredo Pais
- Céline Dora Judith Abecassis Moedas
- Mário Godinho de Matos

The members of Grupo Visabeira, SA Board of Directors, performing its functions on 31<sup>st</sup> December 2020, are the following:

- Fernando Campos Nunes
- Nuno Miguel Rodrigues Terras Marques
- João Manuel Pisco de Castro
- Alexandra da Conceição Lopes
- Paulo Jorge Lourenço Pires
- António Jorge Xavier da Costa

### List of Qualifying Shareholders

prepared under the terms of Article 8, n.1, e), of Regulation no. 4/2004 of the CMVM [Marketable Securities' Commission],

indicating the number of shares held and the corresponding percentage of voting rights,

calculated under the terms of article 20 of the Securities Code.

Under the terms and for the purposes of the provisions of articles 16 and 20 of the Securities Code, we hereby inform that companies and/or individuals who have a qualified shareholding that exceeds 2%, 10%, 20%, 33% and 50% of the voting rights, and according to the notifications received at the company's head offices to this date, and regarding the 31<sup>st</sup> of December 2020 are as follows:

Shareholder	Shares	
	No of shares	% of voting rights
Grupo Visabeira, SA (1)		
Directly (its own portfolio)	5,548,417	3.31%
Through Visabeira Indústria, SGPS, SA	137,965,770	82.29%
<b>Total attributable to Grupo Visabeira, SGPS, SA</b>	<b>143,514,187</b>	<b>85.60%</b>
Institutional investors	15,240,914	9.09%
<b>Total attributable to institutional investors</b>	<b>15,240,914</b>	<b>9.09%</b>
Caixa Geral de Depósitos, SA:		
Directly (its own portfolio)	4,188,830	2.50%
Through FCR Grupo CGD CAPITAL	987.364	0.59%
<b>Total attributable Caixa Geral Depósitos, SA</b>	<b>5,176,194</b>	<b>3.09%</b>
Free Float	3,718,655	2.22%
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>
Treasury shares	110	0.00%
<b>Total shares Vista Alegre Atlantis</b>	<b>167,650,060</b>	<b>100.00%</b>

(1) The majority shareholder of VISTA ALEGRE ATLANTIS SGPS, S.A., VISABEIRA INDÚSTRIA, SGPS, S.A., is totally owned by Grupo Visabeira, S.A., whose majority shareholder, NCFGEST, S.A., possesses 98.25%, being this last company totally owned by the individual partner Fernando Campos Nunes.



VISTA ALEGRE

1824



VISTA ALEGRE ATLANTIS, SGPS, SA

**INVESTOR RELATIONS**

Romas Viesulas

[romasviesulas@vistaalegre.com](mailto:romasviesulas@vistaalegre.com)

Reuters: VAF.LS e VAFe.LS

Bloomberg: VAFK:PL e VAF:PL

[vistaalegre.com](http://vistaalegre.com)

**Annex to the annual report for the year 2020, prepared in accordance with  
the No 1 of the Article 245-A of the CVM**

**a) Capital structure**

VAA share capital is currently of 134,120,048 Euros, is fully subscribed and paid up, and is represented by 167.650.060 nominative entry shares, with the nominal value of 80 cents each. Except, of course, for treasury shares, all shares grant the same rights.

According to the available information in the company, on the 31<sup>st</sup> December 2020, the share capital structure of VAA was as follows:

Shareholder	Shares	
	No of shares	% of voting rights
Grupo Visabeira, SA (1)		
Directly (its own portfolio)	5,548,417	3.31%
Through Visabeira Indústria, SGPS, SA	137,965,770	82.29%
<b>Total attributable to Grupo Visabeira, SGPS, SA</b>	<b>143,514,187</b>	<b>85.60%</b>
Institutional investors	15,240,914	9.09%
<b>Total attributable to institutional investors</b>	<b>15,240,914</b>	<b>9.09%</b>
Caixa Geral de Depósitos, SA:		
Directly (its own portfolio)	4,188,830	2.50%
Through FCR Grupo CGD CAPITAL	987,364	0.59%
<b>Total attributable Caixa Geral Depósitos, SA</b>	<b>5,176,194</b>	<b>3.09%</b>
Free Float	3,718,655	2.22%
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>
Treasury shares	110	0.00%
<b>Total shares Vista Alegre Atlantis</b>	<b>167,650,060</b>	<b>100.00%</b>

(1) The majority shareholder of VISTA ALEGRE ATLANTIS SGPS, S.A., VISABEIRA INDÚSTRIA, SGPS, S.A., is totally owned by Grupo Visabeira, S.A., whose majority shareholder, NCFGEST, S.A., possesses 98.25%, being this last company totally owned by the individual partner Fernando Campos Nunes.

**b) Possible restrictions to the transfer of shares**

There is no statutory provision for the existence of pre-emptive rights of the shareholders regarding the transfer of shares of VAA share capital.

**c) Qualifying holding in the Company's share capital**

Structure of the Share Capital

	TOTAL	
	Quantity	%
Grupo Visabeira, SA	5,548,417	3.31%
Visabeira Indústria, SGPS, SA	137,965,770	82.29%
Caixa Geral de Depósitos, SA	4,188,830	2.50%
Fundo Capital Risco-Caixa Capital	987,364	0.59%
Free Float	18,959,569	11.31%
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>
Treasury shares	110	0.00%
<b>VAA total shares</b>	<b>167,650,060</b>	<b>100.00%</b>

**d) Identification of any shareholder that holds special rights**

Except, naturally, treasury shares, all shares have the same rights.

**e) The system of control of any employee share scheme where the voting rights are not exercised directly by the employees**

Is not regulated or prevue for any system of employee participation in the share capital of the company or its subsidiaries.

**f) Possible restrictions on voting rights**

Pursuant to articles 12 and 13 of the Company's Article of Association:

- a) Every ten shares correspond to one vote;
- b) Only those shareholders who, on the date of registration - corresponding to the midnight (GMT) of the 5<sup>th</sup> negotiation day prior to the General Meeting 's day -, hold a number of shares not inferior to ten, are entitled to attend the General Meeting, on each of the two sessions, in case of suspension, and to discuss and vote;
- c) The exercise of the rights referred to in the previous paragraph is not affected by the transfer of shares at a later date than the Registration Date, nor it depends on the blocking between the said date and the General Meeting's date;

d) Shareholders wishing to participate in the General Meeting must declare it in writing to the Chairman of the Board of the General Meeting and to the financial intermediary where the individual account is opened no later than the day before the day mentioned on the paragraph a) above and may, for that purpose, use an e-mail;

e) Those who have declared their intention to participate in the General Meeting, pursuant to the previous number, and transfer ownership of shares between the Registration Date and the end of the General Meeting, shall immediately notify the Chairman of the General Meeting and to the *Comissão do Mercado de Valores Mobiliários* [Securities Market Commission];

f) The Shareholders who, in the face of what is established in a) above, do not have the number of shares necessary to participate and vote in the General Meeting may group together in order to make up the number, and must appoint by agreement one among them to represent them in the General Meeting;

g) Shareholders without voting rights and bondholders may not be present at General Shareholders Meetings, and shall be represented by their joint representatives;

h) Natural shareholders may be represented at the General Meeting by another Shareholder or by those people the mandatory law permits;

i) Shareholders who are legal entities will be represented at the General Shareholders Meeting by the person they appoint for this purpose;

j) The representation instruments provided for in the preceding paragraphs shall be addressed to the Chairman of the General Meeting Board and delivered to the Company at least five days before the General Meeting's date;

k) Postal voting is permitted;

l) Postal voting is taken into account for the General Meeting's quorum, and they are valid as well for the second call of the General Meeting to which they were issued. The Chairman of the Board, or its substitute, will be responsible for verifying their authenticity and regularity, as well as ensuring its confidentiality until the voting time;

m) Postal voting shall be deemed revoked, if the Shareholder or his/her representative is present at the General Meeting;

n) Postal voting shall be considered negative votes regarding the approval proposals submitted after the date on which those votes were cast;

o) Without prejudice to the legal mandatory provisions and Articles of association, the resolutions of the General Meeting will be taken by a majority of the votes cast.

VAA, prior to each Meeting and respecting the legal deadlines, broadly discloses the dates on which they will be held and the available means of participation and voting by the Shareholders, namely in person (directly or through a representative) or remotely (via postal vote with an extended term), the notice of the respective call being made available on the VAA institutional website ([www.vistaalegre.com](http://www.vistaalegre.com)).

**g) Para-social agreements restrictive to the transmission of shares**

That the company is aware of, there are no shareholders agreements that may lead to any restrictions in terms of securities or voting rights.

**h) Rules governing the appointment and replacement of board members and the amendment of the articles of association**

The members of the Board of Directors, including the Chairman and one or more Vice-chairman, are elected by the Shareholders at the General Meeting.

The members of the Board of Directors are appointed for annual terms and may be re-elected under the legal terms, considering themselves sworn in as soon as they are elected and will remain in office until the election of new members.

The absence of a director from three meetings, consecutive or not, without justification accepted by the Board of Directors, leads to his/her definitive absence, which must be declared by the Board of Directors. In the event of the absence or definitive impediment of any of the members of the Board of Directors, under the statutory and legally provided for terms, is incumbent upon the management body itself to proceed with the respective replacement through co-option, and must submit it for ratification at the following General Meeting.

The decisions on amendments to the Articles of Association, transformation, merger, division and dissolution of the Company shall be taken by a qualified majority of at least two-thirds of the votes cast.

**i) Powers of the Management Body**

Under the terms of the Article 16 of VAA's Articles of Association, The Board of Directors has the broadest powers to manage and represent the company, with the responsibility of carrying all actions necessary or convenient for attaining the company's object.

The Board of Directors may also, according to the Articles of Association:

- delegate to one or more of its members powers and skills to carry out certain acts regarding management of the company's business activity;
- delegate to one or more of its members, or to an Executive Committee, consisting of two thirds or less of its members, the management of the Company;
- appoint representatives to carry out certain acts, within the scope of the respective powers of attorney.

In the case of delegation of management to the Executive Committee, the Board of Directors or Executive Committee members should appoint its Chairman, who is assigned the casting vote.

In addition to the non-delegable matters under the terms of Articles 406 and 407 of the *CSC - Código das Sociedades Comerciais* [Commercial Companies Code], the following powers shall not be delegated, in accordance with the Regulations of the Board of Directors and the Executive Committee:

- a) The definition of the Company's strategy and main policies, namely through the approval of:
- (i) VAA's plans regarding strategic, activity, investments, budgets and/or risk management, internal control and internal audit policies and systems (including the risk profile/policy);
  - (ii) VAA selection and diversity policies and general rules of conduct;
  - (iii) evaluation of the effectiveness, compliance and/or alteration of the matters referred to in (i) and (ii), at least annually;
- b) The organization and coordination of the corporate structure of the *Grupo Vista Alegre*;
- c) Matters which are, at each moment, considered strategic due to their amount, risk or special characteristics, considering as such the decisions aimed at:
- (i) start or end the presence in a specific country, market or business area, either through strategic partnerships or through the acquisition or sale of shareholdings;
  - (ii) opening or closing industrial units;
  - (iii) contracting of debt, on the form of financing or issuance of financial instruments, above €10.000.000, per operation or on an aggregate basis with the same counterparty in each 12-month period or financial year;
  - (iv) signing or terminating agreements with partners or customers that represent a revenue of more than €15.000.000, per operation or on an aggregate basis with the same counterparty in each 12-month period or financial year; and
  - (v) any other business, operations, investments or acts, not foreseen in the budget, which imply responsibilities or obligations under an amount above €1.000.000.
- j) Significant agreements which the company has signed and that come into force, are changed or terminated in case of the company's control change, as a result of a takeover bid**

There are no agreements with these characteristics.

- l) Agreements between the company and the members of the Board of Directors or workers providing for damages to be paid should the worker resign in the event of wrongful dismissal or termination of work contract following a public takeover bid.**

There are no agreements with these characteristics.

**m) Internal control and risk management systems implemented at the Company**

Bearing in mind that VAA only works as a holding company, the control and management of risks inherent to the activity is carried out directly by the Board of Directors and Executive Committee, to the extent of the respective delegation of powers. In the associate companies, specific control systems are defined for each of the activities, whose most important body is the Board of Directors of each of the companies.

The *Grupo Vista Alegre's* risk management policy consolidates the objectives and principles in force in terms of the risk management process. In line with this policy and adopting, a process for risk management based on best practices was created and a flow for the correct identification, assessment, follow-up, control, monitoring and risk management was internally defined. This process consists of several phases, related to each other, which follow a certain logic and determine chronologically the different performance moments of the parties directly involved in the process.

After identifying the risks and carrying out the correct classification of the impacts that they may cause to the Company, an assessment of these risks is carried out based on the classifying criteria of the degree and the risk impact that it may represent.

It is based on this result that a Risk Priority Level will be determined, which will determine which mitigation measures to apply and the term of that application, so that the impacts undergone may be the least materially relevant for the Company.

Risk assessment involves prioritizing risks according to their quantification, that is, the result obtained from analysing each one in terms of: severity, detection and frequency.

The risk profile of the Grupo Vista Alegre (risk framework) is also approved by the Board of Directors and consolidates the identified risk events, the criteria and classification of the degree and impact of each risk, as well as the limits/objectives and levels of acceptable exposure tolerance for each risk and the respective Risk Priority Level, thus adopting the Recommendations IV.3. and VI.1.

Thus, each risk event is classified through a matrix called Risk Priority Level, which is based on a classification between the degree of risk and the impact of that same risk, described in more detail in point 54 of the Corporate Governance Report.

The aforementioned policy and risk profile are at the basis of the mitigation measures (which is to say, action plans to increase opportunities and reduce threats/risks) to be applied and the deadline for such application, so that the impacts undergone can be the least materially relevant to the Company, as well as monitoring and reporting actions.

After the treatment of these risks, monitoring, reporting and review stages are followed, in which the risk is assessed annually, through a review meeting of the VAA Quality Management System, the identified risks are monitored and new risks and opportunities are identified. In this monitoring, the effectiveness of action plans is assessed and adjustments to the system are considered.

Those responsible for mitigation, monitoring and reporting are the executive directors responsible for the areas related to the environment and quality management system, risk analysis and internal audit.

The stages of this risk management process allow the Company to annually assess and review the degree of internal compliance and the performance of the risk management system. Moreover, it will allow the assessment, review and possible changes, on an annual basis, of the risk management system, and of the risk profile and policy by the Board of Directors, in which case the Statutory Audit Board also gives its opinion regarding the powers of these bodies, referred to in the above paragraph 50 of the Corporate Governance Report.

Aware of the fact that the operations continuity depends critically on the mitigation and control of risks that can significantly affect all of its assets (people, equipment, service quality, information, installations) and therefore jeopardize its strategic purposes, VAA and in particular its Board of Directors focus on the risks inherent to its activities.

The permanent evaluation of the risk management procedures allow a timely intervention, mitigating potential risk situations, since timely identification of their causes and intervention help to minimize possible impacts that may occur.

In particular, the following assessments/controls of the external and internal environment are highlighted:

- Control in the external environment is mainly carried out by the Financial Management, who is responsible, based on the external information collected, for the approval of the credit to be granted, and control of the ceiling established and/or to be established. In this sense, the granting of loans to customers is based on a careful evaluation of the management capacity, the evaluation of the assets and the credit guarantees given by each client.
- An external environment control is also carried out by the Quality Department, through audits performed to suppliers, in order to evaluate their own management capacity and thus ensure supplies that are compliant, stable and with the quality required by the Grupo Vista Alegre.
- It is also practice of the company and its associate companies to insure all areas, for the amounts deemed adequate, thus seeking to cover a significant set of property and personal risks. In a similar way, preference is given to reducing the risks resulting from the fluctuations of the exchange markets and interest rate, reducing their exposure to them, either through financial instruments that enable them to effectively hedge those fluctuations, or through preferential transactions in euros (the latter only applicable in the specific case of exchange rate variations).

Bearing in mind the above described as well as in points 50. to 55. of the Corporate Governance Report, VAA believes that the risk management policy implemented in the Company is adequate to effectively manage the main risks, thus allowing to reduce the frequency and respective impacts.

At the level of internal control systems and internal audit present in the Company, these are characterized by the organization in processes, having been implemented the cycle of continuous improvement whose fundamental vectors are based on planning, execution, control and action in the face of deviations.

Thus, each process is characterized by the existence of a set of operational procedures, defined and approved by top management, which are disclosed and promoted by various levels of the organization, complemented by the existence of performance measurement measures (KPI's - Key Performance Indicators) that fulfil the purposes defined above. Monitoring is evaluated on a regular basis. These processes stand out for being comprehensive, including the shared services of the head office and the set of all activities developed in each of the manufacturing units that comprise the group and since 2011, also its own retail network in the national and international territory.

In order to bring together the different processes that characterize the organization, each one of them is led by a manager, chosen by the director of the Executive Committee responsible for this area, who is responsible for:

- Coordinating the definition of the regulations inherent to each process (including procedures, instructions, specifications, registration forms and other documents);
- Coordinating the implementation of the approved regulations applicable to the respective process;
- Managing the interconnection between all the elements of its process, and between its process and the remaining elements;
- Monitoring the performance against highly defined indicators;
- Analysing possible causes of deviations and propose its correction;
- Monitoring the implementation of defined actions.

The different process managers respond to an executive director, who reports to the Executive Committee, and is responsible for ensuring implementation and performance in accordance with approved procedures, reporting on their performance and possible adjustment needs, as well as promoting the operation and promotion of continuous improvement of all established procedures. The Board of Directors provides the necessary resources to achieve the purposes defined above.

For the operation evaluation, VAA has a team of internal auditors, composed of elements from several business areas, and approves an annual plan that covers all processes and areas considered relevant to the management system. This plan is defined in the beginning of each year and is disclosed internally in the company and is available on the intranet. On a monthly basis, the internal audit actions are carried out, verifying whether the activities and results are in line with what is planned. Within this context, the evaluation of the execution of actions defined for previous occurrences is carried out in order to determine whether they complied with the timing and what effectiveness was obtained. The internal audit actions give rise to evaluation reports which are informed to the different responsible parties involved in the process. On what the manager of each process is concerned, he/she is responsible for justifying the deviations identified, indicating corrective and/or preventive measures, assigning employees and deadlines, whenever this is deemed necessary. In this process it is also important to identify the impacts on society. These reports are the subject of a report to the director responsible for the respective department.

The result of these audits is transferred to quarterly follow-up reports, of which is given the management's due knowledge and which also assists in the preparation of the annual review report of the system and whose review seeks to involve all internal control system's parties (administration, executive director, process managers and other people in charge of the manufacturing units and other areas of the system).

Thus, the operational and continuous improvement of the system and its processes is still achieved through a periodic set of corrective and/or preventive actions defined by the managers of all the processes.

During the meeting regarding the management system's evaluation (which currently is carried out annually) all management elements are analysed. In this process, the audits' results, the resources assigned to, the status of the corrective and preventive measures, the evaluation of the existing performance indicators, the analysis of deviations, their impacts on society, as well as suggestions for improvements are analysed.

- n) Declaration regarding the host of the corporate governance code to which the issuer is subject by virtue of legal or regulatory provision, specifying any parts of this code that diverges and the reasons for the divergence.**

This report is outlined in accordance with the instructions set out in Annex I to CMVM Regulation No. 4/2013, which is available for consultation on the CMVM's website, at the following address [www.cmvm.pt](http://www.cmvm.pt), and is understood by the Board of Directors whereas, as described throughout this report, VAA complies with a significant set of Recommendations and adopts solutions that are materially equivalent to the other Recommendations and underlying principles contained in the Corporate Governance Code of the Portuguese Institute of Corporate Governance (2018), revised in 2020, which was adopted by VAA and which is available for consultation at the following email address <https://cgov.pt/>.

In addition to the good management practices, widely available and known in the prudent business environment, the VAA management follows the applicable legislation, the provisions contained in the Articles of Association approved by the Shareholders, as well as the decisions expressed by them at the General Meeting. Internal regulations and standards of conduct approved by the management and supervisory bodies in the exercise of their powers are also extremely important.

From the summary table included in the Report, it is easy to realise that VAA adopts a significant set of Recommendations related to corporate governance provided for in the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) (2018), revised in 2020.

Regarding the recommendations not adopted and/or not applicable, the respective reasoning and other relevant observations are also included in the same summary table, especially in order to explain the solutions which are materially equivalent to the referred Recommendations and underlying principles adopted by the Company taking into account the specifics of the Company and of Grupo Vista Alegre.

- o) Declaration regarding the host of the corporate governance code to which the issuer voluntarily is subject, specifying any parts of this code that diverges and the reasons for the divergence;**

Not applicable, based on the above.

- p) Location where the public may find the Corporate Governance Codes to which the issuer is subject to the terms of the previous paragraphs;**

The texts of the Corporate Governance Codes to which the issuer is subject to the terms of the paragraph n) above, are available for consultation at the CMVM website, at [www.cmvm.pt](http://www.cmvm.pt).

**q) Composition and description of the functioning of the company boards of the issuer, as well as the commissions created.**

The corporate bodies are the General Meeting, the Board of Directors, the Supervisory Board and the Chartered Certified Account.

The Board of the General Shareholders Meeting is composed of a Chairman and a Secretary appointed amongst Shareholders or non-Shareholders at the General Shareholders Meeting, which are allowed to be re-appointed under the terms established by the law.

Regarding the Administration, VAA has adopted the governance model commonly known as “Reinforced Latino model”, consisting of a Board of Directors, a Supervisory Board and a Chartered Certified Account.

The Board of Directors is composed by five to a maximum of eleven members, according to what was decided at the General Meeting, elected annually, and its re-election is allowed under the legal terms. Once they are elected, they will remain in the exercise of their functions until the election of those who will replace them.

The Board of Directors may deliberate validly only if at least two-thirds of its members are present or represented, and its decisions will be by the majority of the votes, and the Chairman has a casting vote.

The Board of Directors shall meet whenever convened by its Chairman or by two Directors, and shall meet at least once every month.

In accordance with the statutory provisions of the Company, and with the limitations imposed by law, with regard to the limits of delegation and the non-delegable matters, VAA's Board of Directors has delegated, in 2020, the day-to-day management of the Company in an Executive Committee, comprising the same a delegation of powers in the following matters and areas: Institutional representation of the Company, Business management and monitoring, Legal, Management of industrial operations (oven stoneware and table stoneware), Continuous improvement in production methods and processes, Environment and quality management system, Financial Area, Procurement / Purchasing, Accounting and Taxation, Information Systems, Human Resources, Internal Audit, Customer Support Services, Subcontract Commercial Area (crystal, glass and ceramics), Brand Business Commercial Area (domestic and foreign market), Hotels' Commercial Area (domestic and foreign market), Marketing & Product Design, E-commerce, Management of industrial operations (crystal, glass and porcelain), Promotion of research, Development and innovation and Market Relations / Investor contacts (CMVM and NYSE Euronext).

The Committee meets at least once every month, in the days and hours defined by its President. The decisions of the Executive Commission are taken by the majority of the votes cast, having the Chairman a casting vote, in case a tie.

On the 26<sup>th</sup> of June 2020, the Board of Directors appointed a Corporate Governance Committee, composed of three non-executive members of the Board of Directors, including a majority of independent directors, for the remaining term of the current term (2020), remaining in office until the election of new members of the Board of Directors for the 2021 term, at the Annual General Meeting.

Regarding the functioning of the Corporate Governance Committee, it meets at least twice a year and whenever called by its Chairman, at the initiative of the Chairman of the Board of Directors, the Vice-Chairman or non-executive and independent directors, or by request from any of its members.

The oversight of the business is entrusted to a Fiscal Board and a Statutory Auditor or a Firm of Statutory Auditors that is not a member of that body, elected annually by the General Shareholders Meeting, and its re-election is allowed under the legal terms.

The Fiscal Board is composed of three sitting members and one alternate member. The General Shareholders Meeting shall appoint one of its sitting members to serve as President, to whom a casting vote is awarded.

Ílhavo, 30<sup>th</sup> April 2021



VISTA ALEGRE

1824



CORPORATE  
GOVERNANCE  
REPORT 2020

## INTRODUCTION:

This report, which presents a summary of the most relevant aspects regarding the good governance practices of VAA-Vista Alegre Atlantis, SGPS, S.A. (hereafter designated by “VAA”, “Company” or “Society”), was organized in compliance with the regulation of the *Comissão do Mercado de Valores Mobiliários* [Securities Market Commission] (hereafter designated by “CMVM”) no 4/2013 and the Article 245º-A of the *Código dos Valores Mobiliários* [Portuguese Securities Market Code].

Thus, in this report, the Company assesses the compliance with the recommendations contained in the Corporate Governance Code of the *Governo das Sociedades do Instituto Português de Corporate Governance (“IPCG”)* [Portuguese Institute of Corporate Governance] in its version published in 2018 (“Recommendations”, “Rec.” Or “IPCG Code”) - exercise of comply or explain contained in Part II -, having as reference the report model contained in the Securities Market Commission Regulation No. 4/2013 - corresponding in particular to Part I. This document must also be read as a complement and attached to the Annual Management Report and Consolidated Accounts.

During 2020 and up to this date, VAA followed solid management practices and implemented a set of good practices regarding internal regulations, in line with the provisions of the IPCG Code, thus the VAA Board of Directors is convinced that the Company complies with a significant set of the IPCG Recommendations and adopts solutions that are materially equivalent to the other Recommendations and underlying principles contained in the IPCG Code, as described throughout this report.

The adoption of these Recommendations contributed, on one hand, to the transparency and reinforcement of VAA's governance model and practices, especially relevant to the Board of Directors in view of the greater diversification of the Company's shareholder base resulting from the capital increase operation carried out at the end of 2019, through a private offer with qualified investors, and on the other, to the implementation of a system of checks and balances that constitutes a catalyst for the creation of value and sustained growth for the Company and the Grupo Vista Alegre.

**PART I – INFORMATION REGARDING THE SHAREHOLDERS STRUCTURE, ORGANIZATION, AND CORPORATE GOVERNANCE**

**A. SHAREHOLDERS STRUCTURE**

**I. CAPITAL STRUCTURE**

**1. The capital structure, including the shares not accepted to the negotiation, different actions' categories, rights and obligations inherent to them as well as the capital percentage that each category represents:**

VAA share capital is currently of 134,120,048.00 Euros, is fully subscribed and paid up, and is represented by 167,650,060 nominative entry shares, with the nominal value of 80 cents each, trading on the Euronext Lisbon regulated market.

Except, of course, for treasury shares, all shares grant the same rights.

According to the available information in the Company, on the 31<sup>st</sup> December 2020, the share capital structure of VAA was as follows:

**Structure of the Share Capital**

	TOTAL	
	Quantity	%
Grupo Visabeira, SA	5,548,417	3.31%
Visabeira Indústria, SGPS, SA	137,965,770	82.29%
Caixa Geral de Depósitos, SA	4,188,830	2.50%
Fundo Capital Risco-Caixa Capital	987,364	0.59%
Free Float	18,959,569	11.31%
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>
Treasury shares	110	0.00%
<b>VAA total shares</b>	<b>167,650,060</b>	<b>100.00%</b>

<sup>(1)</sup> On the date of this report, Visabeira Indústria, SGPS, S.A. directly owns 137.965.770 shares, representing 82.294% of VAA's share capital and voting rights, as communicated to the market.

**2. Restrictions to shares transfer, such as consent clauses for sale or limits to shares ownership:**

There are no limitations in the law or in the Company's Articles of Association to the transferability of shares representing VAA's share capital.

**3. Number of equity shares, percentage of share capital corresponding to the percentage of voting rights to which correspond the equity shares:**

The company owns 110 equity shares, representing 0.0000656% of the share capital. They would entitle the right to 11 voting rights, if it were applicable.

**4. Significant agreements which the company has signed and that come into force, are changed or terminated in case of the company's control change, as a result of a takeover bid, as well as its effects, except if, due to its nature, its disclosure is seriously harmful to the company, unless the company is specifically required to disclose such information due to other legal imperatives:**

VAA didn't sign any significant agreements that come into force, are changed or terminated in case of the company's control change, as a result of a takeover bid, or in the event of a change in the composition of the Board of Directors.

In accordance with normal market practice, the terms of the bond issue to which the Company is bound include a clause to change the Company's control, with the possibility for bondholders to request early repayment of the amount due.

The Company therefore complies with Recommendation II.6., not adopting the measures that determine payments or assumption of fees by the Company in the event of change of control or change in the composition of the managing body and which appear likely to impair the economic interest in the transfer of shares and the free assessment by Shareholders of the performance of the board members.

**5. Regime subject to the renewal or termination of defensive measures, in particular those that provide for the limitation of the number of votes that may be held or exercised by a single shareholder individually or with other shareholders**

The Articles of Association do not mention any limits to the voting counting, in the sense that votes cast by a single holder of common shares, either by itself or through a representative, in its own name or as a representative of another shareholder, are not counted, therefore there is no statutory provision as to the terms of its maintenance or not in the Articles of Association in the Recommendation II.5 which is not applicable.

**6. Shareholders agreements that the company may be aware of and that may restrict the transfer of securities or voting rights:**

That the company is aware of, there are no shareholders agreements that may lead to any restrictions in terms of securities or voting rights.

**II. SHARES OWNED**

**7. Identification of natural or legal people that, directly or indirectly, hold qualifying shares with detailed indication of the percentage of capital and votes attributable and of the source and causes of attribution:**

Taking into account the communications received by the Company on 31<sup>st</sup> December 2020, the qualifying shares equal or superior to 2% on the VAA's share capital and voting rights were as follows:

**Structure of the Share Capital**

Shareholder	Shares	
	No of shares	% of voting rights
Grupo Visabeira, SA		
Directly (its own portfolio)	5,548,417	3.31%
Through Visabeira Indústria, SGPS, SA	137,965,770	82.29%
<b>Total attributable to Grupo Visabeira, SA</b>	<b>143,514,187</b>	<b>85.60%</b>
Caixa Geral de Depósitos, SA:		
Directly (its own portfolio)	4,188,830	2.50%
Through FCR Grupo CGD CAPITAL	987,364	0.59%
<b>Total attributable Caixa Geral Depósitos, SA</b>	<b>5,176,194</b>	<b>3.09%</b>
Free Float	18,959,569	11.31%
<b>Sub-totals</b>	<b>167,649,950</b>	<b>100.00%</b>
Treasury shares	110	0.00%
<b>Total shares Vista Alegre Atlantis</b>	<b>167,650,060</b>	<b>100.00%</b>

(1) VISTA ALEGRE ATLANTIS SGPS, S.A.'s majority shareholder, Visabeira Indústria SGPS, S.A., is entirely owned (100%) by the shareholder Grupo Visabeira, S.A., of whose capital NCFGEST, S.A. owns 99.45%, being the latter entirely owned by the shareholder Fernando Campos Nunes, who is to be accounted responsible for the voting rights of the Company by Visabeira Indústria SGPS, S.A. and Grupo Visabeira, S.A..

On the date of this report, Visabeira Indústria, SGPS, S.A. directly owns 137.965.920 shares, representing 82.294% of VAA's share capital and voting rights, as communicated to the market.

**8. Indication on the number of shares and bonds held by members of the management and supervisory bodies.**

On the 31<sup>st</sup> of December 2020 and on this date, according to the statement made to the CMVM on the 11<sup>th</sup> of November 2020, Mr. Nuno Miguel Rodrigues Terras Marques, Chairman of the Board of Directors of VAA, acquired, on the stock exchange, representative shares of the share capital of the Company, becoming directly the holder of 11,000 shares, representing 0.007% of the share capital and voting rights of the Company.

In addition, on Annex A is presented information on transactions relevant for the purposes of Article 447 of the Portuguese Companies Code ("CSC") carried out by people strictly related to said members of the governing bodies during 2020, that is, transactions on VAA shares, held by Visabeira Indústria, SGPS, SA, which owns 137.965.770 shares representing VAA's capital on the 31<sup>st</sup> of December 2020.

**9. Special powers of the management body, namely regarding decisions to increase capital, indicating the date on which they are assigned, the period until which such powers may be exercised, maximum limit of the share capital increase, amount already issued under the powers assignment and implementation of the powers assigned.**

The competence empowered by the Articles of Association to the Board of Directors of the Company to resolve on capital increase operations, as a result of the amendment to paragraph 2 of Article 5 of the Articles of Association, resolved at a meeting of the Annual General Meeting of the VAA on the 30<sup>th</sup> of April 2019, ceased on the 31<sup>st</sup> of December 2020, so that, from that date on, such powers are exclusive to the General Meeting under the terms legally provided for.

**10. Information on the existence of significant commercial relationships between the holders of qualifying shares and the company:**

Throughout 2020, the holders of qualifying shares carried out transactions with VAA and its subsidiaries, under normal market transactions and within their activity, duly detailed in the Consolidated Annex to the Balance Sheet and Income Statement in note 34 "Transactions with Related Parties".

## B. CORPORATE BODIES AND COMMISSIONS

### I. GENERAL MEETING

#### a) The General Meeting board throughout 2020

##### **11. Identification and position of the General Meeting Board and its terms of office (beginning and end):**

The General Meeting Board is currently chaired by Mr. Paulo de Sacadura Cabral Portas and the secretary is Mrs. Marta Sofia Cunha Albuquerque Santos Temudo, having the aforementioned members been re-elected for the third term at the annual General Meeting held on the 26<sup>th</sup> of June 2020, to carry out its functions during 2020.

Whilst performing its duties, and in terms of convening and conducting General meeting, the Chairman of the General Meeting shall have logistical and human resources appropriate to their needs and indispensable for the proper performance of their duties.

#### b) Voting right

##### **12. Possible restrictions on voting rights, such as limitations on the exercise of voting rights depending on the number or percentage of shares held, time limits imposed for the exercise of voting rights or systems for highlighting assets content rights:**

Pursuant to articles 12 and 13 of the Company's Article of Association:

- a) Each set of ten shares correspond to one vote.
- b) Only those shareholders who, on the date of registration - corresponding to the midnight (GMT) of the 5<sup>th</sup> negotiation day prior to the General Meeting 's day -, hold a number of shares not inferior to ten, are entitled to attend the General Meeting, on each of the two sessions, in case of suspension, and to discuss and vote.
- c) The exercise of the rights referred to in the previous paragraph is not affected by the transfer of shares at a later date than the Registration Date, nor it depends on the blocking between the said date and the General Meeting's date.
- d) Shareholders wishing to participate in the General Meeting must declare it in writing to the Chairman of the Board of the General Meeting and to the financial intermediary where the individual account is opened no later than the day before the day mentioned on the paragraph a) above and may, for that purpose, use an e-mail.
- e) Those who have declared their intention to participate in the General Meeting, pursuant to the previous number, and transfer ownership of shares between the Registration Date and the end of the General Meeting, shall immediately notify the Chairman of the General Meeting and to the *Comissão do Mercado de Valores Mobiliários* [Securities Market Commission].

- f) The Shareholders who, in the face of what is established in a) above, do not have the number of shares necessary to participate and vote in the General Meeting may group together in order to make up the number, and must appoint by agreement one among them to represent them in the General Meeting.
- g) Shareholders without voting rights and bondholders may not be present at General Shareholders Meetings, and shall be represented by their joint representatives;
- h) Natural shareholders may be represented at the General Meeting by another Shareholder or by those people the mandatory law permits
- i) Shareholders who are legal entities will be represented at the General Shareholders Meeting by the person they appoint for this purpose;
- j) The representation instruments provided for in the preceding paragraphs shall be addressed to the Chairman of the General Meeting Board and delivered to the Company at least five days before the General Meeting's date.
- k) Postal voting is permitted.
- l) Postal voting is taken into account for the General Meeting's quorum, and they are valid as well for the second call of the General Meeting to which they were issued. The Chairman of the Board, or its substitute, will be responsible for verifying their authenticity and regularity, as well as ensuring its confidentiality until the voting time.
- m) Postal voting shall be deemed revoked, if the Shareholder or his/her representative is present at the General Meeting.
- n) Postal voting shall be considered negative votes regarding the approval proposals submitted after the date on which those votes were cast.
- o) Without prejudice to the legal mandatory provisions and Articles of association, the resolutions of the General Meeting will be taken by a majority of the votes cast.
- p) The decisions on amendments to the Articles of Association, transformation, merger, division and dissolution of the Company shall be taken by a qualified majority of at least two-thirds of the votes cast.

The Company considers that it fully complies with Recommendation II.1., not setting an excessively high number of shares necessary to grant the right to one vote.

Thus, under the terms of the articles of association, to each ten shares correspond one vote, and it was decided that this proportionality doesn't need to be changed, depending on the shareholder structure of the Company (no 7. above) and the attendances and votes effectively registered at the General Meeting. In fact, the General Meetings held between 2011 and 2014 were attended by 6 (six) Shareholders, in 2015 by 8 (eight) Shareholders, in 2016 and 2017 by 7 (seven) Shareholders, in 2018 by 6 (six) Shareholders, and in 2019 by 4 (four) Shareholders and in 2020 by 8 (eight) Shareholders, having two of them used the right of postal voting.

VAA, prior to each Meeting and respecting the legal deadlines, broadly discloses the dates on which they will be held and the available means of participation and voting by the Shareholders, namely in person (directly or through a representative) or remotely (via postal

vote with an extended term), the notice of the respective call being made available on the VAA institutional website ([www.vistaalegre.com](http://www.vistaalegre.com)).

In 2020 the Company did not implement the voting by electronic or telematic means. In any case, VAA considers that in 2020 it provided adequate means of participation and voting in its general assemblies and thus comply with the principles underlying Recommendations II.3. and II.4.. to an extent appropriate to its shareholder structure described in paragraph 7. above and to the history of participation and voting at its General Meetings (without any adherence to postal voting at its Meetings since it became available and only to have registered in 2020, for the first time since it became available, the adherence to the vote by correspondence by two shareholders).

The use of these functionalities at the aforementioned General Assembly meeting with the safety and authenticity requirements would therefore be disproportionate, particularly in view of the associated costs.

The VAA Articles of Association do not provide for prominent equity rights systems.

**13. Indication of the maximum percentage of the voting rights which may be exercised by a single shareholder or by shareholders who may have any relationships under no 1 of the article 20:**

The Articles of Association do not provide for any limitation to the voting rights that may be exercised by a single Shareholder or by Shareholders who are in any of the relationships indicated in Article 20 of the Portuguese Securities Code, so Recommendation II.5. does not apply.

**14. Identification of the shareholders decisions which, by statutory requirement, can only be taken with a qualified majority, besides the requirements foreseen in the law, and indication of those majorities:**

The Company's Articles of Association do not contain any provision that imposes a qualified majority in addition to those provided for by law, so the Company intends to adopt Recommendation II.2.

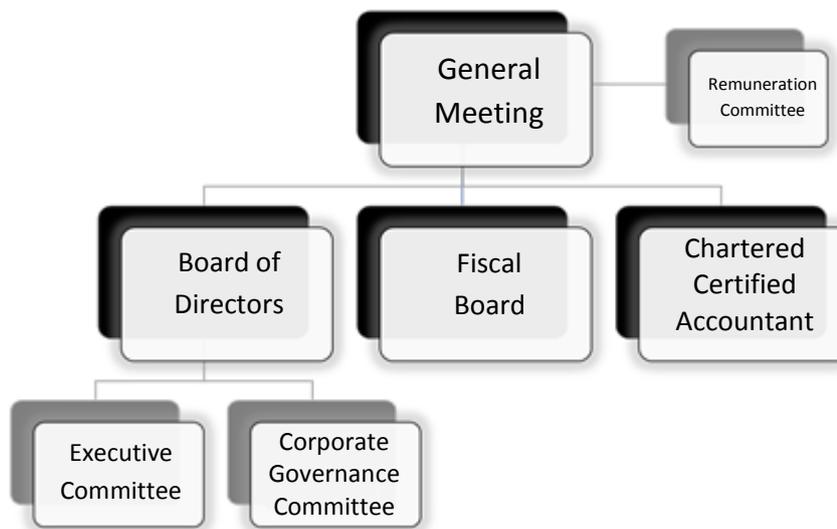
## **II. MANAGEMENT AND SUPERVISION**

### **a) Structure**

**15. Identification of the governance model adopted**

Pursuant to article 10 of the Articles of Association, the Corporate Bodies are the General Meeting, the Board of Directors, the Fiscal Board and the Chartered Certified Accountant or the Chartered Certified Accountants' Company.

The corporate governance model in force at VAA comprises: (i) a management structure, corresponding to the Board of Directors designated by the General Meeting, which in 2020 delegated day-to-day management powers to the Executive Committee and powers in matters of corporate governance, evaluation and appointments to the Corporate Governance Committee; (ii) a reinforced inspection structure, which includes the Audit Board and the Certified Auditor, both appointed by the General Meeting and the latter on a proposal from the Audit Board; as well as (iii) a Remuneration Committee appointed by the General Meeting responsible for setting the remuneration of the governing bodies.



Regarding the assessment of the Company's current Governance model, the Board of Directors considers that it is appropriate to the size and business of the Company, which, being essentially based on a separation of powers between the different corporate bodies, allows to keep good operating levels as well as performance efficiency regarding the functions of each corporate bodies and their interconnection.

In this context, the Board of Directors is responsible for monitoring and defining the implementation of Grupo Vista Alegre's strategic guidelines and risk profile/policy, as well as the other non-delegable matters described below, and monitoring management, as detailed at points 21. and 29. below.

In turn, the Executive Committee, with day-to-day management powers delegated by the Board of Directors, assumes functions of an operational nature, being responsible for implementing the strategic guidelines, risk profile/policy and corporate structure of Grupo Vista Alegre defined by the Board Directors, as detailed in points 21. and 29. below.

The assignment of responsibilities for the purpose of coordinating specific operational/functional management areas of the Executive Committee to each of its members, without prejudice to the collective nature of the management functions by this Committee,

promotes the effective monitoring of the Society's management and taking advantage of synergies within each operational / functional area.

The Board of Directors also created a Corporate Governance Committee aiming at promoting reflection and improvement of the governance model and practices adopted by the Company, with powers in matters of corporate governance, remuneration, assessment and appointments, as detailed in point 29. below.

In legal, statutory and regulatory terms, the Audit Board is responsible for the following supervisory functions and as detailed in points 37. and 38. below:

- (i) The integrity of financial information;
- (ii) The statutory audit and the independence of the Certified Auditor;
- (iii) The effectiveness of risk management, internal control and internal audit systems;
- (iv) The Company's management and compliance with the law and the Articles of Association.

The Certified Auditor is responsible for examining the Company's accounts and also exercising control over the accuracy of the Company's financial information, as detailed in point 38. Below.

**16. Rules governing the appointment and replacement of board members and the amendment of the articles of association:**

The members of the Board of Directors, including the Chairman and one or more Vice-chairman, are elected by the Shareholders at the General Meeting.

The members of the Board of Directors are appointed for annual terms and may be re-elected under the legal terms, considering themselves sworn in as soon as they are elected and will remain in office until the election of new members.

The absence of a director from three meetings, consecutive or not, without justification accepted by the Board of Directors, leads to his/her definitive absence, which must be declared by the Board of Directors. In the event of the absence or definitive impediment of any of the members of the Board of Directors, under the statutory and legally provided for terms, is incumbent upon the management body itself to proceed with the respective replacement through co-option, and must submit it for ratification at the following General Meeting.

The process of naming VAA's Board of Directors has also taken into account the diversity policy of VAA's corporate bodies, approved at a Board of Directors meeting on the 4<sup>th</sup> of December 2017 ("*Diversity Policy*"), pursuant to the following terms:

*DIVERSITY POLICY IN CORPORATE AND SUPERVISORY BODIES*

Following the entry into force of Law 62/2017 of the 1<sup>st</sup> August, **VAA - Vista Alegre Atlantis SGPS, S.A.** intends to adopt and implement a diversity policy with a view to promoting the appropriate gender and age diversity, as well as capacities and complementary education and professional experience, within the respective corporate bodies, based in particular on the following principles:

- (i) *A diversity of knowledge, experience and know-how, as well as gender, considered essential for a more effective perception of the company's activity and the needs that may arise, better identification of solutions suitable for solving problems and a greater efficiency in confronting the challenges that it continually faces, in a consolidated growth strategy, both at national and international level;*
- (ii) *An appropriate balance between the ages and seniorities of its members will enable a more agile, thoughtful, innovative and sustainable decision-making process;*
- (iii) *The combination of an adequate set of differentiated education qualifications will allow the necessary competences to the company's activity and its expansion strategy;*
- (iv) *Mastering areas of knowledge and professional experience in vital sectors in the face of strategic challenges which the company has to face, such as leadership, strategy, marketing & design, development and innovation, industrial operations management, business follow-up and management, quality management, management control, finance/funding, tax, audit, risk analysis, human resources, law and corporate governance;*
- (v) *Periodic monitoring of the implementation of the principles that underlie the diversity policy adopted, reviewing it annually, always with a reasonable notice in advance of the General Meeting elective of the corporate bodies.*

In this context, the election of the Board of Directors and also of the Audit Board for the 2020 term, took this policy into account as these bodies integrate people of different ages, genders and qualifications as well as different professional experiences, with the purpose of promoting not only greater balance and performance within these bodies, but also strengthening of decision-making and control processes.

In turn, when preparing the elective process for 2021, the Corporate Governance Committee approved recommendations regarding the process of appointing members of the corporate bodies to carry out their functions within the scope of this process, implementing the Diversity Policy and complying with the legal standards and recommendations applicable and adequate by the Company in this field.

According to such recommendations, to the extent of its powers and/or when requested by the Shareholders, the Corporate Governance Committee issues an appraisal report of the candidates for members of the governing bodies to enhance the effective performance of their

functions, with reference to the legal standards and the (“IPCG”) Recommendations applicable as well as individual skills and diversity requirements considered relevant and provided by the Corporate Governance Committee.

To this extent, the Company considers establishing criteria and requirements related to the profile of new members of the appropriate corporate bodies and having adopted good practices in order to promote the idea that the proposals for the election of the members of the corporate bodies may have a reasoning process regarding the adequacy of the profile, knowledge and curriculum to the role to be played by each candidate (with the creation of a Corporate Governance Committee with the aforementioned role and activities) and, thus, fully comply with Recommendations I.2.1. and V.4.1. of the IPCG Code.

**17. Structure, as applicable, of the Board of Directors, indicating the minimum and maximum statutory number of members, statutory term duration, number of effective members, date of the first nomination, as well as each members’ term end:**

Under the terms of the Article 14 of the Articles of Association, the Board of Directors has a minimum number of five members and a maximum number of eleven, whichever is decided on the General Meeting, who will choose the Chairman and one or more Vice-Chairmen.

The members of the Board of Directors are elected annually by the General Meeting, which once they are elected, they will remain in the exercise of their functions until the election of those who will replace them.

The date of the first nomination and end of the current term of office (2020), of the members of the corporate body, who were in office until the 31<sup>st</sup> December 2020 and on this date, are presented:

Name	First Position		Term of Office <sup>(1)</sup>
	Mode	Date	
Nuno Miguel Rodrigues Terras Marques	Election	24 <sup>th</sup> of March 2017	December 2020
Paulo Jorge Lourenço Pires	Nomination	29 <sup>th</sup> October 2013	December 2020
Alexandra da Conceição Lopes	Election	22 <sup>nd</sup> May 2013	December 2020
Alda Alexandra Abrantes Costa	Election	22 <sup>nd</sup> May 2013	December 2020
Paulo José Antunes Soares	Election	6 <sup>nd</sup> May 2016	December 2020
Nuno Miguel Ferreira Assunção Barra	Election	6 <sup>nd</sup> May 2016	December 2020
Nuno Maria Pinto de Magalhães Fernandes Thomaz	Election	18 <sup>nd</sup> May 2018	December 2020
Jorge Paulo Sacadura Almeida Coelho	Election	18 <sup>nd</sup> May 2018	December 2020
Cristina Isabel Sousa Lopes	Election	18 <sup>nd</sup> May 2018	December 2020
Teodorico Figueiredo Pais	Election	12 <sup>th</sup> October 2018	December 2020
Céline Dora Judith Abecassis Moedas	Election	26 <sup>th</sup> of June 2020	December 2020
Mário Godinho de Matos	Election	26 <sup>th</sup> of June 2020	December 2020

<sup>(1)</sup> Without prejudice to the members of the Board of Directors remaining in the exercise of their functions until the election of the members of this body who will replace them.

**18. Distinction of the executive and non-executive members of the Board of Directors and, regarding the non-executive members, identification of the members that may be considered independent:**

Members of the Board of Directors in office on the 31<sup>st</sup> December 2020 and at this date:

Name	Position	Board of Directors	Executives	Independent <sup>(1)</sup>
Nuno Miguel Rodrigues Terras Marques	Chairman	Yes	Yes	-----
Paulo Jorge Lourenço Pires	Vice-Chairman	Yes	Yes	-----
Alexandra da Conceição Lopes	Member of the Board	Yes	Yes	-----
Alda Alexandra Abrantes Costa	Member of the Board	Yes	Yes	-----
Paulo José Antunes Soares	Member of the Board	Yes	Yes	-----
Nuno Miguel Ferreira de Assunção Barra	Member of the Board	Yes	Yes	-----
Nuno Maria Pinto de Magalhães Fernandes Thomaz	Member of the Board	Yes	No	Yes
Jorge Paulo Sacadura Almeida Coelho	Member of the Board	Yes	No	No
Cristina Isabel Sousa Lopes	Member of the	Yes	No	No

Name	Position	Board of Directors	Executives	Independent <sup>(1)</sup>
	Board			
Teodorico Figueiredo Pais	Member of the Board	Yes	Yes	—
Céline Dora Judith Abecassis Moedas	Member of the Board	Yes	No	Yes
Mário Godinho de Matos	Member of the Board	Yes	No	Yes

<sup>(1)</sup> In assessing independence, the Company takes into account the criteria provided for in **Recommendation III.4.** (**Recommendation III.5.** is not applicable) of the IPCG Code as well as point 18 of the annex to CMVM Regulation No. 4/2013.

Bearing in mind Recommendation III.2., In 2020 the Company has an adequate number of executive and non-executive members of the Board of Directors in view of the composition of this body approved by the General Shareholders' Meeting and the activity of VAA (in particular taking into account the size of the Company and its businesses, the governance model and the organizational structure described in this report). This number is considered adequate to ensure the effective performance of the functions entrusted to the management body and to contribute to the definition and implementation of strategic lines, as well as to monitor their implementation, taking into account the self-assessment carried out by the Board of Directors with the support from the Corporate Governance Committee.

Despite the fact that the majority of VAA's directors are executive and the Company does not adopt Recommendation III.3., VAA understands that it adopts the following solutions that are materially equivalent to the principles underlying that Recommendation, in order to promote that non-executive directors perform a supervisory role and challenge the executive management, taking into account the specifics of the Company:

- (i) In view of the composition of the Board of Directors approved by the General Meeting, the number of executive directors was adjusted to the group's structure and to the organizational structure adopted by the Board of Directors (see point 21. below), activity, strategic lines and size and geographical dispersion of the VAA, as well as the balance of skills and relevant knowledge to promote an effective performance of the executive areas, with special emphasis on:
  - a) The management of industrial operations divided into segments and commercial areas (so that these responsibilities are entrusted to executive directors with the appropriate attributes bearing in mind the Company's strategic lines); and
  - b) The financial and the internal audit area, whose areas of responsibility were segregated from the business areas and from each other, having also over weighted the importance of assigning matters such as funding vs process improvement and business costing to different directors in the context of the priorities in these matters of the VAA in 2020 especially in view of the demands

arising from the pandemic situation caused by COVID-19, and having in mind the respective individual skills;

- (ii) In turn, the number of non-executive directors is appropriate to the size and corporate structure of the Company, as well as the complexity of the risks inherent to its activity, considering that:
- a) The Company has internal mechanisms and procedures that allow non-executive directors: to participate in the definition of the strategy and the main policies and decisions that should be considered strategic for the Company, due to their amount or risk, as well as in their supervision and evaluation compliance; and implement sound governance practices in the exercise of its management supervisory role, achieving the creation of a Corporate Governance Committee composed of a majority of independent directors, as detailed in point 27. below;
  - b) Most of the non-executive directors are independent directors (members not associated with any interest groups in the Company or in circumstances that may compromise their impartiality, in line with Recommendation III.4.) and show a balanced and adequate diversity of skills, knowledge and professional experiences as detailed in points 18. and 19. below;
  - c) The Board has appointed a lead independent director, whose role is described below;
  - d) The checks & balances model adopted by VAA is further supported by the role of the Audit Board as a supervisory body as detailed in points 37. and following below.

In this context, and as reflected in the Regulations of the Board of Directors, the Chairman of the Board of Directors has been responsible for contributing to the effective performance of functions and powers by the non-executive directors and the internal committees of the Board of Directors, ensuring adequate coordination of their work and the necessary mechanisms so that they receive in time the information necessary for decision-making in an independent and informed manner, in compliance with Recommendations I.3.1. and I.3.2.

On the other hand, non-executive directors, with a view to perform their duties in an informed and independent manner, are legally qualified to obtain the information necessary to exercise their powers and duties (in particular, information regarding the powers to the Executive Committee and its performance, the implementation of the budget and plans and the situation and prospects for the development of the Grupo Vista Alegre's activity and also the archive of the meetings of the other governing bodies and respective committees), requesting:

- (i) The information regarding the Chairman of the Board of Directors, the lead independent director, or the Chairman of the Executive Committee, and the response to their requests must be provided in an appropriate and timely manner to all directors and members of the Audit Board, as applicable;

- (ii) The presence of executive officers or other employees of the Grupo Vista Alegre at the meetings of the bodies/committees concerned, together with the Executive Committee;
- (iii) That the Executive Committee and other internal committees present a summary of the relevant aspects of its activity at the meetings of the Board of Directors.

Also in accordance with the Regulations of the Board of Directors, when the Chairman or Vice-Chairman of the Board of Directors carries out executive functions and/or is not independent, a non-executive and independent Member (lead independent director) will be appointed by the Board of Directors to: *(i)* monitor the performance of the Executive Committee's competences and functions as well as the competences and functions of the non-executive directors, ensuring an adequate coordination of their work and the necessary mechanisms for decision making in an independent and informed manner; *(ii)* undertake the role of middleman between the Chairman of the Board of Directors and the other directors.

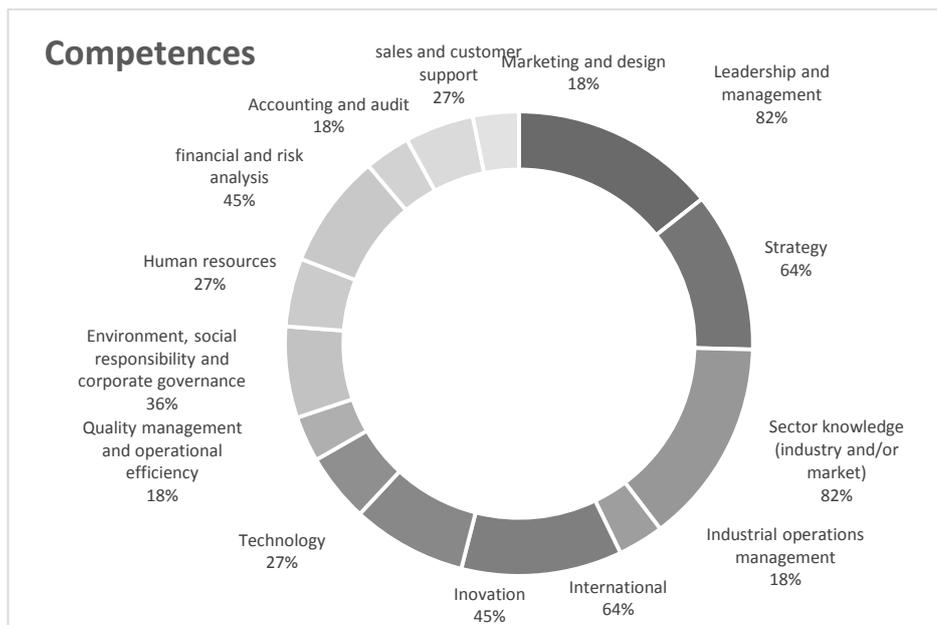
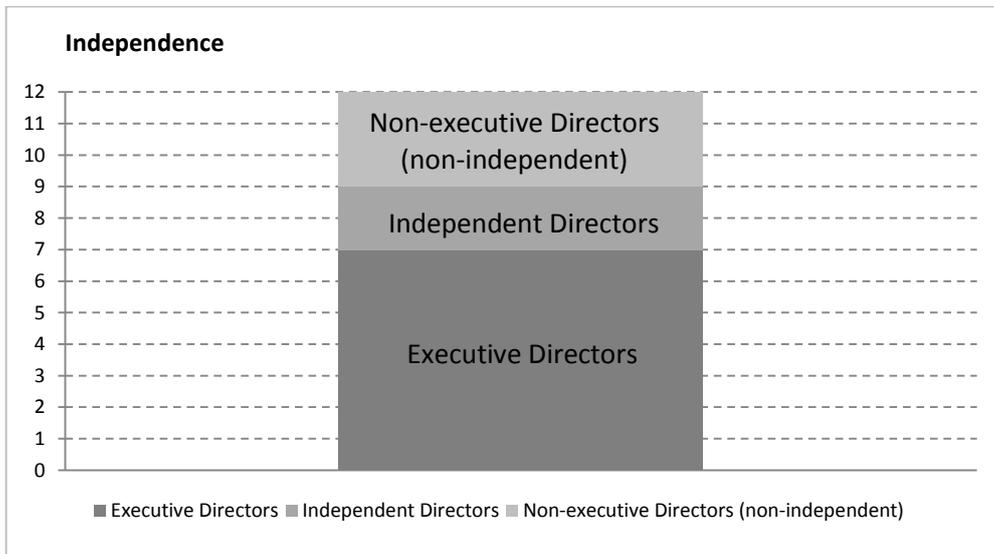
By decision of the Board of Directors on the 26<sup>th</sup> June 2020 and taking into account the role it was playing as a non-executive and independent director, Nuno Maria Pinto de Magalhães Fernandes Thomaz was appointed Lead Independent Director, formalizing the said role and thus fulfilling the Recommendation III.1.

In view of the above, the Company considers to fully comply with Recommendations III.2. and III.4. and that, in 2020 and until this date, it has developed governance practices that are materially equivalent to the content of Recommendation III.3. in order to promote the performance of the said role of executive directors with a careful and effective challenge of executive management and contribution to the definition of VAA's strategic orientation.

#### **19. Professional qualifications and other curricular elements of each of the members of the Board of Directors:**

The professional qualification of the members of the Board of Directors who were in office on the 31<sup>st</sup> December 2020, the professional activity developed and the other companies where they have carried out management functions is present in the Annex B of this document.

Taking into account the Diversity Policy in force since 2017 and more recently the recommendations of the Corporate Governance Committee, in the current term of 2020, the Board of Directors has a balanced composition in order to promote the effective performance of its functions, thus fully complying the Recommendation I.2.1., as shown below:



**20. Usual and significant family, business or commercial relationships of the members of the Board of Directors with shareholders whose attributable share is higher than 2% of the voting rights:**

Among VAA's managers, the following have professional relationships with shareholders whose attributable share is higher than 2% of the Company's voting rights:

- Nuno Miguel Rodrigues Terras Marques: is the Chairman of the Board of Directors of Grupo Visabeira, S.A. and Chairman of the Board of Directors of Visabeira Indústria SGPS, S.A., companies to which is attributable a share higher than 2% of VAA share capital and voting rights.

- Alexandra da Conceição Lopes: is member of the Board of Directors of Grupo Visabeira, S.A. and of Visabeira Indústria SGPS, S.A., companies to which is attributable a share higher than 2% of VAA share capital and voting rights.
- Jorge Paulo Sacadura Almeida Coelho: was the member of the General and Supervisory Board of Grupo Visabeira, S.A., company to which is attributable a share higher than 2% of VAA share capital and voting rights.
- Cristina Isabel Sousa Lopes: is member of the Board of Directors of Visabeira Indústria SGPS, S.A., company to which is attributable a share higher than 2% of VAA share capital and voting rights.

During 2019, no business was required, analysed or authorized between the members of the Board of Directors and VAA or companies under the control of this entity or the Grupo Vista Alegre.

The Banking Group holding qualifying share carried out transactions with VAA and its subsidiaries under the normal market conditions and within their current activity. The information on transactions with related parties is duly disclosed in the consolidated Annex to the Balance Sheet and Income Statement in note number 34 “Transactions with Related Party”.

**21. Organizational charts or functional maps relating to the division of powers between the different corporate bodies, committees and/or departments of the company, including information on delegation of powers, in particular as regards to the delegation of daily management of the company:**

Under the terms of the Articles of Association, the Board of Directors has a minimum of five members and a maximum number of thirteen members. On 31<sup>st</sup> December 2020, the Board of Directors had twelve members, seven executive and five non-executive members.

The Board of Directors has the widest management and representing powers of the company, being responsible for all the necessary or convenient acts to carry out the company’s objects, that do not comply within the competence of other governing bodies.

Pursuant to Article 16, paragraph 2, b) of the Articles of Association, the Board of Directors delegated, by decision of the 26<sup>th</sup> of June 2020, to the Executive Committee the day-to-day management of the Company, under the terms and within the limits of the legal and statutory provisions. When carrying out these delegated powers, the Executive Committee must observe the applicable limits with respect to non-delegable matters as provided for in Articles 406 and 407 of the CSC.

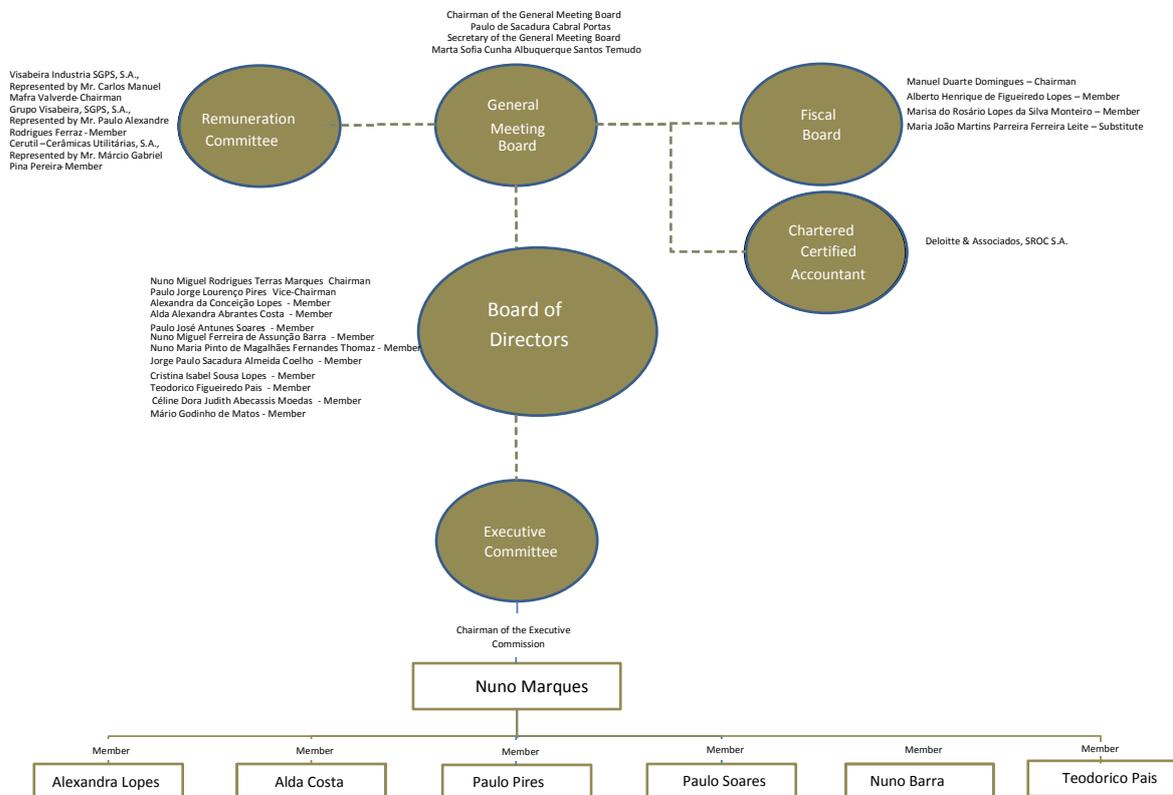
Throughout 2020 and 2021, the strategic direction and definition of the main policies and corporate structure of the Company was the Board of Directors’ responsibilities, as meanwhile provided for in Article 5 of the Board of Directors’ Regulations and in particular in the context

of the annual budgeting cycles and strategic planning/risk policy (in line with Recommendations IV.2., VI.1. and VI.7.).

Pursuant to the Regulations of the Board of Directors and the Executive Committee, in addition to the matters that cannot be delegated under the terms of Articles 406 and 407 of the CSC, the powers identified in point 29. below were not delegated to the Executive Committee.

Considering the characteristics of the company which, since 1<sup>st</sup> of May 2001, has been a holding without any activities of its own, we will also develop this view of the organization of the corporate decision process of Grupo Vista Alegre, which is what makes sense in terms of disclosure of our organizational structure.

Thus, in operational terms, VAA Board of Directors defined and implemented, for all the Grupo's operating companies, an organizational and functional structure with few hierarchical levels, led by the Executive Committee, as described in the following organization chart and the following table, with the areas of responsibility for the purpose of assigning the coordination of operational/functional areas to each of the members of the Executive Committee (without prejudice to the collective nature of the day-to-day management functions):



	Position	Members	Functional Area
Executive Commission	Chairman	Nuno Marques	Market relations/Contact with investors Institutional representation of the Company Business Management and Follow up Legal
	Members	Paulo Pires	Managing Industrial Operations (ovenware and tableware stoneware) Continuous improvement of the productive methods and processes Environment and quality management system
		Alexandra Lopes	Financial Area Procurement/Purchasing Accounting and Taxation Information Systems Human resources
		Alda Costa	Internal audit Customer Support Services
		Paulo Soares	Subcontract Commercial Area (crystal, glass and ceramics) Brand Business Commercial Area (internal and external market) Hotel Commercial Area (domestic and foreign market)
		Nuno Barra	Marketing & Product Design E-Commerce
		Teodorico Pais	Management of industrial operations (crystal, glass and porcelain) Research promotion Development and innovation

On the 26<sup>th</sup> of June 2019, the Board of Directors also created a Corporate Governance Committee aiming to promote the reflection and improvement of the governance model and practices adopted by the Company, with corporate governance functions and competences, assessment, remunerations and appointments, as detailed in point 29. below.

## b) Operation

### 22. Where the functioning regulations of the Board of Directors can be found:

The Board of Directors operates in accordance with the Board of Directors Regulation approved on the 26<sup>th</sup> of June 2019, which reflects not only the current composition of the Board of Directors, but also operation rules, powers, conflicts of interest and rules of conduct applicable to its members at the Grupo Vista Alegre, complementing the applicable legal and statutory rules, complying as well with Recommendations I.2.2., I.4.1. and I.4.2.

A set of mechanisms was also formalized to ensure an effective and efficient flow of information between the members of the corporate bodies and their committees, as detailed in points 18., 29., and 34., in compliance with Recommendations I. 3.1. and I.3.2.

The Board of Directors' Regulations are fully disclosed on the Company's website ([www.vistaalegre.com](http://www.vistaalegre.com)), in line with Recommendation I.2.2.

**23. Number of meetings held and degree of attendance of each member of the Board of Directors to the meetings held:**

During 2020, the Board of Directors met 9 (nine) times, mostly via the online platform, due to the exceptional pandemic context that has characterised this year, having recorded the degree of attendance by each member indicated below (information available on the Company's website at ([www.vistaalegre.com](http://www.vistaalegre.com)), complying with Recommendation I.2.4.):

Members of the Board of Directors	Total number of meeting of the Board of Directors	Effective attendances
Nuno Miguel Rodrigues Terras Marques	9	9
Paulo Jorge Lourenço Pires	9	9
João Manuel Pisco de Castro	9	3 <sup>(a)</sup>
Alexandra da Conceição Lopes	9	9
Alda Alexandra Abrantes Costa	9	9
Paulo José Antunes Soares	9	8
Nuno Miguel Ferreira de Assunção Barra	9	9
Nuno Maria Pinto de Magalhães Fernandes Thomaz	9	9
Jorge Paulo Sacadura Almeida Coelho	9	9
Cristina Isabel Sousa Lopes	9	9
Teodorico Figueiredo Pais	9	9
Céline Dora Judith Abecassis Moedas	9	6 <sup>(b)</sup>
Mário Godinho de Matos	9	6 <sup>(b)</sup>

(a) Director whose term of office ended on the 26<sup>th</sup> of June 2020 (date of VAA's Annual General Meeting);

(b) Directors appointed at the VAA Annual General Meeting on the 26<sup>th</sup> of June 2020.

The resolutions of the Board of Directors are approved by a simple majority and minutes of their meetings are recorded.

**24. Corporate bodies competent to carry out the evaluation of the executive directors:**

The Remuneration Committee, elected by the General Meeting in accordance with Article 23 of the Articles of Association, is the governance structure responsible for assessing the performance of the executive directors, based on the remuneration policy and the criteria

approved by it, which are the object of consideration by the General Assembly in the context of the approval of the annual declaration on said policy.

Moreover, under the terms of the law, the General Meeting evaluates annually the management (and supervision) of the Company.

On the other hand, the non-executive members of the Board of Directors, within the scope of their supervisory function, monitor the performance in particular of the executive directors.

In this context, the Board of Directors also created a Corporate Governance Committee, at its meeting on the 26<sup>th</sup> June 2020, which monitors and supports the annual assessment process of the overall performance of the Board of Directors and the respective committees members (in the case of the members of the Executive Committee, after hearing the respective Chairman), taking into account namely (i) compliance with the strategic lines and budget, (ii) the risk management of the Company and (iii) the efficiency of the functioning of that body and of its articulation with the different VAA bodies and its committees and the contribution of each member.

Following the self-assessment process for 2020, the Corporate Governance Committee and the Board of Directors came to the conclusion that this body shows a high level of adequacy regarding its composition, functioning and effective performance of the role of non-executive directors, especially as far as supervising activity of the Executive Committee and non-executive and independent members contributing to the effective performance of the Board of Directors are concerned, resulting in very positive assessment of the effective monitoring by the Board of Directors of the performance of the Company and its subsidiaries and monitoring Grupo Vista Alegre's strategic and financial challenges and, to that extent, the overall performance of the mentioned body. Even so, areas for improvement were identified such as the current number of non-executive members of the Board of Directors, availability of information to support the respective meetings in advance to make the contribution of the members of the Board of Directors more effective, as well as continuous reinforcement of corporate governance practices and policies, rules of conduct, human resources, social responsibility and sustainability, and in particular with regard to matters pertaining to the remuneration and selection of governing bodies.

The Company intends to comply with Recommendation V.1.1., since the Board of Directors carried out an assessment during 2020 that took into account criteria related to its performance and its committees', considering in particular the compliance with the strategic plan, budget and risk profile/policy, its internal functioning, the contribution of each member and the relationship between the Company's bodies and committees.

#### **25. Pre-determined criteria to evaluate the executive directors' performance:**

As explained in the annual remuneration policy statement approved at the General Meeting of the 26<sup>th</sup> June 2020, the award of a possible variable component by the Remuneration

Committee to executive directors in relation to their performance in the financial year 2020, which will allow to promote an adequate alignment, at a medium and long term, of the company and the shareholders' interests, such as in particular the following performance evaluation criteria: *(i)* creation of value for Shareholders; *(ii)* efficiency in the performance of functions and level of results obtained; *(iii)* maintenance and development of a favourable image and sustainability.

In view of these criteria and as reflected in the annual statement on the remuneration policy to be considered by the annual General Meeting to be held in 2021, the Remuneration Committee proceeded to assess those criteria taking into account the budget and strategic lines approved by the Board of Directors for 2021, as detailed in points 70. and following below, as well as the self-assessment for 2020 carried out by the Board of Directors regarding its performance.

Within the scope of the annual performance assessment process of the Board of Directors, the Corporate Governance Committee approved, at a meeting held on the 10<sup>th</sup> of March 2020, the VAA management's self-assessment model in order to assess the collective appraisal of the corporate body, as well as the qualifications and professional experience of the respective members, suitability for the exercise of the position, effectiveness when carrying out the respective functions and interrelation with the other corporate bodies.

After analysing the information collected, the Corporate Governance Committee submitted to the Board of Directors the conclusions indicated on 24. above regarding the annual assessment (2020) of the performance of the management body (including executive directors), in line with Recommendation V .1.1.

**26. Availability of each member of the Board of Directors, indicating the position held simultaneously in other companies, inside and outside of the Grupo, as well as other relevant activities carried out by the members of those bodies during the year:**

The members of the Board of Directors have consistently and diligently demonstrated their availability in the performance of their duties, having regularly attended meetings held within that body and participated in it work, as mentioned in the number 23. above.

The relevant positions and activities carried out by each of the VAA directors at the same time in other companies are those indicated in [Annex C](#).

Moreover, according to the Board of Directors' Regulations: *(i)* the performance of executive management functions in entities outside the business group, to which the Company belongs, by the Company's directors who carry out executive functions is subject to a prior opinion of the Corporate Governance Committee, in order to assess whether those functions will be complementary to the Grupo Vista Alegre's activity and do not

imply a significant expenditure of time; and (ii) (i) the directors must inform the Chairman of the Board of Directors prior to the beginning of functions in any corporate body, with adequate advance (thus complying with Recommendation IV.1.).

The information indicated in said Annex C about the positions and activities carried out provides evidence of compliance with these requirements, since the Company's directors work in management bodies of companies that are part of the same business group as VAA. Therefore, your availability and dedication to serve as a member of the VAA Board of Directors is complete.

### **c) Committees within the managing and supervisory board and managing directors**

#### **27. The committees established within the Board of Directors, and where the operating regulations may be consulted:**

The Board of Directors created, throughout 2020 and in the terms detailed below, the Executive Committee and the Corporate Governance Committee, thus adopting Recommendations IV.2., III.7. to V.3.1. and V.3.3.

#### **Executive Committee**

At a meeting held on the 26<sup>th</sup> June 2020, VAA Board of Directors, pursuant the article 16, no 2, b) of the Company's Articles of Association, appointed the Executive Committee for the term of 2020, with the structure mentioned in the numbers 17. and 18. above.

The Executive Committee became responsible for the day-to-day management of the Company with the scope and limits of the delegation of powers identified in number 21. above and with the composition indicated in number 28.

Regarding the procedures' regulations of the Executive Committee, it was approved at the Board of Directors' meeting on the 26<sup>th</sup> June 2020, and is available on the Company's website ([www.vistaalegre.com](http://www.vistaalegre.com)), adopting Recommendation I.2.2.

#### **Corporate Governance Committee**

On the 26<sup>th</sup> of June 2020, the Board of Directors appointed a Corporate Governance Committee, composed of three members of the Board of Directors, two of which are non-executives and independents, including their Chairman, for the term to be exercised during 2020.

The **composition** of the Corporate Governance Committee, on the 31<sup>st</sup> December 2019 and on this date, is as follows:

- Nuno Maria Pinto de Magalhães Fernandes Thomaz (Chairman of this Commission, *Lead Independent Director and Non-executive and Independent Administrator*);
- Nuno Miguel Rodrigues Terras Marques (Member of this Commission and Chairman of the Board of Directors and of the Executive Committee, non-independent);
- Mário Godinho de Matos (Member of this Commission and Non-executive and Independent Administrator).

Regarding the operation of the Corporate Governance Committee, it is defined by the Corporate Governance Committee Regulation, approved on the 8<sup>th</sup> of July 2020, and is available on the Company's website ([www.vistaalegre.com](http://www.vistaalegre.com)).

**28. Structure, if applicable, of the executive committee and/or identification of the managing directors(s):**

The composition of the Corporate Governance Committee, on the 31<sup>st</sup> December 2020 and on this date, is as follows:

- Nuno Miguel Rodrigues Terras Marques (Chairman);
- Paulo Jorge Lourenço Pires (Member);
- Alexandra da Conceição Lopes (Member);
- Alexandra Abrantes Costa (Member);
- Paulo José Antunes Sores (Member);
- Nuno Miguel Ferreira de Assunção Barra (Member);
- Teodorico Figueiredo Pais (Member).

**29. Powers of each committee and summary of the activities developed within the scope of those powers:**

**Executive Committee**

Pursuant to Article 16, paragraph 2, b) of the Articles of Association, the Board of Directors delegated, by decision of the 26<sup>th</sup> of June 2020, to the Executive Committee the day-to-day management of the Company, under the terms and within the limits of the legal and statutory provisions. When carrying out these delegated powers, the Executive Committee must observe the applicable limits with respect to non-delegable matters as provided for in Articles 406 and 407 of the CSC.

Throughout 2020, the strategic direction and definition of the main policies and corporate structure of the Company was under the Board of Directors' responsibility, as provided for in Article 5 of the Board of Directors' Regulations (in line with Recommendations IV.2., VI.1. and VI.7.).

Pursuant to the Regulations of the Board of Directors and the Executive Committee, in addition to the matters that cannot be delegated under the terms of Articles 406 and 407 of the CSC ,the following powers were not delegated to the Executive Committee:

- a) The definition of the Company's strategy and main policies, namely through the approval of:
  - (i) VAA's plans regarding strategic, activity, investments, budgets and/or risk management, internal control and internal audit policies and systems (including the risk profile/policy);
  - (ii) VAA selection and diversity policies and general rules of conduct;
  - (iii) evaluation of the effectiveness, compliance and/or alteration of the matters referred to in (i) and (ii), at least annually;
- b) The organization and coordination of the corporate structure of the *Grupo Vista Alegre*;
- c) Matters which are, at each moment, considered strategic due to their amount, risk or special characteristics, considering as such the decisions aimed at:
  - (i) start or end the presence in a specific country, market or business area, either through strategic partnerships or through the acquisition or sale of shareholdings;
  - (ii) opening or closing industrial units;
  - (iii) contracting of debt, on the form of financing or issuance of financial instruments, above €10,000,000, per operation or on an aggregate basis with the same counterparty in each 12-month period or financial year;
  - (iv) signing or terminating agreements with partners or customers that represent a revenue of more than €15,000,000, per operation or on an aggregate basis with the same counterparty in each 12-month period or financial year; and
  - (v) any other businesses, operations, investments or acts, not foreseen in the budget, which imply responsibilities or obligations of an amount above € 1,000,000, per operation or on an aggregate basis with the same counterparty in each 12-month period or financial year.
- d) The approval (i) of internal rules and procedures regarding the approval, hiring, execution and verification of transactions with related parties under the terms described in point 89 and following below, with a prior binding opinion of the Supervisory Board, and (ii) the hiring or carrying out transactions with related entities also identified in point 89 and following below;
- e) The annual assessment of the performance of the Board of Directors above referred to in points 24. and 25.

A set of mechanisms were also formalized to ensure effective and efficient monitoring of control by non-executive members of the Executive Committee's activity and to facilitate the exercise of the respective right to information, in compliance with Recommendation I.2.2.

In fact, in accordance with the Regulations of the Board of Directors and the Executive Committee, the Executive Committee has the duty to provide the Board of Directors and the Audit Board with the information and documentation necessary for the exercise of their duties, in a timely manner in particular information on the powers delegated to the Executive Committee and its performance, the implementation of the budget and plans and the situation and prospects for the development of the Grupo Vista Alegre's activity and the archive of the Executive Committee's meetings.

The Chairman of the Executive Committee must also inform the Chairman of the Board of Directors, the Lead Independent Director, the Chairman of the Audit Board and the Certified Auditor of the agendas and resolutions of their meetings necessary for the exercise of the powers of these same bodies.

At the Board of Directors' meetings, the Executive Committee must present a summary of the relevant aspects of its activity.

In turn, and in accordance with the Regulations of the Board of Directors, the Chairman of the Board of Directors must monitor and consult the internal committees created by the Board of Directors, including the Executive Committee, on the performance of the respective powers, assisting, when he/she deems pertinent and without the right to vote, to their meetings, as well as to contribute to the effective performance of their duties by the non-executive directors and the internal committees of the Board of Directors, ensuring an adequate coordination of their work and the necessary mechanisms so that they receive the information needed to make decisions independently and in a timely manner.

In accordance with its Regulation, the Executive Committee must ordinarily meet once a month and whenever convened by its Chairman, the respective deliberations are validly taken by a majority of votes, and the President shall have a casting vote.

Throughout the financial year 2020, the Executive Committee continuously performed the daily management of the Company, following business activity, in view of the strategic lines subject to approval by the Board of Directors and the emergency situation arising from the COVID-19 pandemic, and promoting decisions made by this body to the Board of Directors, which at each moment proved to be appropriate for the Company and its shareholders, in accordance with its powers and within the scope of the delegation of powers attributed.

Among the matters monitored by the Executive Committee, worthy of note are the *(i)* definition of the measures that were adopted at all times by the Company to deal with the emergency situation arising from the COVID-19 pandemic; *(ii)* definition of the strategic action plan in terms of digital marketing and online commerce (e-commerce) to be carried out; *(iii)*

revision of some of the terms and conditions of the guaranteed obligations, in the amount of 45 million, eligible for trading on the Alternative Spanish Fixed Income Market - MARF and (iv) elaboration of the plan to reopen the activities to be implemented.

In 2020, the Executive Committee met 12 (twelve) times, and minutes drawn up.

#### Corporate Governance Committee

The Corporate Governance Committee aims to promote the reflection and improvement of the governance model and practices adopted by the Company, with the following functions and powers, in line with Recommendations III.7., V.2.1., V.2.6., V.1.1., V.3.1. to V.3.4 .:

- a) Advise the Board of Directors in defining and evaluating the Company's governance model and practices and the Grupo Vista Alegre's rules of conduct;
- b) Present recommendations and opinions to the Board of Directors with a view to adopting the necessary measures to comply with the applicable rules and recommendations considered appropriate in matters of corporate governance;
- c) Define an updated questionnaire and provide opinions on the assessment of independence;
- d) Assist in the preparation of the Company's annual governance report;
- e) Submit recommendations and opinions to the Remuneration Committee about the applicable provisions and recommendations considered appropriate with regard to (i) the remuneration policy of the members of the VAA's corporate bodies and (ii) the independence of any service providers from that committee ( the hiring of these providers by Grupo Vista Alegre is subject to the authorization of the Remuneration Committee and the opinion of the Corporate Governance Committee);
- f) Monitor and support the annual evaluation process of the global performance of the Board of Directors and the respective committees and their members (in the case of the members of the Executive Committee, after hearing the respective Chairman), taking into account in particular (i) compliance with the strategic lines and budget, (ii) the Company's risk management and (iii) the efficiency of the functioning of that body and its articulation with the various VAA bodies as well as its committees and the contribution of each member;
- g) Prepare recommendations and opinions on the diversity and selection policies of the members of the VAA's corporate bodies (considering both the individual profile and diversity requirements for each position) and take measures aiming at transparent processes based on those policies;
- h) To know and monitor the selection processes of managers.

The Corporate Governance Committee must ordinarily meet twice a year and whenever convened by its Chairman, the respective deliberations are validly taken by a majority of votes, and the President shall have a casting vote.

In meetings held on the 10<sup>th</sup> of March 2020, 8<sup>th</sup> of May 2020, 4<sup>th</sup> of June 2020 and 8<sup>th</sup> of July 2020, the Corporate Governance Committee carried out the following activities: *(i)* approved the Commission's own internal regulations (revised at the meeting of 8<sup>th</sup> July 2020); *(ii)* approved the self-assessment models of the Board of Directors and the Audit Board regarding 2020 and the submission to the Board of Directors; *(iii)* approved its recommendations regarding the process of appointing members of the governing bodies for 2020 taking into account VAA's Diversity Policy; and *(iv)* examined this annual governance report and the annual statement on remuneration policy, in line with its functions mentioned above. The resolutions adopted at each of the meetings held during 2020 by the Corporate Governance Committee (four in total) are duly recorded in the minutes.

However, in view of the new election process of the corporate bodies for the annual term of 2021, to take place at the respective Annual General Meeting, the Corporate Governance Committee met on the 23<sup>rd</sup> of March 2021 and on this date, having once again deliberated on the matters identified in *(ii)* above for the year 2020 and in *(ii)* and *(iv)* for the 2021 term.

### III. AUDIT

#### a) Structure

#### 30. Identify the audit board (Fiscal Board, Audit Committee or General and Supervisory Board) corresponding to the model adopted:

Pursuant to Article 19 of the Articles of Association, the audit of the company's business activities is assigned to a Fiscal Board and a Chartered Certified Accountant, which are not members of the said corporate body, elected at the General Meeting.

#### 31. The structure Supervisory Board, indicating the minimum and maximum statutory number of members, statutory term duration, number of effective members, date of the first nomination, as well as each members' term end:

Pursuant to Article 19 of the Articles of Association of the company, the Fiscal Board has three permanent members and a substitute, being the General Meeting responsible for appointing the Chairman among its permanent members, to whom is assigned the casting vote.

The members of the Audit Board are elected annually (annual terms), and they can be re-elected under the legal terms and without prejudice to the applicable rules regarding the assessment of independence.

The structure of the Fiscal Board, on the 31<sup>st</sup> December 2020 at the present, is as follows, indicating for each member the first position and the current annual term of office:

Name	First Position		Term of Office <sup>(1)</sup>
	Mode	Date	
Manuel Duarte Domingues (Chairman)	Election	24 <sup>th</sup> of March 2017	31 <sup>st</sup> of December 2020 <sup>(2)</sup>
Alberto Henrique de Figueiredo Lopes (Member)	Election	22 December 2016	31 December 2020
Marisa do Rosário Lopes da Silva Monteiro (Member)	Election	30 April 2019	31 December 2020
Maria João Martins Parreira Ferreira Leite (Substitute)	Election	18 May 2018	31 December 2020

<sup>(1)</sup> Without prejudice to the members of the Supervisory Board remaining in the exercise of their functions until the election of the members of this body who will replace them.

<sup>(2)</sup> Are re-elected, alternately, for two terms of office each year.

Bearing in mind Recommendation III.2., in 2020 the Company has an adequate number of executive and non-executive members of the Board of Directors regarding the composition of this body approved by the General Shareholders' Meeting and the activity of VAA (in particular taking into account the size of the Company and its business activities, the governance model and the organizational structure described in this report).

This number is considered adequate to ensure the permanent and effective performance of the functions entrusted to the supervisory body, taking into account the self-assessment carried out on this date by the Audit Board with the support of the Corporate Governance Committee.

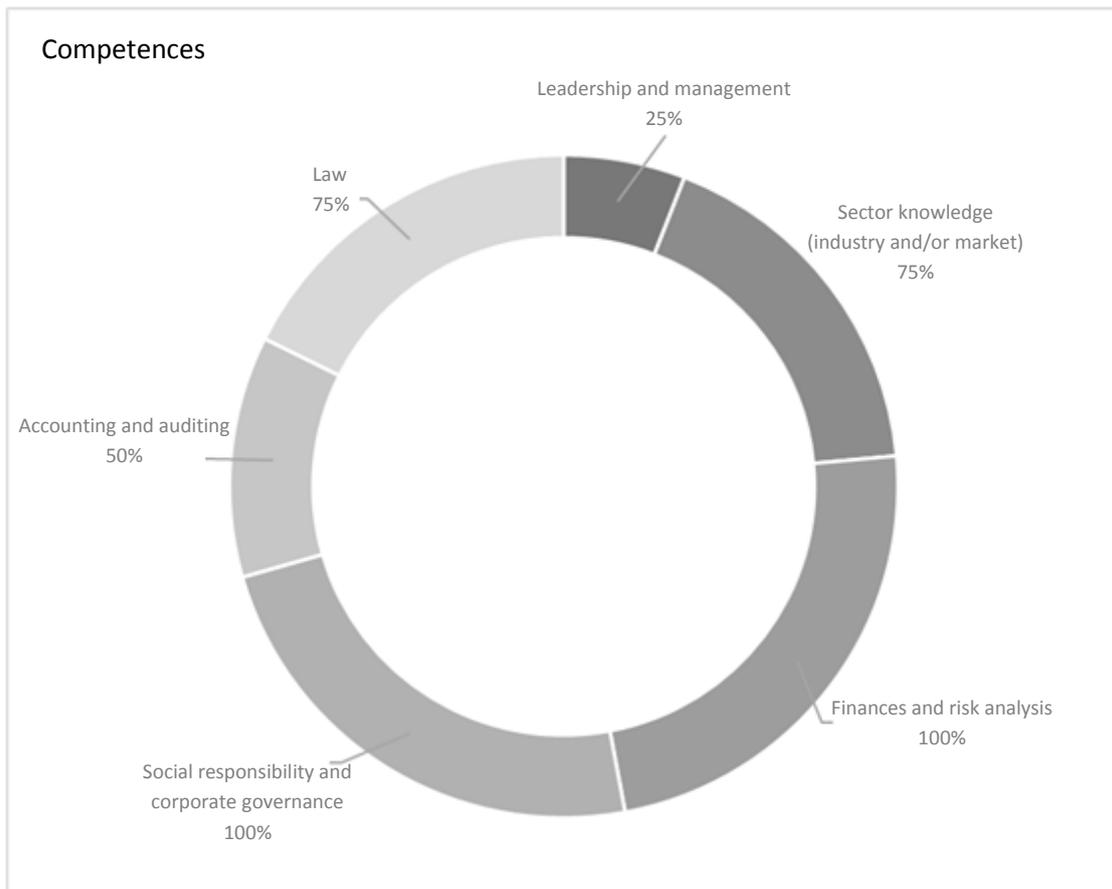
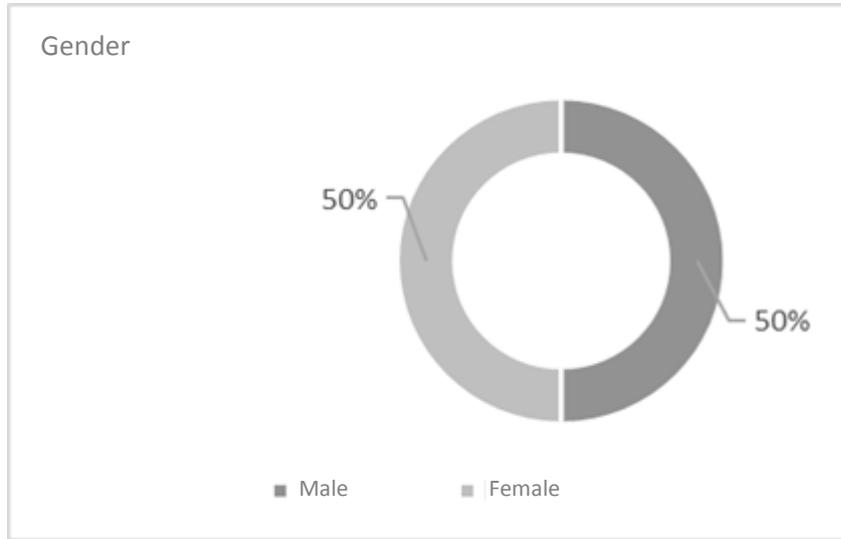
**32. Identification of the members of the Audit Board who consider themselves independent, under the terms of article 414, paragraph 5 CSC:**

Names of the Fiscal Board's Members	Independent (no 5 artº 414º CSC)
Manuel Duarte Domingues	Yes
Alberto Henrique de Figueiredo Lopes	No
Marisa do Rosário Lopes da Silva Monteiro	Yes
Maria João Martins Parreira Ferreira Leite	Yes

**33. Professional qualifications of each member of the Audit Board and other relevant curricular elements:**

The professional qualification of the members of the Fiscal Board on the 31<sup>st</sup> December 2020, professional activity carried out, as well as the indication of other companies where he/she carries out managing functions are set out in [Annex D](#).

Taking into account the Diversity Policy in force since 2017 and more recently the recommendations of the Corporate Governance Committee, in the current term, the Audit Board has a balanced composition in order to promote the effective performance of its functions, thus fully complying the Recommendation I.2.1., as shown below:



## b) Operation

### 34. Where the functioning regulations of the Audit Board can be found:

The rules on the functioning, powers, conflicts of interest and rules of conduct applicable to the Audit Board are defined in its Regulations approved on the 20<sup>th</sup> December 2019, which can be visited on the Company's website ([www.vistaalegre.com](http://www.vistaalegre.com)), in line with Recommendation I.2.2.

A set of mechanisms were also formalized to ensure effective and efficient monitoring of control by the members of the Audit Board over the activity of the Board of Directors and its committees, in compliance with Recommendations I.3.1. and I.3.2.

In fact, the Board of Directors has the duty to provide VAA's supervisory bodies, under the legally and statutory required terms, with the information and documentation necessary for the exercise of its powers, as embodied in the Board of Directors' Regulations. In particular:

- a. The Chairman of the Board of Directors endeavours that the agendas and resolutions of the Board of Directors in which matters are discussed which, pursuant to the law or the Articles of Association, must be the subject of an opinion by the Audit Board or the Certified Auditor, or which contain necessary information to exercise the powers of these bodies, they are sent in time to the members of these governing bodies;
- b. The Chairman of each Board of Directors committee informs the Chairman of the Board of Directors and the lead independent director, the Chairman of the Audit Board and the Certified Auditor of the agendas and resolutions of their meetings necessary for the exercise of the powers of these bodies.

In fact, in accordance with the Regulations of the Board of Directors and the Executive Committee, the Executive Committee has the duty to provide the Board of Directors and the Audit Board with the information and documentation necessary for the exercise of their duties, in a timely manner in particular information on the powers delegated to the Executive Committee and its performance, the implementation of the budget and plans and the situation and prospects for the development of the Grupo Vista Alegre's activity and the archive of the Executive Committee's meetings.

The Chairman of the Executive Committee must also inform the Chairman of the Board of Directors, the Lead Independent Director, the Chairman of the Audit Board and the Certified Auditor of the agendas and resolutions of their meetings necessary for the exercise of the powers of these same bodies.

On the other hand, non-executive directors and the Chairman of the Audit Board, with a view to perform their duties in an informed and independent manner, are legally qualified to obtain the information necessary to exercise their powers and duties (in particular, information

regarding the powers to the Executive Committee and its performance, the implementation of the budget and plans and the situation and prospects for the development of the Grupo Vista Alegre's activity and also the archive of the meetings of the other governing bodies and respective committees), requesting:

- a) The information to the Chairman of the Board of Directors, the lead independent director, or the Chairman of the Executive Committee, and the response to their requests must be provided in an appropriate and timely manner to all directors and members of the Audit Board, as applicable;
- b) The presence of executive officers or other employees of the Grupo Vista Alegre at the meetings of the bodies concerned, together with the Executive Committee;

In the performance of their duties, and without prejudice to other powers attributed to them by law, the Articles of Association and these Regulations, the members of the Audit Board may:

- a) Obtain information or clarifications on the course of the Company's operations or activities or on any of its business activities, and may convene management staff for this purpose (together with the management body);
- b) Have access to information and to the Company's employees for the assessment of the performance, situation and development prospects of the Company, including, in particular, the minutes, documentation supporting the decisions taken, the agendas and the archive of the meetings of the other corporate bodies and respective committees, without prejudice to access to any other documents or people to whom clarifications may be requested;
- c) Obtain the necessary clarifications from the Certified Auditor for the performance of its duties;
- d) Attend management meetings, whenever they deem it convenient or legally due, including in any case the meetings where the accounts of the financial year are appraised.

**35. Number of meetings held and degree of attendance at meetings held by each member of the Audit Board:**

During 2020, the Audit Board met 12 (twelve) times, with the presence of all its effective members (information available on the website Company ([www.vistaalegre.com](http://www.vistaalegre.com)), in line with Recommendation I.2.3.).

The resolutions of the Audit Board are approved by a simple majority and minutes of their meetings are drawn.

**36. Availability of each member of the Supervisory Board, indicating the position held simultaneously in other companies, inside and outside of the Grupo, as well as other relevant activities carried out by the members of those bodies during the year:**

The Members of the Supervisory board have consistently and diligently demonstrated their availability in the performance of their duties, having regularly attended meetings held within that body and participated in its work, detailed in point 35. below.

The relevant positions and activities carried out by each of the members of the VAA Audit Board at the same time in other companies are listed in Annex E, resulting in the availability conditions for the exercise of their functions as members of the VAA Audit Board.

In this sense, according to the Regulations of the Audit Board, its members must inform this body on time prior to the beginning of functions in any corporate body, with adequate advance notice.

**c) Powers and Functions**

**37. Description of the procedures and criteria applicable to the intervention of the audit board for hiring additional services to an external auditor:**

Throughout 2020, the Audit Board monitored the services provided by the Certified Auditor and the conditions for the exercise of its functions with due safeguards for independence and in compliance with legal regulations on the provision of different audit services.

Accordingly, the Regulations of the Audit Board provide the rules regarding the monitoring of the services provided by the Certified Auditor, with a view to complying with said regulations, adopting Recommendation VII.2.1. and including the following functions of the Audit Board: *(i)* monitor the work of the Certified Auditor in such a way that different prohibited audit services are not provided, namely in the context of supervising their work and independence; *(ii)* approve/issue a prior reasoned opinion regarding contracting such services when allowed, under the terms and within the legally established limits; *(iii)* obtain information and documentation legally provided for or relevant to assess and confirm the Certified Auditor's independence; and *(iv)* to assess the threats to the independence of the Certified Auditor and the safeguard measures applied or to be applied, discussing these issues with the Certified Auditor.

During the financial year of 2020, different statutory audit services were provided by the Certified Auditor (Deloitte & Asociados, SROC S.A.), as described in 47. *infra*.

**38. Other functions of the supervisory bodies**

In accordance with the law, the Statutes and Regulations of the Audit Board, this corporate body has the following duties in general: *(i)* inspect the integrity of financial information; *(ii)* oversee the statutory audit and the independence of the Certified Auditor; *(iii)* oversee the

effectiveness of risk management, internal control and internal audit systems; and *(iv)* inspect the Company's management and monitor compliance with the law and the Articles of Association.

In terms of competences regarding financial information and adopting Recommendation VII.1.1., the Audit Board is responsible in particular for:

- a) Checking the regularity of the books, accounting records and documents that support it and the accuracy of the accountability documents, supervising the process of preparation and disclosure of financial information;
- b) Check the adequacy of accounting policies and their application (including the adequacy of accounting policies, estimates, judgments, relevant disclosures and their consistent application between years, in a duly documented and communicated manner);
- c) Issuing an opinion on the management report including the non-financial statement, the accounts for the year and the proposals presented by management, also expressing its agreement or not with the annual management report and with the accounts for the year and issuing the statement provided for in paragraph c) of no. 1 of Article 245 of the Securities Code (or the standard that succeeds it), as well as certifying whether the annual corporate governance report includes the elements referred to in Article 245-A of the Securities Code (or standard that succeed it).

With regard to its powers regarding the supervision of the statutory audit and the independence of the Certified Auditor and adopting Recommendations VII.2.1., VII.2.2. and VII.2.3., the Audit Board is responsible in particular for:

- a) Select the Certified Auditor to be proposed to the General Meeting according to the process described in point 44. below, also proposing the respective remuneration to the competent body;
- b) Verification and control of the Certified Auditor's independence and monitoring and approval of the provision of services other than audit services as described in point 37. above;
- c) To monitor the auditing of the financial statements, holding regular meetings with the Certified Auditor, namely when analysing the Company's accounts, as detailed below;
- d) Annually assess the work carried out by the Certified Auditor, including its independence and suitability for the exercise of functions, proposing to the General Assembly its dismissal or the termination of the contract for the provision of its services whenever there is just cause before the competent bodies.

In this context, it should be noted that the Audit Board monitors the work of the Certified Auditor, assuming itself as the main interlocutor of VAA before him (and the first recipient of

his reports), articulating his communication in particular through the Chairman of the Audit Board and periodic status check meetings (at least quarterly) and having promoted that it has conditions within the Company for the provision of its services.

In terms of the inspection of risk management, internal control and internal audit systems, in accordance with the legal terms and its Regulation and adopting Recommendations VI.2., VI.3., VI.4. and VI.5., the Audit Board is responsible for evaluating and supervising the effectiveness of the risk management, internal control and internal audit systems approved and implemented by the Board of Directors and the Executive Committee, to the extent of the respective delegation, including:

- a) Monitor the process of preparing and disclosing financial information and accounting and auditing matters;
- b) Monitor the work of quality services, management control and internal audit and ombudsman services in relation to the VAA (including the work plan and related resources and being the recipient of your reports, particularly those on matters related to accountability, identifying or resolving conflicts of interest and detecting potential irregularities);
- c) Monitor the strategic lines and risk profile/policy to be approved by the management body and the respective system and services in the risk management area (in particular in the context of the annual budgeting cycles and strategic planning/risk policy).

It is also responsible for issuing a prior binding opinion on the procedure to be approved by the Board of Directors regarding the approval/execution and verification of transactions with related parties and a prior opinion on certain business proposals with related entities detailed in points 89 and following below.

The Audit Board is also responsible for monitoring the activities of the Company and for supervising and inspecting the activity of the management body, adopting Recommendations III.6., VI.2, VI.3, and VI.7.: a) following the strategic lines, the risk profile/policy and the VAA's risk mitigation and monitoring measures to be approved by the management body; and b) assessing, at least annually, compliance with strategic lines and the budget and whether the risks effectively incurred by VAA are consistent with the objectives set in terms of risk tolerance, as well as the internal functioning and relationship of the Board of Directors with the other bodies and committees.

As a supervisory body, the Audit Board monitors compliance with the law and the Articles of Association applicable to the Company and receives reports of irregularities submitted by Shareholders, employees or others, according to a procedure approved for this purpose by the Board of Directors with a binding opinion. Audit Board, described in paragraph 49. below.

In turn, the Certified Auditor has the powers provided for in Article 446 of the CSC, in the legal regime of audit supervision, in the statute of the Order of Certified Auditors and in Regulation (EU) No. 537/2014 (or rules that follow them).

#### IV. CHARTERED CERTIFIED ACCOUNTANT

**39. Identify the chartered certified accountant and the chartered certified accountant who represents him/her:**

VAA chartered certified accountant for 2020, is the company Deloitte & Associados, SROC S.A., registered in the *Ordem dos Revisores Oficiais de Contas* under the no 43, represented by Miguel Nuno Machado Canavarro Fontes, and registered at the *Ordem dos Revisores Oficiais de Contas* under the no 1397.

**40. Indicate the number of years the chartered certified accountant works with the company and/or group:**

Deloitte & Associados, SROC S.A. was appointed for the first time VAA chartered certified accountant at the Annual General Meeting on the 24<sup>th</sup> March 2017 to carry out its functions during 2017/2018, and was re-elected at the Annual General Meeting from 30<sup>th</sup> April 2019 to the 2019/2020 biennium.

**41. Description of other services provided by the chartered certified accountant to the company:**

The Chartered Accountant currently in office did not provide any services other than audit services for the year 2020, as indicated in 47 below.

#### V. EXTERNAL AUDITOR

**42. Identify the external auditor appointed pursuant of the article 8 and who represents him/her to carry out its functions, as well as the registration number at the CMVM:**

Audit services are provided by the external Statutory Auditor hired by VAA for 2020, Deloitte & Associados, SROC S.A. registered at the *Ordem dos Revisores Oficiais de Contas* under no 43, represented by Miguel Nuno Machado Canavarro Fontes, registered at *Ordem dos Revisores Oficiais de Contas* under no 1397.

**43. Number of years the external auditor and the respective associate chartered certified auditor who represents him/her carry out the duties assigned to them in the company and/or group:**

Deloitte & Associados, SROC S.A., as well as the associate who represents it, started providing external audit services to VAA SGPS SA in **2017**, 2017, under the contract for services provision for the years 2017 and 2018, renewed for another two years (2019-2020).

**44. Rotation policy and frequency of the external auditor and the respective associate chartered certified auditor who represents him/her carrying out the duties assigned to them:**

The Audit Board monitors and supervises the independence of the Certified Auditor and the partner who represents him (properly assessing the threats to his independence and the safeguard measures applied or to be applied and annually confirming his independence and suitability for the exercise of functions) , assesses its work annually and is also responsible for proposing to the General Meeting its appointment and dismissal when there is just cause for the effect, as indicated in point 38. above.

The selection process of the Certified Auditor to be proposed to the General Meeting is promoted and organized by the Audit Committee, in compliance with the following criteria and methodologies, without prejudice to the other requirements at all times provided for by law, in particular in accordance with the provisions of legal regime of audit supervision, in the statute of the Order of Certified Auditors and in Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 (or rules that follow them), as far as applicable, according to which the rotation of the Certified Auditor is foreseen (currently there is an eight year term applicable to the VAA for rotation, except in cases of legally permissible extension) and the responsible partner (currently there is a seven year period for rotation), and must:

- a) Begin with sufficient advance in relation to the date scheduled for the General Meeting;
- b) To be attended by several entities selected by the Audit Board and run for a period defined by this body;
- c) To be a process free of any external influence and free of any contractual clause that limits the choice of the General Meeting in the designation of the Certified Auditor to certain categories or lists of entities;
- d) Observe selection, transparency, non-discrimination and exemption criteria, and the Audit Board, when assessing the proposals received, should consider, namely:
  - i. the reputation of the participating entities;
  - ii. the conditions of independence and objectivity;
  - iii. knowledge of the sectors and markets in which VAA and Grupo Vista Alegre's companies operate;
  - iv. the experience in companies with listed securities;
  - v. the resources and capacities of each entity in view of the size and organization of the Grupo Vista Alegre;
  - vi. the financial conditions presented by each entity; and
  - vii. the contractual terms and conditions and the methodological approach presented by each entity, in particular with regard to the scope and work schedule.

Bearing in mind the fact that the Certified Auditor, in office since 2017, has been re-elected at the Annual General Meeting on the 30<sup>th</sup> April 2019, following a proposal by the Audit Board, for 2019-2020, as well as the way these duties have been carried out, there was no need, on the part of the Audit Board, to have to take steps towards its rotation.

**45. Indicate the body responsible for the evaluation of the external auditor and the frequency with which the said evaluation is carried out:**

The VAA Audit Board is responsible for overseeing the audit of the financial statements, as indicated in paragraph 38 above, including in particular:

- a) Monitor the work of the Certified Auditor, assuming as VAA's main interlocutor (and the first recipient of his reports), articulating his communication in particular through the Chairman of the Audit Board and periodic meetings of status reports ( at least quarterly);
- b) Ensure that the adequate and necessary conditions for the provision of services by the Certified Auditor are ensured within the Company;
- c) To annually assess activity, adequacy and independence, critically evaluating the reports and other relevant information it produces, in particular the legal certification of accounts and the audit report, as well as the additional report.

The Audit Board annually presents, in the annual report on its supervisory activity, the assessment of the Certified Auditor.

**46. Identify the work, different from the audit's, carried out by the External Auditor to the company and/or companies with which it has a control relationship, as well as the internal procedures to approve hiring the said services, indicating the reasons for the hiring:**

In addition to the auditing services for 2019, the current Statutory Auditor also provided services related to the capital increase and bond issue processes carried out during the year 2019 referred to in 47. below.

**47. Indicate the amount for the annual remuneration paid by the company and/or companies with which it has a control or group relationship, to the auditor and other natural or legal people belonging to the same network, and specify the percentage regarding the following services:**

<b>For the Company*</b>		<b>%</b>
Amount for auditing services (€)	€18,600.00	19%
Amount for reliability ensuring services (€)	€ 0	0%
Amount for tax consultancy services (€)	€ 0	0%
Amount regarding services other than auditing (€)	€ 0	0%
<b>For companies of the Grupo*</b>		
Amount for auditing services (€)	€78,400.00	81%
Amount for reliability ensuring services (€)	€ 0	0%
Amount for tax consultancy services (€)	€ 0	0%
Amount regarding services other than auditing (€)	€ 0	0%
<i>*Including individual accounts in Portugal</i>	€ 97,000.00	100%

## C. INTERNAL STRUCTURE

### I. ARTICLES OF ASSOCIATION

#### **48. Rules applicable to the changes to the company's articles of association (article 245-A, no 1, paragraph h)**

Nothing is defined under the articles of association, therefore the law in force is applicable, namely the Commercial Companies Code.

### II. REPORTING IRREGULARITIES

#### **49. Means and policy for reporting irregularities in the company**

The Company has adopted mechanisms for preventing and reporting irregularities as regulated by the Irregularities Prevention and Reporting Procedure in compliance with Recommendation I.2.5, approved by the Board of Directors on December 20, 2019 and subject to internal disclosure to employees through the normal means of communication, as well as externally through the Company's website ([www.vistaalegre.com](http://www.vistaalegre.com)).

Taking into account the activity of the Grupo Vista Alegre and as foreseen in the Procedure for Prevention and Communication of Irregularities:

- a) VAA follows standards of conduct on business ethics and social responsibility;
- b) In this regard, the Ombudsman with functions at the level of the Grupo Vista Alegre and the business group that VAA is part of contributes to affirming and promoting the rights of customers, suppliers and employees and improving the quality and efficiency of the services provided by these companies;
- c) In turn, quality and management control services take on functions relating to identifying and monitoring compliance with applicable standards at the level, respectively, of product/service quality management and financial areas, and in internal auditing through periodic control measures and evaluations.

The Irregularities Prevention and Reporting Procedure allows any interested party related to VAA or its subsidiaries, namely employees, members of corporate bodies, shareholders, investors, customers, suppliers or business partners, to communicate to the Supervisory Board the knowledge or well-founded suspicions of the existence of any severe irregularities which are likely to violate the rules of conduct or legal, regulatory, statutory, professional ethics or other provisions in force at the Grupo Vista Alegre, in particular those relating to administration and the financial, accounting and internal control, audit and anti-corruption areas.

The Supervisory Board, as the Company's supervisory body, is responsible for receiving and managing the system of communication and treatment of reports of irregularities presented with regard to or with an impact on VAA and its subsidiaries.

Employees who have reported irregularities are obliged to provide the Supervisory Board with all the information available to them and to cooperate in the respective investigation process.

The security of information received on irregularities and on the associated records is ensured by the Company's internal rules, in accordance with the applicable legislation on data protection and information security, and is only used for the purposes provided for in said procedure.

VAA and its subsidiaries guarantee the right to information on the responsible entity, the facts reported and the final purpose of processing, as well as the right to access information concerning them and the right to request correction or deletion if it proves to be inaccurate, incomplete or misleading.

Each irregularity reporting process will be treated as confidential (in particular with regard to the identity of the person reporting and the information transmitted), with all people having access to information contained in the alleged irregularities processes obliged to keep it confidential.

Due to their confidentiality, only members of the Supervisory Board and, on a strict need basis, members of the Board of Directors and employees or external consultants expressly designated to support the work of the Supervisory Board, have access to the processes of reporting irregularities.

VAA and its affiliated companies ensure that entities reporting the practice or suspicion of any irregularity or providing information within the scope of the investigation of reported irregularities will not be subject to any detrimental treatment, retaliatory action, subpoena, threat or discrimination, and the Company must ensure that this does not occur (failure to comply with this rule will result in the opening of disciplinary proceedings against the perpetrator in question).

The communication of irregularities under said procedure and addressed to the Supervisory Board shall be made in writing, by e-mail or letter, to the following address:

E-mail: [com.irregularidadesVAA@vistaalegre.com](mailto:com.irregularidadesVAA@vistaalegre.com)

Address: Conselho Fiscal da VAA – Vista Alegre Atlantis SGPS, S.A. - Bairro da Vista Alegre, 3830-292, Ílhavo

Upon receipt of a statement, the Supervisory Board will take the necessary steps to verify the existence of sufficient grounds to initiate an investigation, and may conclude that there are not sufficient grounds for investigation or proceeding with an investigation. In this context, it may

count on the support of internal management or other services, namely human resources, quality and management control services and the ombudsman's office.

Upon completion of the investigation, the Supervisory Board prepares a report, transmitting its conclusions to the Board of Directors and, if applicable, to the Executive Committee, in order to adopt the adequate measures to correct the irregularity and the respective sanction, if applicable. Moreover, when the respective involvement in the specific situation justifies it, the competent authority should be informed.

In case of conflict of interests of any of the intervening parties in the treatment and decision process regarding a certain alleged irregularity, he/she should not have any intervention in the referred process whatsoever.

### III. INTERNAL CONTROL AND RISKS MANAGEMENT

#### **50. People, bodies or committees responsible for the internal audit and/or implementation of internal control systems:**

The Board of Directors is aware of the importance of internal control, internal audit and risk management systems. The systems implemented results from the Company's continuous improvement and reflection process, including the Managing and fiscal areas as well as the different functional areas.

The Management is responsible for defining the company's strategic purposes, as well as encouraging the creation of conditions for the company's performance to comply with the said purposes.

This plan includes the Board of Directors defining the basic principles of the internal control and internal audit systems (as well as the evaluation of their effectiveness at least on an annual basis and their alteration), and the Executive Committee is responsible for implementing the set of procedures and methods that ensure the implementation of the plans defined above and guarantee the safeguarding and operability of the Company's resources.

Furthermore, the Board of Directors, upon proposal of the Executive Committee, has to approve VAA's risk policy/profile and risk management system (as well as to evaluate its effectiveness at least on an annual basis and modify it), the latter being responsible for implementing the set of procedures and methods inherent to this system.

The implementation of the internal control, internal audit and risk management systems is a process that, despite being led by the Management, comprises the company in all the processes in which it is organized, as described in paragraph 51, below.

However, it is worth mentioning the role and functions that are played in the risk management system by the Financial Department, the Management Control Department and the Quality Management System Department.

At the level of internal control and internal audit systems, the role and functions of the services in terms of quality, management control and internal audit of VAA are highlighted, as well as of the provider services of the Grupo Vista Alegre and the business group to which it belongs.

The Supervisory Board is responsible for monitoring the effectiveness of the risk management, internal control and internal audit systems approved and implemented by the Board, with a view to proposing possible adjustments to the Board.

To this end, the Supervisory Board is responsible for implementing periodic control procedures with a view to: *(i)* monitoring the work and resources allocated for the functioning of the risk management unit; *(ii)* monitoring and commenting on the strategic guidelines, risk profile/policy, risk mitigation and monitoring measures of VAA to be approved by the management body; and *(iii)* assessing at least annually whether the risks actually incurred by VAA are consistent with the objectives set in terms of risk tolerance, informing the management of all checks, inspections and diligences they have made and the results thereof.

The Supervisory Board is also responsible for *(i)* evaluating and supervising the internal control system approved and implemented by the Board, in particular periodically evaluating the internal controls relating to the process of preparation and disclosure of financial information and to accounting and auditing matters, and *(ii)* Comment on the work plan and resources allocated to the services in terms of quality, management control and internal audit, as well as monitor the activities of these services and the provider services in relation to the VAA, periodically ,monitoring the effectiveness of the internal audit system.

The fiscal Board confirmed the suitability of the contents of the Internal Control Manual with the verified procedures, receiving reports issued by the internal audit services and obtaining information through meetings held to confirm their effectiveness, achieving the desired results.

The Chartered Accountant, within the scope of its powers and the external audit service it provides to the Company, provides a regular analysis of the suitability of the mentioned internal control system and its main elements.

The Company therefore intends to fully comply with Recommendations III.6., VI.2, VI.3, VI.4. and VI.5.

**51. Explain, although by including the organization chart, the hierarchical and/or functional relationships with other bodies or committees of the company:**

The internal control systems and internal audit, still defined and implemented by higher decision, as described in point 50., result from procedures and methods regulated at different hierarchical levels, and are periodically monitored and evaluated.

It is intended that these systems acts transversally through the company, promoting its organization into processes. Each process is assigned, by the process manager, to a person in charge, who answers before an executive director, who in turn reports to the executive officer through the Board of Directors. The aggregation of the processes and of the different people in charge is done according to functional areas, being the Director responsible for the portfolio, their allocation, assignment of functions and periodic monitoring.

More broadly, the Board of Directors appoints as its representative an Operational Executive Director, who must ensure, among other, that the defined procedures are implemented and kept, that their performance and adjustment needs are regularly reported to the Management, and that the necessary means and resources are provided to the system.

The internal control system foresees the definition of purposes and their monitoring, not only at the level of each functional area, but also at the level of the business segments, which are currently Porcelain, Stoneware Ovenware, Stoneware Tableware, crystal /Handmade Glass and Faïence.

The system's operability and effectiveness are continuously monitored, with the implementation of an internal audit program. In this area, we intend to ensure as well the awareness of the entire company, and VAA has a team of internal auditors from different business areas, which comply with an annual activity plan that covers all the relevant processes and areas of the system. The audits carried out result on reports, which are reported to the Director responsible for the processes.

Regarding the business segments, their supervision and control thereof is carried out at the level of the Executive Committee and the Board of Directors.

The accuracy and the reliability of the system and its control mechanisms are further ensured by an annual review of the system, under which the elements of all the processes are analysed and in which participated all process managers, directors and the Management.

With regard to the risk management system, although further defined and implemented as described in paragraph 50. *above*, the Company and its Management seek to actively involve all employees in the risk management process, promoting their commitment to that and the adoption of control measures and behaviours at different hierarchical levels, following the process described in paragraph 54. *below*.

Necessarily, the sustainability of the Company and of all interacting with it comes from the soundness of its internal control and risk management structure as part of the Company's strategic planning and operational management process, thus enabling a better identification, evaluation, and management of uncertainties, threats and opportunities.

**52. Existence of other functional areas with powers to control the risks:**

The functional areas with powers to control the risk are identified on numbers 50 and 51 above mentioned.

**53. Identify and describe the main types of risks (economic, financial and legal) to which the company is exposed while carrying out its activity:**

The risk translates into the possibility of a loss or non-compliance of previously established purposes. Thus, VAA faces a number of risks, many of which are non-diversifiable, which are characterized by the fact that its control is outside the Company's scope. Of course, in all cases (controllable or not) the Company seeks to act in a proactive way, making efforts so that there is a timely identification and monitoring which allows it to act in a preventive way, thus reducing the possibility of occurring, as well as reducing the possible impacts.

As such, hereafter is presented a set of economic, financial, legal and operational risks, which VAA believes to be, on 31<sup>st</sup> December 2020 and in accordance with the information available, the most significant.

**Economic risks**

**Macroeconomics and competition**

The activity of VAA is naturally subject to the evolution of the macroeconomic environment, with demand in markets where VAA operates being affected by the instability of the national and international environment in general, and by uncertainties and turmoil in the economy and financial system of some countries, particularly within the Euro Zone.

Oscillations in the macroeconomic environment affect the consumers' behaviour and interfere with the evolution of demand within the markets where VAA operates. Moreover, the investment level (CAPEX) which has been implemented by the Company in recent years renders it vulnerable to the evolution of the macroeconomic environment.

VAA cannot predict how the economic cycle will develop in a short term or in the coming years, or whether there will a further deterioration of the global economic cycle in the countries where it operates.

Currently, most of the sales and services provisions of VAA are carried out in foreign markets, mainly in European countries (such as Spain, Germany, France, Italy and United Kingdom), with a presence in other countries such as Brazil, United States of America, Mexico, Mozambique and India, among others (having subsidiaries in Spain, United Kingdom, France, Brazil, United States of America, Mexico, Mozambique and India). Among other factors, any significant changes to the political environment, to the currency policies, legislation or regulation, to the acceptance levels of the consumers, to the increase on the costs or decrease of the demand, or on the economic situation, in those foreign countries

or in Portugal, may significantly limit the capacity to generate profit and they may have adverse material consequences in the activity, in the financial situation or in the VAA operating results.

Moreover, the markets where VAA operates are highly competitive and in constant development, namely in technological terms, changes to the consumer habits and design trends. In this sense, VAA is required to be able to monitor these changes and thus maintain its competitiveness. Notwithstanding, the efforts undertaken by the Company, it is not possible to guarantee the loyalty of its customers, which may translate into material adverse effects on its activity, financial situation and operating results.

VAA monitors and controls regularly the market in which it operates in order to measure the impacts of possible variations in the turnover, implementing management measures which may avoid its profitability reduction. Regardless of the VAA continuous monitoring, through management, information and insurance policies coverage systems, it is not possible to ensure control and prevention of these risks, under circumstances that may escape the Company's control.

#### Strategic

VAA is also subject to strategy risks, with the possibility of making inadequate decisions, failure to implement decisions or lack of responsiveness to unforeseeable market conditions.

The Company's eventual inability to attract and retain qualified professionals may impact as well on its ability to successfully implement its business strategy. Although the Grupo's human resources policy is geared towards achieving these objectives, it is not possible to ensure that in the future there are no limitations in this area.

All of the situations described at the level of macroeconomic risks and the development of the business plan established and underway imply the need for additional financing, for which the Company has nevertheless obtained the necessary funds, but for which the Company cannot assure its profitability.

Although innovation and marketing are major success factors for creating value for VAA brand, which are assumed to be key strategic pillars, there are risks associated with protecting brands that may be adversely affected by events beyond their control.

#### Financial Risks

In the Grupo Vista Alegre, the main financial liabilities are loans obtained from banks and other institutional investors, commercial payables and other accounts payable. Financial liabilities are incurred in order to finance the Grupo's operations, namely the Companies' Group working capital and investments in expansion and maintenance of production capacity.

Financial assets derive from operations and are comprised of trade accounts receivable and other debtors and cash and short-term deposits. Grupo also has available-for-sale investments, which are recorded at acquisition cost and of limited significance.

Grupo Vista Alegre is basically exposed to (i) market risk essentially with interest rate and Exchange rate changes, (ii) credit risk and (iii) liquidity risk. VAA's main purpose is to reduce these risks to an acceptable level.

### Market risk

Market risk is the fair value risk of future cash flows fluctuating due to changes in market prices. Market risk encompasses three types of risk: interest rate risk, currency risk, and other price risks.

- Interest rate risk

The Grupo exposure to interest rate risk comes primarily from loans obtained at variable rates. Part of the financing had an interest rate indexed to Euribor in different maturities. These rates started to decrease on October 2008 as a result of the successive cuts in the European Central Bank's interest rate in response to the international financial crisis, which has led to a downward trend in recent years, in 2015 reached negative values and in 2020 the downward trend continued. If the average interest rate supported in 2020 had been 0,5 p.p. higher (lower), the net financial costs would have increased (reduced) by approximately 208 thousand euros.

Additionally, Grupo Vista Alegre issued guaranteed bonds in the amount of 45 million euros in 2019, with a fixed annual rate of 4,5% and maturity in October 2024, as well as guaranteed bonds in the amount of five million euros with an annual fixed rate of 3,5% and final maturity in October 2024. Thus, the Grupo ensured coverage of exposure to interest rate variations for 49% of total financial debt.

- Exchange risk

Vista Alegre has subsidiaries in Brazil, the United Kingdom, Mozambique, the United States of America, Mexico and India through which it markets in its respective markets in Reais, Pounds, Meticals, US dollars, Mexican Pesos and Indian Rupees, respectively. In Brazil, where the impact was more significant, exchange rate risk vis-à-vis the euro, the currency in which its imports of goods from Portugal are made, the Grupo holds a short position of around 1.3 million euros. The Brazilian real depreciated 41.51% against the euro in 2020. A 2% change in the exchange rate would have an impact of around 26 thousand euros. In consolidated terms it presents a balance sheet risk by incorporating the accounts of this subsidiary.

### Credit risks

Vista Alegre Atlantis, SGPS, S.A.'s subsidiaries are exposed to a variety of diversified risks. Being aware of the importance of credit risk management and the protection of their treasury, recognizing the importance of credit insurance as an essential instrument both domestically and externally. Conscious of the importance of adopting active management of different financial risks in order to minimize their potential negative impacts on cash flow, results and value of companies, it seeks to manage these risks effectively by formulating adequate hedging strategies.

Credit risk is an important and complex aspect which is present in the daily life of the Grupo. Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change. The definition of credit risk is a reflection of the variety, quality and origin of the information available to the credit analyst.

The Grupo keeps the credit insurance policies, leaves the analysis of credit granting to professionals who are specialized in debts recovery, receiving from the credit company the indication of exposure - credit limit - adjusted to the credit capacity of each client. Thus, management can be primarily focused on operational issues. The coverage of this risk allows as well for compensation of 90% for the unpaid credits. Recent years have been marked by increased restrictions on lending in general, with credit limits having undergone significant unfavourable revisions. In view of this scenario, and in order to meet the credit risk coverage needs, in which the limits granted under the base policies are insufficient, Grupo Vista Alegre has insured additional coverages to export which allow it to increase the partial coverage of its risks, up to twice the amount granted in the base policy in the OECD.

The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal credit. The detailed analysis of a client's credit risk is usually summarized in a credit report, which includes available and relevant information such as the client's character, management capacity, assets, history, financial information, credit guarantees and payment conditions for drawing up an opinion on a credit operation.

The Grupo believes that it does not have significant credit risk concentrations, maintaining an active credit control for all its clients, overseen by the Financial Management.

### Liquidity risk

Liquidity risk is the risk that the the Grupo will encounter difficulties in meeting commitments associated with financial instruments. This risk is the biggest that the Grupo have been exposed to. The Grupo VAA, substantially improved its financial conditions as a result of changes in the shareholder structure, in previous years, and the positive evolution of its operations, with operations involving the issuance of a bond loan and a capital increase in 2019 strongly contributed to the improvement of the financial strength of the

Grupo Vista Alegre. Treasury and investments are managed by a global and centralized organization, which allows reducing cash flow risks, avoiding exposure to variations that may affect the companies' results.

The use of discount on export shipments allows a reduction of the average time of receipt with the inherent anticipation of receipts and a better treasury management by obtaining timely working capital necessary to finance the operating cycle, fundamental to sustained economic and financial growth. The Grupo also has other debt instruments lines to support the treasury in the form of factoring and payment to suppliers in the amount of 32.3 million Euros. On the 31<sup>st</sup> of December 2020 were used about 18,2 million Euros, of which 13.6 thousand euros are classified as financial debt. This type of lines has enabled a more efficient management of liquidity risk and cash flows. Although they appear under short-term liabilities, they are of a revolving nature, and therefore they are not expected to be repaid within one year.

In terms of cash and cash equivalents, they reached 17.6 million euros on the 31<sup>st</sup> of December 2020, 3.1 million euros more than during the previous year.

In 2021, Vista Alegre submitted an application to the "Covid-19 Economy Support Lines Exporting Companies" in the amount of 7.6 million euros and a medium- and long-term line to support the investment made in the faïence plant (Bordallo Pinheiro) in the amount of 3 million euros, which is currently being contracted. These measures will reinforce Grupo Vista Alegre's liquidity, which is very solid during this pandemic period.

Vista Alegre is obliged to comply with the financial covenants within the framework of the bond issue in the nominal value of 50 million euros. In 2020, the Company negotiated the change of the financial debt covenant - Net Debt on Ebitda to a maximum limit of 6,0x. With reference to the impact of Covid19 in the generation of EBITDA of the Company during 2020 and which is also felt during the first months of 2021, as a result of the confinement measures imposed, VAA will also promote, in line with what happened in the year 2020, a change in the level of the debt covenant, for measurement both on the 30<sup>th</sup> of June 2021 and on the 31<sup>th</sup> of December 2021.

### **Legal Risks**

The Grupo's production activities are subject to environmental, health and safety regulations and may to cause industrial accidents and environmental, safety or other risks, affecting employees and third parties. To this end, the Company has and updates insurance, licenses and authorizations, implementing as well programs and procedures to control associated risks and, while believing that its industrial units have been well designed and build, there is no guarantee that accidents will not occur, which of course can translate into costs and possible limitations in operating capacity. Although not foreseen, changes in related legislation or

regulations may affect the design of industrial plants, and/or involve additional payments, which are expected to adversely affect the VAA's operating performance or profitability.

Compliance with international environmental laws and regulations, particularly with regard to climate change and carbon emissions management, may result in increased investment due to the need to implement changes in project execution that affect their costs.

In addition to the production of the various types of products (porcelain, crystal, stoneware), the sale of these products takes place in emerging or developing economies with a very different legal and regulatory framework from the domestic one. Grupo Vista Alegre has subsidiaries in several countries such as Spain, France, the United Kingdom, Mozambique, India, Mexico and the United States of America.

Activities outside Portugal are subject to political, legal and regulatory risks, with special focus on regulatory issues and competition laws.

Changes in legal frameworks may have an impact and adversely affect the Company's profitability.

Likewise, any changes to the law and other tax regulations, in addition to the increase in taxes or the reduction of tax benefits, applicable in the markets in which the Company operates may have an adverse effect. This risk is increased for the group of countries for which the Company has been expanding its activity in a more significant way.

VAA acts in accordance with international standards and the specific laws and regulations of the various countries in which it operates. Nevertheless, any irregularities (actual or alleged) or lack of conformity committed by the Company, its employees, suppliers/ service providers and their counterparts may have a significant adverse effect on the Company's ability to carry out its business.

Nevertheless, the Company always seeks to comply with all legal, fiscal, regulatory and other regulations in all markets and areas in which it pursues its activity, always ensuring that they are monitored by the Board of Directors or by experts whenever necessary.

Grupo Vista Alegre is currently party in certain litigation proceedings and may in the future become a party to lawsuits, claims and disputes relating to its environmental activities, permits, employment claims and contractual disputes or claims for personal injury, or property damages relating to products marketed by VAA, or lawsuits filed by regulatory, tax or other entities.

## Operational risks

### Market factors

The value of assets and the results of the companies of the Grupo Vista Alegre depend on several market factors, in particular, the prices of raw materials, their end products, electricity as well as exchange and interest rates.

Prices of raw materials, their end products and electricity vary from market to market, and are central to reducing their impact and the speed with which supply/purchase and commercial/sales strategies are adjusted and properly implemented.

Fluctuations in exchange rates affect revenues and, consequently, the results and cash flow generated by the Company's sales. The book value of its financial assets and investments,

mainly those denominated in U.S. dollars and Brazilian reais, is influenced by exchange rate risk in the consolidated financial statements of the Grupo Vista Alegre expressed in euros.

Adverse changes in the market may have a negative impact on the value of assets and the results of the Grupo Vista Alegre.

### Geopolitics

Exposure to political developments and the consequent changes in the operating environment may compromise the continuity of operations and adversely affect the value of assets and the results of the Grupo Vista Alegre.

The Grupo Vista Alegre has assets and operations in countries with high levels of risk in terms of political, legal and fiscal stability.

Significantly adverse changes in project environment may compromise operations and negatively affect the value of assets and results of the Grupo Vista Alegre.

### Innovation and Marketing

One of the main critical success factors of the Grupo Vista Alegre is its Innovation and Marketing, for creating value for the VAA brands.

This risk is also associated with the digital world and cybersecurity, where most sales and advertising channels are digital, online sales and all the security risk surrounding the media (internet, television, radio, press).

A digital security breach or failure of the Grupo Vista Alegre's digital infrastructure could damage operations, increase costs and affect the reputation of the Grupo Vista Alegre. The integrity and availability of our systems are also crucial to our operations.

Information systems are crucial for the development of business and any failure in their security, whether accidental - by network, hardware or software failures - or the result of intentional actions - computer attacks - or negligence, can have extremely negative impacts.

These failures may compromise, cause interruptions or affect the quality of Grupo Vista Alegre's operations and damage its reputation through potential loss, misuse or abuse of confidential information, loss of lives, damage to the environment or to the Company's assets, legal or regulatory non-compliance, accompanied by possible fines or another type of penalty.

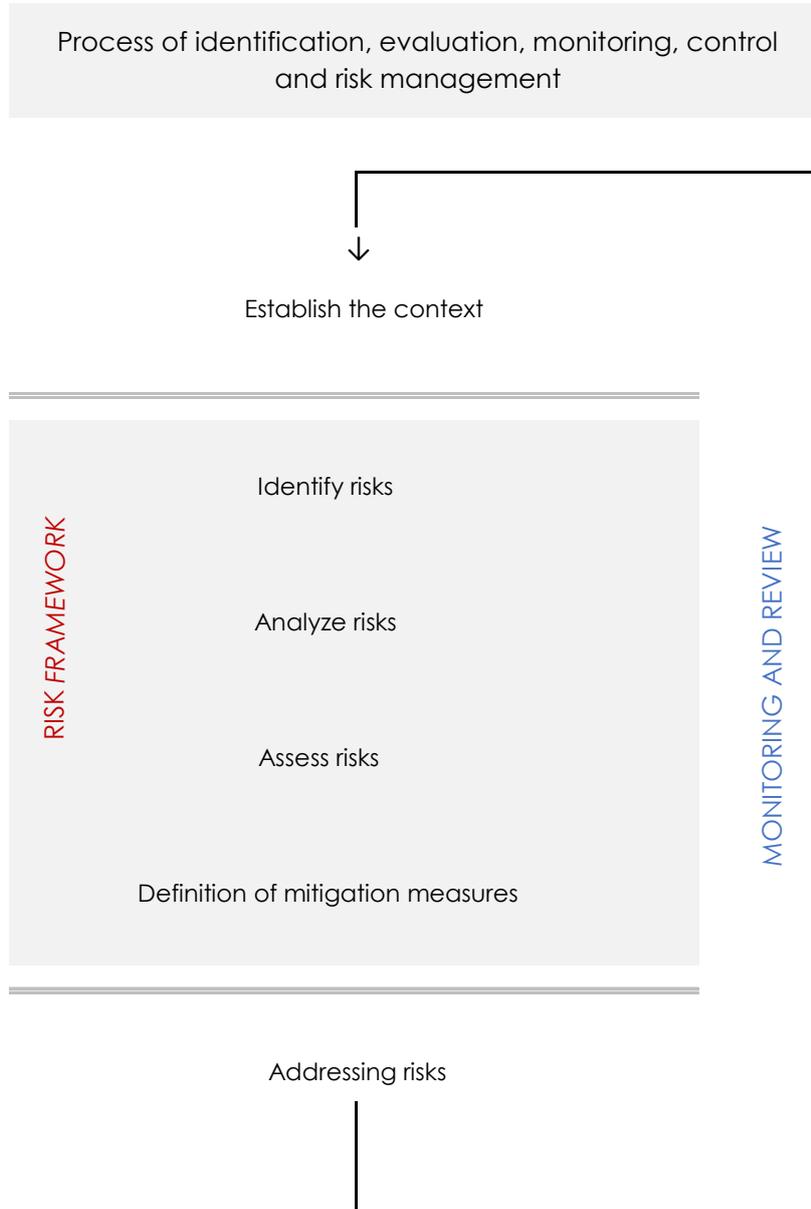
Thus, in addition to all the risks above mentioned, VAA could be exposed to unidentified risks or to an unexpected risk level, despite the risk management policies pursued. In spite of the implementation of careful management methods for each type of risk, in the event of exceptional adverse scenarios, the policies and procedures used to identify, monitor and manage risks; it may not prove to be fully effective.

#### **54. Description of the process of identifying, assessing, monitoring, control and risk management**

Bearing in mind that VAA only works as a holding company, the control and management of risks inherent to the activity is carried out directly by the Board of Directors and Executive Committee, to the extent of the respective delegation of powers. In the associate companies, specific control systems are defined for each of the activities, whose most important body is the Board of Directors of each of the companies.

As indicated in paragraphs 50. and 51 *above*, the risk management policy is defined by the Board of Directors, which naturally places careful risk management as a constant and central concern, in line with Recommendations IV.3. and VI.1. This body promotes and creates the necessary conditions for such risks to be duly identified, analysed and controlled, thus reducing the probability of their occurrence and minimising the impacts resulting from the possible occurrence of risks that cannot be avoided.

The *Grupo Vista Alegre's* risk management policy consolidates the objectives and principles in force in terms of the risk management process. In line with this policy and adopting the Recommendation VI.2., a process for risk management based on best practices was created and a flow for the correct identification, assessment, follow-up, control, monitoring and risk management was internally defined. This process consists of several phases, related to each other, which follow a certain logic and determine chronologically the different performance moments of the parties directly involved in the process.



After identifying the risks and carrying out the correct classification of the impacts that they may cause to the Company, an assessment of these risks is carried out based on the classifying criteria of the degree and the risk impact that it may represent.

It is based on this result that a Risk Priority Level will be determined, which will determine which mitigation measures to apply and the term of that application, so that the impacts undergone may be the least materially relevant for the Company.

Risk assessment involves prioritizing risks according to their quantification, that is, the result obtained from analysing each one in terms of: severity, detection and frequency.

The risk profile of the Grupo Vista Alegre (risk framework) is also approved by the Board of Directors and consolidates the identified risk events, the criteria and classification of the degree and impact of each risk, as well as the limits/objectives and levels of acceptable exposure tolerance for each risk and the respective Risk Priority Level, thus adopting the Recommendations IV.1..

Thus, each risk event is classified through a matrix called Risk Priority Level, which is based on a classification between the degree of risk and the impact of that same risk, described in more detail in point 54 of the Corporate Governance Report.

**Assessment of the degree and impact of risk:**

The NPR indicator is based on the following matrix:

Degree of Risk →	2	4	6
Impact of Risk ↓			
3	6	12	18
5	10	20	30
7	14	28	42

Degree of Risk	Description
2	<b>Reduced:</b> unlikely to occur
4	<b>Unwanted:</b> may occur punctually
6	<b>Unacceptable:</b> almost certain to occur

Impact of Risk	Description
3	<b>Low:</b> should not have a materially relevant impact on company's activity
5	<b>Medium:</b> may have an impact on company's activity
7	<b>High:</b> should not have a materially relevant impact on company's activity/results

The main vectors of this matrix are the Degree of Risk and the Impact of Risk, which have the following measures:

**Limits/objectives and acceptable exposure tolerance levels for each risk and the respective NPR**

Once the NPR level has been determined for each risk event, it is classified according to the following table:

<b>0 - 13</b>	<b>Acceptable</b>	Risk that may be considered acceptable/tolerable if you select a set of measures for its control
<b>14 - 22</b>	<b>Moderate</b>	Risk that should be avoided if it is reasonable in practical terms; requires a detailed research and cost-benefit analysis; is essential to the monitoring
<b>23 - 40</b>	<b>Critical</b>	Intolerable risk; is essential to control the risk (e.g. eliminating the origin of the risks, changing the likelihood of occurrence and/or consequences; transferring the risk, etc.)

The aforementioned policy and risk profile are at the basis of the mitigation measures (which is to say, action plans to increase opportunities and reduce threats/risks) to be applied and the deadline for such application, so that the impacts undergone can be the least materially relevant to the Company, as well as monitoring and reporting actions.

After the treatment of these risks, monitoring, reporting and review stages are followed, in which the risk is assessed annually, through a review meeting of the VAA Quality Management System, the identified risks are monitored and new risks and opportunities are identified. In this monitoring, the effectiveness of action plans is assessed and adjustments to the system are considered.

Those responsible for mitigation, monitoring and reporting are the executive directors responsible for the areas related to the environment and quality management system, risk analysis and internal audit.

The stages of this risk management process allow the Company to annually assess and review the degree of internal compliance and the performance of the risk management system. Moreover, it will allow the assessment, review and possible changes, on an annual basis, of the risk management system, and of the risk profile and policy by the Board of Directors, in which case the Statutory Audit Board also gives its opinion regarding the powers of these bodies, referred to in the above paragraph 50 and in accordance with Recommendation VI.7.

Aware of the fact that the operations continuity depends critically on the mitigation and control of risks that can significantly affect all of its assets (people, equipment, service quality, information, installations) and therefore jeopardize its strategic purposes, VAA and in particular its Board of Directors focus on the risks inherent to its activities.

The permanent evaluation of the risk management procedures allow a timely intervention, mitigating potential risk situations, since timely identification of their causes and intervention help to minimize possible impacts that may occur.

In particular, the following assessments/controls of the external and internal environment are highlighted:

- Control in the external environment is mainly carried out by the Financial Management, who is responsible, based on the external information collected, for the approval of the credit to be granted, and control of the ceiling established and/or to be established. In this sense, the granting of loans to customers is based on a careful evaluation of the management capacity, the evaluation of the assets and the credit guarantees given by each client.
- An external environment control is also carried out by the Quality Department, through audits performed to suppliers, in order to evaluate their own management capacity and

thus ensure supplies that are compliant, stable and with the quality required by the Grupo Vista Alegre.

- It is also practice of the company and its associate companies to insure all areas, for the amounts deemed adequate, thus seeking to cover a significant set of property and personal risks. In a similar way, preference is given to reducing the risks resulting from the fluctuations of the exchange markets and interest rate, reducing their exposure to them, either through financial instruments that enable them to effectively hedge those fluctuations, or through preferential transactions in euros (the latter only applicable in the specific case of exchange rate variations).

Bearing in mind the above described as well as in points 50. to 55., VAA believes that the risk management policy implemented in the Company is adequate to effectively manage the main risks, thus allowing to reduce the frequency and respective impacts, adopting Recommendation VI.3.

The internal control systems and internal audit in the Company is characterized by the organization in processes, having been implemented the cycle of continuous improvement whose fundamental vectors are based on planning, execution, control and action in the face of deviations.

Thus, each process is characterized by the existence of a set of operational procedures, defined and approved by top management, which are disclosure and promoted by various levels of the organization, complemented by the existence of performance measurement measures (*KPI's - Key Performance Indicators*) that fulfil the purposes defined above. Monitoring is evaluated on a regular basis. These processes stand out for being comprehensive, including the shared services of the head office and the set of all activities developed in each of the manufacturing units that comprise the group and since 2011, also its own retail network in the national and international territory.

In order to bring together the different processes that characterize the organization, each one of them is led by a manager, chosen by the director in charge for that department, who is responsible for:

- Coordinating the definition of the regulations inherent to each process (including procedures, instructions, specifications, registration forms and other documents);
- Coordinating the implementation of the approved regulations applicable to the respective process;
- Managing the interconnection between all the elements of its process, and between its process and the remaining elements;
- Monitoring the performance against highly defined indicators;
- Analysing possible causes of deviations and propose its correction;
- Monitoring the implementation of defined actions.

The different process managers respond to an executive director, who reports to the Board of Directors, namely to the director responsible for that department, and is responsible for ensuring implementation and performance in accordance with approved procedures, reporting on their performance and possible adjustment needs, as well as promoting the operation and promotion of continuous improvement of all established procedures. The Board of Directors, provides the necessary resources to achieve the purposes defined above.

For the operation evaluation, VAA has a team of internal auditors, composed of elements from several business areas, and approves an annual plan that covers all processes and areas considered relevant to the management system. This plan is defined in the beginning of each year and is disclosed internally in the company and is available on the intranet. On a monthly basis, the internal audit actions are carried out, verifying whether the activities and results are in line with what is planned. Within this context, the evaluation of the execution of actions defined for previous occurrences is carried out in order to determine whether they complied with the timing and what effectiveness was obtained. The internal audit actions give rise to evaluation reports which are informed to the different responsible parties involved in the process. On what the manager of each process is concerned, he/she is responsible for justifying the deviations identified, indicating corrective and/or preventive measures, assigning employees and deadlines, whenever this is deemed necessary. In this process it is also important to identify the impacts on society. These reports are the subject of a report to the director responsible for the respective department.

The result of these audits is transferred to biannual follow-up reports, of which is given the management's due knowledge and which also assists in the preparation of the annual review report of the system and whose review seeks to involve all internal control system's parties (administration, executive director, process managers and other people in charge of the manufacturing units and other areas of the system).

Thus, the operational and continuous improvement of the system and its processes is still achieved through a periodic set of corrective and/or preventive actions defined by the managers of all the processes.

During the meeting regarding the management system's evaluation (which currently is carried out annually) all management elements are analysed. In this process, the audits' results, the resources assigned to, the status of the corrective and preventive measures, the evaluation of the existing performance indicators, the analysis of deviations, their impacts on society, as well as suggestions for improvements are analysed.

**55. Main features of the company's internal control and risk management systems implemented in the company in relation to the financial reporting process (article 245 A, no 1, paragraph m):**

Regarding the process of information disclosure and inherent risks control must be considered mainly the internal risk and the risk regarding the Grupo's relation with the exterior (compliance risk).

Thus, in addition to the control of the various managers and the management and supervisory bodies, we highlight the control of the Internal Audit, which is based on the various approved procedures and good management practices, the equally controlling action performed by the Management Control Department and the Quality Management.

As far as procedures are concerned, such control are expressed in the periodic external audits carried out, both in the scope of administrative and control process certification that covers all areas, and the accounts review and certification. These include comprehensively, verifying the adequacy of the procedures, identifying deviations, adopting corrective measures and reviewing the financial information produced, verifying their accuracy and reliability, compliance with applicable legal and articles of association's regulation, consistency and reasonability of the consolidated information as well as the process leading to it. They also involve a review of the Company's internal control procedures as a process designed to promote an acceptable level of safety regarding the achievement of operational purposes, compliance with standards, rules and procedures as well as the credibility of the individual and consolidated financial reporting process itself.

Thus, the existence of a set of operational processes and procedures, previously defined and established, transversal organized in the Company, seeks to provide a reliability and accuracy of the supporting information produced and that it will be the basis for the preparation of the financial statements and subsequent information disclosure process.

Furthermore, Grupo Vista Alegre has been implementing an accounting management system, which allows to control the income and expenses of each segment, monitoring its profitability and defining preventive and/or corrective measures whenever necessary.

In addition to the internal control levels set up and the periodic internal audits to which they are subject to, the external audits are regularly checked for the accounting records and supporting documents, the accuracy of the individual and consolidated accounts, the accounting policies and valuation criteria adopted by the company, in order to ensure they transmit the correct evaluation of the Company's assets and income. Moreover, the compliance with legal and standard provisions are also subject to a periodic monitoring.

Thus, the process of financial information production and treatment, regarding its different levels, is closely monitored by the corporate bodies, taking into account the company's

structure, but in particular regarding its disclosure, being subject to prior approval. The control is carried out by the financial, fiscal and legal external auditors, which carry out their activity in all areas and in all the Grupo's companies, as well as a continuous internal and external audit carried out in compliance of the Company's quality management system, aiming at ensuring that the existing information is completed, promoting the reduction of possible non-compliance risks.

VAA has a reasonable level of confidence in the internal control system implemented, viewing as appropriate the segregation of existing functions and procedures as well as the defined authorization procedures and levels, considering that risk management is assured, mainly regarding the process of financial disclosure.

#### **IV. INVESTOR SUPPORT**

##### **56. Service responsible for the investor support, composition, functions, information provided by such services and contact elements:**

The service in charge of investor support is the Investor Relations (IR) Department, which is currently the responsibility of the Advisor of the Board of Directors for that area, Romas Tauras Veselauskas Vieasulas, who is also the Representative designated by the Company for Market Relations and relations with CMVM.

The department of Investor Relations (IR) ensures the management of the Company's relations with the capital markets, namely Shareholders, retail and institutional investors and financial analysts, ensuring that the result of the Company's communication to the market is a full and consistent perception of VAA's strategy and operations, so that investors can make informed decisions, in line with Recommendation I.1.1. For this purpose, the IR Department produces and provides the market with relevant, clear and objective information about VAA, in a regular, transparent and timely manner.

The IR department is also responsible for complying with VAA's legal information obligations, as an issuer of securities admitted to trading, including to market regulatory and supervisory authorities (in particular the CMVM), covering the production and processing of information with emphasis on preparing reports on the disclosure of results and the activities of the Grupo Vista Alegre, the drafting and disclosure of insider information as well as receiving and responding to requests for information by investors, financial analysts and other capital market agents.

The IR Department follows the evolution of the VAA share price and supports the management team through direct and regular contacts, with financial analysts, both in conferences and collective presentations whether aimed at investors or in bilateral meetings.

Contacts with the IR Department are made by telephone or email to: +351 926 062 338; [romasviesulas@vistaalegre.com](mailto:romasviesulas@vistaalegre.com).

**57. Representative for Market Relations:**

The Representative for Market and CMVM Relations is Romas Tauras Veselauskas Vieasulas, as per the information contained in number 56. above.

**58. Information on the proportion and response timing to request information entered during the year or previously:**

To promote a close relationship with the capital market community, the IR department ensures that requests for information received are answered through the telephone and e-mail contact identified in number 56. above.

Answers and clarifications are provided as soon as possible, adapting the deadline for response to the nature and complexity of the issues in question, and always ensuring the transparency, symmetry and consistency of the information available on the market.

On the 31<sup>st</sup> December 2020, VAA had no pending information request and the average response time to requests sent to its Investor Support Office was less than 5 (five) business days. During 2020 were sent twenty- eight information requests.”

**V. WEBSITE**

**59. Address(s):**

[www.vistaalegre.com](http://www.vistaalegre.com)

**60. Where is the information on the company, on the quality of an open society, on the head office, and other elements mentioned on article 171 of the Commercial Companies Code:**

The information on the company, on the quality of an open society, on the head office, and other identifying elements of the Company can be found on VAA's corporate website at [www.vistaalegre.com](http://www.vistaalegre.com) (“Investors” tab).

**61. Where are the articles of association and the operating regulations of the corporate bodies/committees:**

VAA's governing bodies and internal committees have regulations defining, in particular, their duties, powers, responsibilities, chairmanship, frequency of meetings, operation and the duties of its members.

The updated articles of association of the Company are available on the institutional website of the VAA with the address [www.vistaalegre.com](http://www.vistaalegre.com) (“Investors” tab), in line with the Recommendation I.2.2.

These Regulations have reinforced the Company's internal corporate governance rules and in some cases reflected the governance practices already implemented by VAA's Board of Directors and Supervisory Board.

**62. Where is the information on the identity of the corporate bodies' members, the representative for market's relationships, the Investor Support Office or similar, its functions and access means:**

Information on the identity of the corporate bodies' members, the representative for the market's relationships, the investor support office (IR Department), and their functions and access means are available on the VAA's institutional website at [www.vistaalegre.com](http://www.vistaalegre.com) ("Investors" tab).

In line with the Recommendation I.2.4., the information on the composition, the number of annual meetings of the corporate bodies is available on its corporate website [www.vistaalegre.com](http://www.vistaalegre.com) ("Investors" tab).

**63. Where the accounting documents were provided at least for five years, as well as the calendar of corporate events, disclosed at the beginning of each semester, including inter alia, general meetings, disclosure of annual, half-yearly and, if applicable, quarterly financial statements:**

The accounting documents (quarterly, half yearly and annual) are available on the Information Dissemination System (IDS) of the Securities Market Commission ([www.cmvm.pt](http://www.cmvm.pt)) as well as in the institutional website of the VAA [www.vistaalegre.com](http://www.vistaalegre.com) ("Investors" tab), remaining accessible for a minimum period of 5 years.

**64. Where are disclosure the convening of the general meeting and all preparatory and subsequent related information:**

The convening for the General Meeting, together with all the preparatory and necessary documents for the consideration and voting of the items on the agenda, are disclosed on the CMVM website and on the institutional website of the VAA ([www.vistaalegre.com](http://www.vistaalegre.com)), and are also available for consultation.

**65. Where is available the historical collection with the resolutions made during the company's general meetings, represented capital and voting results, with reference to the previous 3 years:**

The historical background of the past years with the resolutions passed at general meetings, the share capital represented and the results of voting are available on the *Company's* website – [www.vistaalegre.com](http://www.vistaalegre.com) (tab "Investors").

## C. REMUNERATION

### I. POWERS TO DETERMINE

**66. Indication as to the competence to determine the remuneration of the corporate bodies, the members of the board of directors or the executive director and the managers of the company:**

In accordance with the Articles of Association and in line with the Recommendation V.2.2., the corporate bodies' members will have fixed and / or variable remuneration, according to whatever is decided by the General Meeting, or by a Remuneration Committee composed of three members, elected together with other bodies by the General Meeting, which chooses the President, who is assigned the casting vote.

The Company's General Meeting held on the 26<sup>th</sup> June 2018 elected a Remuneration Committee to be in office during the year 2020.

Under Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April, only the respective members of the Board of Directors and of the Supervisory Board are qualified as VAA managers.

### II. REMUNERATION COMMITTEE

**67. Composition of the Remuneration Committee, including identification of natural or legal people hired to provide support and declaration on the independence of each of the members and advisors:**

On the 31<sup>st</sup> December 2019 and as of this date, the Remuneration Committee elected by the General Meeting for the 2019 term of office was constituted as follows:

Visabeira Indústria SGPS, S.A., represented by Mr. Carlos Manuel Mafra Valverde	Chairman
Grupo Visabeira S.A., represented by Mr. Paulo Alexandre Rodrigues Ferraz	Member of the Board
Cerutil – Cerâmicas Utilitárias, S.A., represented by Mr. Márcio Gabriel Pina Pereira	Member of the Board

All members of the Remuneration Committee are considered independent of the Board of Directors and the Supervisory Board of VAA, to the extent that said members and their spouses, relatives and related individuals in direct line up to and including the third degree are not members of such bodies.

In 2020, and despite having this power, the Remuneration Committee did not hire or require the hiring of any natural or legal person to provide services to support the performance of its duties.

In the context of its duties, the Corporate Governance Committee of the Board of Directors is responsible for presenting recommendations and opinions to the Remuneration Committee on the rules and recommendations applicable and deemed appropriate in this respect: (i) the remuneration policy of the members of VAA's management and supervisory bodies; and (ii) the independence of any service providers to that committee (the contracting of these providers by the Grupo Vista Alegre being subject to the authorization of the Remuneration Committee and the approval of the Corporate Governance Committee).

VAA therefore adopts Recommendations V.2.1., V.2.5 and V.2.6. regarding the independence of the members of the Remuneration Committee and any service providers to this committee.

**68. Knowledge and experience of the remuneration committee's members on remuneration policy:**

The members of the Remuneration Committee have knowledge and skills in remuneration policy, based on their academic training and extensive professional experience in companies (including a combination of expertise in the legal area and in the areas of business management, finance and risk analysis), for an appropriate reflection and decision on matters of responsibility of the Remuneration Committee.

**III. REMUNERATION STRUCTURE**

**69. Description of the remuneration policy of the corporate bodies mentioned on article 2 of the law 28/2009, on the 19<sup>th</sup> June:**

At the VAA General Assembly held on the 26<sup>th</sup> June 2020 was approved the following Declaration on the Remuneration Policy of the Corporate Bodies, in line with the Recommendations V.2.2., there were no departures from the application process of the approved remuneration policy:

**“Whereas:**

- a) *Legal requirements and recommendations, namely the Law no 8/2009 of the 19<sup>th</sup> June, and the Recommendations on the Corporate Governance Code of the Instituto Português de Corporate Governance 2018, determine the obligation of the Remuneration Committee to submit, annually, to the approval of the General Meeting a statement regarding the remuneration policy applicable to the different corporate bodies;*
- b) *Under the terms of the legal provisions on the Commercial Companies Code (articles 399, 374 -A and 422-A), as well as under the Company's Articles of Association:*

- ✓ *The remuneration quantum of the corporate bodies, by the Remuneration Committee, must take into account the functions carried out and the company's economic situation;*
  - ✓ *The variable remunerations of the Board of Directors may comprise a share not higher than 5% of the fiscal year's net profit and;*
  - ✓ *The remuneration of the members of the Fiscal Board and of the General Meeting Board should be a fixed amount to be determined as foreseen legally and according to the articles of association for the remaining corporate bodies (functions carried out and the company's economic situation).*
- c) *Also in that context, the Remuneration Committee still considers it relevant to comply with the Recommendations contained in the IPCG Code, in accordance with the terms presented herein.*
- d) *The Remuneration Committee still considers it relevant for transparency and information reasons and is bound by the Shareholders to attend the presence of its Chairman or, in its impediment, another member of this Committee at the annual general meeting and any other if its agenda includes a matter related to remuneration matters or if requested by a shareholder of the Company.*
- e) *For its turn, the Corporate Governance Committee of the Company's Board of Directors monitored the preparation of this statement and issued an opinion with respect to its terms, referring to the above mentioned rules and recommendations considered appropriate regarding the remuneration policy of the corporate bodies and supervisory board.*

**I. REMUNERATION OF CORPORATE BODIES AND SUPERVISORY BOARD BY REFERENCE TO THE MANDATE FOR 2019:**

- 1) *In this Statement and in the government report for 2019 is presented to the Shareholders information regarding the **implementation of the remuneration policy and the remunerations earned in 2019**, without any removals from the approved policy implementation procedure.*
- 2) *Thus, in the mandate for 2019, the following **criteria were applied with regard to the fixed component of the remuneration of the members of the Board of Directors and the Fiscal Board** of the Company, especially considering the functions performed and*

associated responsibilities (taking into account the model of government and organizational structure, as well as the initiative, effort, commitment, competence and dedication inherent) and the situation of the Company (i.e., the shareholder structure, organisational structure and above all the economic situation):

<b>Board of Directors <sup>(a)</sup></b>	<b>Monthly Fixed Remuneration (€)</b>
Chairman of the Board of Directors or Non-Executive and Non-Independent Administrator	0 <sup>(b)</sup>
Executive Administrator with responsibilities at the level of industrial or commercial management	7,500.00 <sup>(c)</sup>
Executive Administrator with responsibilities at the level of shared services and financial department	2,700.00 <sup>(d)</sup>
Executive Administrator with responsibilities at the level of internal audit, processes and industrial costing	5,500.00 <sup>(e)</sup>
Non-executive and independent administrator	2,500.00

<sup>(a)</sup> Fixed net monthly remuneration earned fourteen times a year from the 1<sup>st</sup> of May 2019.

<sup>(b)</sup> To the extent that the members of the Board of Directors perform management functions in other entities of the business group in which the Company operates are not remunerated by VAA.

<sup>(c)</sup> To the extent that he performs management functions in other companies of the Grupo Vista Alegre and considering its portfolios at group level, the Chairman of the Executive Committee was remunerated at the level of a subsidiary of VAA and did not receive any remuneration paid by the VAA (as disclosed in an annual government report). In this context, the fixed remuneration received in 2019 by the Chairman of the Executive Committee of VAA, in the amount of € 105,000.00, was supported by its subsidiary Ria Stone, S.A., bearing in mind the respective portfolios at the level of the Company and the Grupo Vista Alegre.

<sup>(d)</sup> Position with accumulation of functions and synergies in the context of the business group in which the Company operates.

<sup>(e)</sup> Position that implies exclusive dedication to the functions in Grupo Vista Alegre.

<b>Fiscal Board <sup>(a)</sup></b>	<b>Monthly Fixed Remuneration (€)</b>
Chairman	700.00
Member of the Board	600.00

<sup>(a)</sup> Fixed net monthly remuneration earned fourteen times a year from the 1<sup>st</sup> of May 2019.

- 3) With regard to the **evaluation of the Company's performance**, in a statement issued to the market, VAA disclosed the consolidated results for 2019 approved by the Board of Directors, of which the Remuneration Committee highlights the following:

(i) Vista Alegre maintained a high operating performance during 2019, when compared to the same period, in terms of turnover, operating results and EBITDA. Turnover of 120 million euros, operating income of 14.3 million euros and EBITDA of 25.6 million euros represent an increase of 21%, 26% and 43% respectively over the same period.

(ii) With regard to partnerships with renowned artists and brands and the recognition and notoriety of the brand, Vista Alegre continued to invest in partnerships with world-renowned artists and brands (such as the MasterChef and Franck Muller) and was again recognized and awarded internationally through 39 new international awards in 2019.

(iii) The Company maintained in this exercise the implementation of a strategic plan focused mainly on the expansion and international consolidation, the development of new products and collections, as well as the improvement of production processes and technological innovation.

(iv) In this context, at the end of 2019, the investments made were about 23 million, continuing to enhance the increase in production capacity, greater operational efficiency and cost reduction.

(v) Consolidated net debt in 2019 was 91.4 million euros, which adjusted approximately 8.5 million euros of investment loans by AICEP, which converted into premiums represent a Net Debt/EBITDA ratio of 3.24x.

- 4) In addition, the Remuneration Committee was aware that the Company's Board of Directors carried out its self-assessment for 2019, concluding that this body shows a high level of adequacy of its composition, its functioning and the effective performance of the role of non-executive directors, especially with regard to the definition and supervision of the strategic plan, budget and risk management and executive directors with regard to their implementation, having been identified as areas of improvement the availability more in advance of information in support of the respective meetings and other conditions to make the contribution and supervisory function of the members of the Board of Directors more effective, as well as the continuous strengthening of corporate governance practices and policies, standards of conduct, human resources, social responsibility and sustainability and risk management systems, internal control and internal audit.
- 5) Already in 2020, and as reported by the Company, in view of the **current extraordinary situation caused by the COVID-19 pandemic** and the uncertainty about the evolution of

*the pandemic and its impact on the global economic outlook and VAA's business, the Company has been monitoring, with the prudence that this environment of uncertainty requires, the impacts of the COVID-19 crisis and to adopt a set of measures aimed at:*

*(i) contribute to the preservation of the health of its customers and workers in the context of the health emergency situation (including the temporary closure of the activity and the anticipation of 2020 holiday period); and*

*(ii) promoting the resilience and sustainability of the Company and the continuity of its business as far as possible in this context, including the use of the simplified lay-off measure in some subsidiaries, strengthening commercial efforts at the level of on-line channels and partnerships, streamlining the investment planned for the current year, cost restriction and control, the use of liquidity management measures (with the expected access to the credit moratorium regime in relation to part of the short-term consolidated financial debt, the COVID Savings Support Line and a banked current account with a national bank), as well as the 50% reduction in remuneration at the initiative of the members of VAA Board of Directors in office, with effect from April of the current year and while the simplified lay-off situation in its subsidiaries persists.*

- 6) *In this context, the Company's Remuneration Committee considers it prudent **to maintain the remuneration of executive directors for 2019 limited to the fixed component, without assigning variable remuneration**, especially in view of the company's economic situation (which was already focused on the investments and strategic objectives presented above and in the meantime faced the current extraordinary situation impacted by the COVID-19 pandemic) and seeking , through this remuneration model, discourage excessive risk-taking at this stage of the company's and group's life and the current landscape of the sectors and markets in which it operates, as well as promoting the alignment of management imminently with a long-term sustainability and resilience perspective.*

**II. PRINCIPLES AND CRITERIA FOR STRUCTURING THE REMUNERATION OF CORPORATE BODIES AND SUPERVISORY BOARD IN THE MANDATE FOR 2020:**

The Company's Remuneration Committee also considers it prudent to maintain the principles and criteria for structuring the remuneration of the members of the Corporate Bodies and supervisory board that have been implemented in recent years, and therefore submits to the Shareholders the following STATEMENT ON THE CORPORATE BODIES AND SUPERVISORY BOARD REMUNERATION POLICY, containing the following principles and criteria for structuring remuneration for the mandate of 2020:

- (i) The remuneration of the **members of the Board of Directors** continues to be mainly determined based on the following criteria:
- ✓ Competitiveness, taking into the account the sectoral practices of the Portuguese Market.
  - ✓ Equity, and the remuneration must be based on uniform, consistent, fair and balanced criteria.
  - ✓ Effectiveness of the functions and responsibilities carried out.
  - ✓ Performance evaluation, according to the functions and the level of responsibility assumed.
  - ✓ Alignment of the interests of the directors with the interest of the Company and disincentive to excessive risk-taking in the setting and implementation of the strategic orientation.
  - ✓ Economic situation of the Company, in particular in the context of uncertainty as to the impacts of the COVID-19 pandemic on the global economic outlook and on VAA's business, naturally dependent on the duration and severity of the health crisis and the COVID-19 crisis response measures.
  - ✓ Depending on their respective portfolios and/or the accumulation of positions and taking into account their shareholder structure and organizational structure, some members of the Company's Board of Directors may be remunerated at the level of companies of the business group that the Company integrates and/or at the level of companies of Grupo Vista Alegre.

- (ii) *The remuneration of non-executive members of the Board of Directors (including members of the internal committees of this body) for the year 2020 comprises only a fixed component.*
- (iii) *The remuneration of the executive members of the Board of Directors for the year 2020 includes a fixed component and a possible variable component with extraordinary character in view of the prudence and disincentive to the excessive assumption of risk that the current moment of the Company and the panorama in which it operates requires.*
- (iv) *The fixed part of the remuneration of the members of the Board of Directors consists of a monthly amount payable fourteen times a year, to be established according to the complexity and responsibility of the duties assigned, to and the Company's economic situation;*
- (v) *The allocation of a possible variable component to the executive directors shall, in any event, have by mechanisms to promote an adequate alignment, in the medium and imminently in the long term, of the interests of management with those of the Company, such as the following performance evaluation criteria:*
  - ✓ *creation of value for shareholders.*
  - ✓ *efficiency in the performance of the functions and level of the results obtained.*
  - ✓ *maintenance and development of a favourable image and sustainability.*
- (vi) *The variable component of the executive directors is of a possible and extraordinary character as stated and, if the Remuneration Committee considers that there are conditions for their allocation from a long-term economic and financial sustainability perspective of the company and the group, in any case and with a view to further strengthening the alignment of interests referred to, this component should:*
  - ✓ *have a possible limit representing no more than 20% of the annual fixed remuneration.*
  - ✓ *assume the verification and measurement of the Company's sustained performance levels, as defined by the Remuneration Committee in accordance with the Company's strategy and risk profile/policy approved by the Board of Directors and be evaluated after the approval of the accounts for the relevant fiscal year by the General Meeting.*
  - ✓ *be partially deferred in time, in part significant and for a period of not less than three years, associating it with the confirmation of the sustainability of the Company's*

*performance (adjustment mechanisms that may in exceptional situations determine the refund of variable remuneration and the inadmissibility of the conclusion of contracts or other instruments having the effect of mitigating the risk inherent in the variability of this possible component of remuneration) are provided for.*

- (vii) Directors who, however, carry out management functions in other entities of the business group in which the Company is inserted and/or at the level of companies of Grupo Vista Alegre may or may not have a remuneration for the exercise of their position in VAA, in terms to be defined by the Remuneration Committee, bearing in mind the principles and criteria contained in this and the shareholder and organizational structure of VAA.*
- (viii) The remuneration assigned to the members of the **Fiscal Board** should consist of a fixed amount, to be established according to the complexity and responsibility of the duties assigned, to and the Company's economic situation;*
- (ix) The remuneration of the members of the **corporate bodies and fiscal board** does not include any mechanism for the assignment or purchase of shares or other rights on the Company's or any of its subsidiaries' shares.*
- (x) In the context of the termination of duties by the corporate bodies and supervisory board, the legally provided for indemnification rules shall apply and no indemnification clauses shall be agreed or established in the remuneration policy or otherwise.*
- (xi) The remuneration paid to the members of the **Board of the General Meeting** shall consist of a fixed amount to be determined taking into account the duties performed and the economic situation of the Company;*
- (xii) With regard to the **Chartered Certified Accountant**, a fixed amount should be established, and it is proposed, as a guiding criterion of the remuneration policy to be implemented regarding each of the audited fiscal years, which the annual remuneration rate reflects the terms of the remuneration usually applicable, by reference to the market, for the provision of identical services."*

At the VAA Annual General Meeting held on the 26<sup>th</sup> of June 2020, Paulo Alexandre Rodrigues Ferraz, member of the Remuneration Committee of Grupo Visabeira, S.A., was present, due to the absence of the respective Chairman, in order to provide information or clarification to Shareholders and therefore the adoption the Recommendation V.2.4.

**70. Information on how remuneration is structured so as to allow the alignment of the interests of the corporate body with the long-term interests of the company as well as how it is based on performance appraisal and discourages excessive risk-taking:**

The Corporate bodies' members have fixed and/or variable remuneration which have been decided by the Remuneration Committee.

The Articles of Association foresee that the variable remunerations of the Board of Directors may be constituted by a participation, globally not exceeding 5% of the net profits for the exercise year of the Company.

According to the above-mentioned Declaration on the Remuneration Policy of the Administrative and Supervisory Bodies approved by the General Meeting held on 26<sup>th</sup> June 2020, the remuneration of the members of the Board of Directors was fixed by the Remuneration Committee considering the following principles and remuneration structure for the 2020 term:

- a) The remuneration of directors is fixed, paid fourteen times a year and determined taking into account the following aspects, with a view to adequately remunerating the responsibility assumed, the availability and competence placed at the service of the Company and to discourage excessive risk taking:
  - (i) The functions performed and the level of responsibility associated with their position in the context of the VAA's governance model and organizational structure, as well as the initiative, effort, commitment, competence and dedication essential to: (1) non-executive and non-independent director, (2) non-executive and independent director, (3) executive director with responsibilities in the areas of industrial or commercial management (including e-commerce), internal auditing and customer service, as well as marketing and design (implying the latter exclusive dedication to the Grupo Vista Alegre functions) and management business and institutional representation of the Company and also shared and financial services (with synergies in the context of the business group in which the VAA is included);
  - (ii) Regarding the situation of the Company, i.e., shareholder structure, organizational structure and, above all, economic situation, namely:
    - (1) Some of the non-executive directors of the Company perform management functions in other entities of the business group in which the Company is inserted and therefore, they are not remunerated by VAA;
    - (2) the exercise of functions by the Company's executive director at the level of Grupo Vista Alegre's companies determines that it is remunerated at that level, depending on its requirements at group level and as described below in paragraph 78. infra in a transparent manner;

- (iii) There is no component regarding the remuneration of non-executive directors that depends on the Company's performance or its value, in line with the Recommendation V.2.10..
  
- b) Assigning a possible variable component to the executive directors, always based on mechanisms that allow to promote an adequate alignment, in the medium and long term, of the Company and the Shareholders' interests, such as the following performance evaluation criteria: (i) creation of value for shareholders; (ii) efficiency in the performance of functions and level of results obtained; (iii) maintenance and development of a favourable image and sustainability. This component, if assigned, shall in any case contribute to the company's long-term performance and the alignment of the interests of the directors with the interest of the Company, in line with the Recommendation V.2.7. As regards the performance evaluation considered by the Remuneration Committee in this context, see point 71. *below*.

**71. If applicable, mention the existence of a variable component and information on the possible impact of performance evaluation on this component:**

According to the information on number 69, the remuneration attributed to the Board of Directors' members during 2020 included exclusively a fixed component, structured according to a monthly amount payable in fourteen instalments per year.

The remuneration model of executive directors, as follows from the Declaration on the Remuneration Policy of the Administrative and Supervisory Bodies approved by the General Meeting of 26<sup>th</sup> of June 2020 and in line with Recommendations V.2.7., V.2.8 and V.2.10, admitted the possible allocation of a variable component always having as reference mechanisms to promote an adequate alignment, in the medium and long term, of the interests of the Company and shareholders, such as the following performance evaluation criteria:

(i) creation of value for shareholders; (ii) efficiency in the performance of the functions and level of the results obtained; (iii) maintenance and development of a favourable image and sustainability (and a significant part of the possible variable component must be partially deferred over time for a period of not less than three years, associating it with the confirmation of the sustainability of the Company's performance and assuming the possibility of requesting the refund of a variable remuneration or defining its non-enforceability in the event of termination of duties).

In the context of the Declaration on the Remuneration Policy of the Administrative and Supervisory Bodies to be submitted to the General Meeting to be held in 2021, the VAA Remuneration Committee considered it prudent to maintain the remuneration of executive directors for 2021 limited to the fixed component, without variable remuneration, especially in view of the current extraordinary situation impacted by the COVID-19 pandemic and due to the Company's economic situation, seeking, through this remuneration model, to discourage

excessive risk-taking at this stage of the life of the company and the Grupo and in the current panorama of the sectors and markets in which it operates, as well as to promote the alignment of management imminently with a perspective of long-term sustainability and resilience.

**72. Deferral of payment of the variable remuneration component, with reference to the referral period:**

Under the terms described in the remuneration policy adopted by the Remuneration Committee and approved at the Annual General Meeting on the 26<sup>th</sup> of June 2020, in line with the Recommendations V.2.8., in the event that a variable component is assigned to the executive members of the Board of Directors, its payment may be in accordance with the sustainable criteria, i.e.: (i) partly would occur at the end of the financial year and after the results were cleared; and (ii) a significant part of the possible variable component should be deferred for a period of not less than three years, associating it with the confirmation of the sustainability of the Company's performance.

**73. Criteria on which the assignment of variable compensation in shares is based, as well as on the maintenance, by the executive directors, of these shares, on possible contracts signature related to these shares, namely hedging or transfer of risk, respective limit, and its relation to the value of the total annual remuneration:**

The remuneration of the members of the corporate bodies does not include any mechanism for the assignment or purchase of shares or any other rights on the Company's or any of its subsidiaries' shares, in line with the Declaration on the Remuneration Policy of the Administrative and Supervisory Bodies approved by the General Meeting of 26<sup>th</sup> of June 2020.

**74. Criteria on which the allocation of a variable remuneration in options is based, and indication of deferment period and exercise price:**

Not applicable.

**75. The main parameters and rationale for any annual bonus scheme and any other non-cash benefits:**

No annual premium system is established beyond the possible variable remuneration described above and there are no significant non-cash benefits of any kind.

**76. Main characteristics of supplementary pensions or early retirement schemes for directors and the date on which they were approved in General Meeting, in individual terms:**

None of the current administrators in the exercise of their functions in 2020 is covered by supplementary pension or early retirement schemes for administrators.

#### IV. DISCLOSURE OF THE REMUNERATIONS

77. Indication of the annual remuneration earned, together and individually, by the members of the Board of Directors, including fixed and variable remuneration, and regarding this issue, reference to different components which prompted it:

The gross remunerations paid to the Members of the Board of Directors, processed in the year of 2020 by the Company were the following:

Administrators .....	618,494.55 euros
Former Members (Pensions).....	51,367 euros

The annual amounts earned, together or individually, by the members of the Board of Directors in the exercise of its function in 31<sup>st</sup> December 2020, were the following:

Administrator	Executives	Fixed Remuneration (€)
Alexandra da Conceição Lopes	Yes	35,340.00
Paulo José Antunes Soares	Yes	113,500.00
Nuno Miguel Ferreira Assunção Barra	Yes	113,500.00
Alda Alexandra Abrantes Costa	Yes	74,700.00
Nuno Maria Pinto de Magalhães Fernandes Thomaz	No	32,500.00
Jorge Paulo Sacadura Almeida Coelho	No	32,500.00
Teodorico Figueiredo Pais	Yes	113,500.00
Nuno Miguel Rodrigues Terras Marques	No	35,227.27
Celine Abecassis Moedas	No	17,613.64
Godinho de Matos	No	17,613.64
Paulo Jorge Lourenço Pires	Yes	0*
João Manuel Pisco de Castro	No	0*
Cristina Isabel Sousa Lopes	No	0*

*\*See points 70 above and 78 below.*

In the 2020 exercise have not been paid any variable remunerations, mainly related to the performance of the member of the Board of Directors in 2020.

In this context of the Declaration on the Remuneration Policy of the Administrative and Supervisory Bodies to be submitted to the General Meeting to be held in 2021, the VAA Remuneration Committee considered it prudent not to assign variable remuneration to executive directors regarding the performance of functions in 2020, in line with the Declaration on the Remuneration Policy of the Administrative and Supervisory Bodies approved by the General Meeting held on the 26<sup>th</sup> June 2020 (as described in points 69 and 71).

Below are the annual percentage changes in gross remuneration paid by VAA and by companies which are part of Grupo Vista Alegre individually to the members of the Board of Directors and the Supervisory Board in office on the 31st of December 2020, as well as the average gross remuneration paid in full to the employees by companies of the Grupo Vista Alegre, during the last five years (insofar as VAA being a holding company has no employees), as well as the Company's performance indicators verified during the same period:

Members of the VAA Board of Directors	Current position	1 <sup>st</sup> appointment date	Variation of earned income (%) *					
			2015	2016	2017	2018	2019	2020
Nuno Miguel Rodrigues Terras Marques	Chairman	24.03.2017	—	—	N/A <sup>(a)</sup>	N/A <sup>(a)</sup>	N/A <sup>(a)</sup>	0% <sup>(b)</sup>
Paulo Jorge Lourenço Pires	Vice-Chairman	29.10. 2013	0%	0%	19%	0%	0%	6.66%
Alexandra da Conceição Lopes	Member of the Board	22.05.2013	0%	0%	0%	0%	0%	0%
Alda Alexandra Abrantes Costa	Member of the Board	22.05.2013	—	0%	0%	0%	0%	0%
Paulo José Antunes Soares	Member of the Board	6.05.2016	—	0% <sup>(b)</sup>	3.43%	7.27%	27.11%	6.66%
Nuno Miguel Ferreira de Assunção Barra	Member of the Board	6.05.2016	—	0% <sup>(b)</sup>	0%	7.27%	27.11%	6.66%
Nuno Maria Pinto de Magalhães Fernandes Thomaz	Member of the Board	18.05.2018	—	—	—	0% <sup>(b)</sup>	0%	0%
Jorge Paulo Sacadura Almeida Coelho	Member of the Board	18.05.2018	—	—	—	0% <sup>(b)</sup>	0%	0%
Cristina Isabel Sousa Lopes	Member of the Board	18.05.2018	—	—	—	N/A <sup>(a)</sup>	N/A <sup>(a)</sup>	N/A <sup>(a)</sup>
Teodorico Figueiredo Pais	Member of the Board	12.10.2018	—	—	—	0% <sup>(b)</sup>	27.11%	6.66%
Céline Dora Judith Abecassis Moedas	Member of the Board	26.06.2020	—	—	—	—	—	0% <sup>(b)</sup>
Mário Godinho de Matos	Member of the Board	26.06.2020	—	—	—	—	—	0% <sup>(b)</sup>

\* Earned income includes only a fixed component paid by VAA and by companies within Grupo Vista Alegre.

(a) Did not receive any type of earned income at VAA or at companies which are part of Grupo Vista Alegre.

(b) First year in which he/she receives earned income, so there is no annual percentage change in gross remuneration.

Member of the VAA Fiscal Board	Current position	1 <sup>st</sup> appointment date	Variation of earned income (%) *					
			2015	2016	2017	2018	2019	2020
Manuel Duarte Domingues	Chairman	24.03.2017	—	—	0% <sup>(b)</sup>	—	16.6%	0%
Alberto Henrique de Figueiredo Lopes	Member of the Board	22.12. 2016	—	—	0% <sup>(b)</sup>	16.6%	<sup>(a)</sup> -16.6%	0%
Marisa do Rosário Lopes da Silva Monteiro	Member of the Board	30.04.2019	—	—	—	—	0% <sup>(b)</sup>	0%

\* Earned income includes only a fixed component.

(a) Negative percentage change influenced by the change in the position of President to Member of the Supervisory Board

(b) First year in which he/she receives earned income, so there is no annual percentage change in gross remuneration.

VAA and Companies which are part of Grupo Vista Alegre	Total number of employees						Variation of earned income (%) *					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
VAA employees	—	—	—	—	—	—	—	—	—	—	—	—
Employees of Grupo Vista Alegre's companies	1975	1923	2122	2202	2357	2313	1.12%	-2.01%	11.06%	4.95%	8.50%	1.45%

\* Earned income includes a fixed component. The percentage changes are influenced not only by the amount of the fixed remuneration but also by the change in the total number of employees.

Consolidated performance indicators	Evolution (%)					
	2015	2016	2017	2018	2019	2020
Turnover	10%	5%	13%	17%	21%	-8%
EBITDA	201%	40%	42%	31%	43%	-37%
Operating income	20%	102%	39%	55%	26%	-83%
Net income	59%	314%	142%	85%	3%	-129%

During 2020, there was no deviation from the application or derogation regarding the remuneration policy applicable to the members of the management and supervisory bodies in term as provided for in the Declaration on the Remuneration Policy of the Management and Supervisory Bodies approved by the General Meeting that was held on the 26<sup>th</sup> of June 2020.

#### 78. Amounts paid, for any reason whatsoever, by other companies in control or group, or which are subject to a common domain:

In 2020, the members of the VAA Board of Directors received the following remuneration sums paid by other companies of Grupo Vista Alegre, where they also perform management functions, bearing in mind their positions at the level of the Company and Grupo Vista Alegre (see point 70 above):

Administrator	Society	Fixed Remuneration (€)
Paulo Jorge Lourenço Pires	Ria Stone SA	113500.00

**79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted:**

There is no this type of remuneration.

**80. Compensation paid or owned to former executive board members as a result of the ceasing of their duties during the financial year:**

There is no compensation paid or owed to former members regarding the ceasing of duties during 2020 and the Society is in compliance with the Recommendation V.2.3.

**81. Indication of the annual remuneration earned, together and individually, by the members of the company's supervisory board:**

The annual amounts earned, together or individually, by the members of the Fiscal Board in the exercise of its function on **31<sup>st</sup> December 2020**, were the following:

Name	Fixed Remuneration (€)
Alberto Henrique de Figueiredo Lopes	8400.00
Manuel Duarte Domingues	9800.00
Marisa Rosário Lopes Silva Monteiro	8400.00

Regarding the annual percentage changes in gross remuneration paid by VAA individually to the said members of the Supervisory Body during the last five years, we refer to paragraph 77 above.

Regarding the Statutory Auditors' remuneration, we refer to the information in point 47. above.

**82. Indication of the remuneration of the reference year earned by the Chairman of the General Meeting:**

The position of the Chairman of the Board of the General Meeting, appointed at the General Meeting on the 26<sup>th</sup> of June 2020 for the annual term of 2020, was not remunerated taking into account the number of meetings held and the evolution of the Company within the context marked by the COVID-19 pandemic.

**V. AGREEMENTS WITH REMUNERATION IMPLICATIONS**

**83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component:**

There are no contracts between the Company or its subsidiaries and the corporate bodies' members.

The remuneration policy for 2020 does not include any compensation or compensation to the members of the Board of Directors resulting from their resignation or the termination of the term of office of director before its expiry, that policy being the legal instrument and the mechanism to avoid, directly or indirectly, payments of any amounts in this respect beyond those established by law.

In this sense, in the proposal for the Remuneration Policy of the Management and Supervisory Bodies to be submitted to the General Meeting to be held in 2021, the VAA Remuneration Committee clarified that the Company will not assign or pay compensation to the members of these corporate bodies due to the respective termination of duties, without prejudice to the Company's compliance with the legal provisions applicable in this area.

The amounts that may be due in this respect will result from the applicable legal provisions, adopting the Company recommendations V.2.3.

**84. Reference to the existence and description, stating the sums involved, of the agreements between the company and members of the Board of Directors, in accordance with no 3 of the article 248-B of the Código dos Valores Mobiliários [Securities Codes], providing the compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the company:**

VAA shall not be party to any agreement with the holders of the management body or directors within the meaning of Article 248b(3) of the Securities Code and Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April, or workers providing for compensation in the event of dismissal, dismissal without just cause or termination of the employment relationship following a change of control of the Company.

## VI. SHARE PLANS AND STOCK OPTION PLANS

### **85. Identification of the plan and recipients**

At this time and during 2020 there is or has not existed in the Company any stock options plan, thus not applicable to VAA the Recommendations V.2.9..

**86. Characteristic of the plan (attribution conditions, stock inalienability clauses, stock price criteria and the exercise price of options, period during which options can be exercised, characteristics of the shares or options to be assigned, existence of incentives for the acquisition of shares and or the exercise of options):**

Not applicable.

**87. Option rights allocated for the acquisition of stock options that are beneficiaries of the company's employees and employees:**

Not applicable.

**88. Control mechanisms for a possible employee-shareholder system in as much as the voting rights are not directly exercised by them (article 245-A, no 1, paragraph e)):**

Is not predicted for any system of employee participation in capital of the company or its subsidiaries.

## **E. TRANSACTIONS WITH RELATED PARTIES**

### I. CONTROL MECHANISMS AND PROCEDURES

**89. Mechanisms implemented by the company for control purposes of the transactions with related parties (for this purpose refers to the resulting concept of IAS 24 or this purpose refers to the resulting concept of IAS 24):**

In order to safeguard the interests of Grupo Vista Alegre in situations of potential conflict of interest, the VAA adopted internal rules for the control of transactions between VAA (or companies in domain or group relationship) and related parties to comply with the relevant financial standards, in particular IAS 24.

These internal procedures, contained in the Regulations of the Board of Directors and the Supervisory Body (process approved by the Board of Directors with the prior binding opinion of the Supervisory Body in December 2019 and amended on this date in order to reflect the practices of the Company following the changes resulting from Law No. 50/2020, of the 25<sup>th</sup> of August, and available on the Company's website - [www.vistaalegre.com](http://www.vistaalegre.com)), impose the following principles in line with the provisions of articles 249-A and following of the Securities Code and Recommendations I.5.1. and I.5.2 .:

- (i) The Executive Board shall, to the extent of its delegation of competences, communicate to the Board of Directors and shall communicate to the Supervisory Board its proposals for the following transactions:
- a) any transaction between the Company (or companies in a domain or group relationship) and its directors, either directly or per person brought, with the exception of acts included in the company's trade in which no special advantage is granted to the administrator;
  - b) any transaction in an amount equal to or greater than € 2,000,000.00 or, in any case, equal to or greater than 2.5% of the consolidated asset (per individual transaction or with the same entity on an aggregate basis during any period of 12 months or financial year), between, on one hand, the Company (or companies in a controlling or group relationship) and, on the other hand, any party related to the VAA pursuant to IAS 24 (hereinafter "related party"), except for exempted transactions (i.e. transactions with a subsidiary of VAA; provided that it is in a domain relationship with the Company and no related party has an interest in that subsidiary, and the transactions proposed to all shareholders of VAA on the same terms as all shareholders and the protection of the interests of the Company are assured);
  - c) any transaction between, on one hand, the Company (or companies in a domain or group relationship) and, on the other hand, a related part to be carried out outside the scope of current activity or market conditions as defined in the Board of Directors and Supervisory Board Regulations.
- (ii) All transactions referred to in (i) are subject to approval by the Board of Directors and still require prior opinion from the Supervisory Board in the following situations, regarding its powers to monitor the integrity of financial information and to assess the conditions under which business is conducted in the light of the Company's day-to-day activities, the market conditions and interests of the Company and its unrelated Shareholders (including minority shareholders), mainly based on information regarding the main terms, value and foreseen date of the transaction; the procurement procedures and the justification and demonstration of compliance with the requirements applicable to these transactions, in accordance with the Board of Directors and Supervisory Board Regulations.
- (a) in the cases referred to in (i)a) and (c); and
  - (b) in the situations referred to in (i)b) whenever transactions of an amount equal to or greater than €4.000.000 or, in any event, equal to or greater than 2.5% of the consolidated asset are concerned (per individual transaction or with the same entity on an aggregated basis in any 12-month period or financial year), this opinion shall be delivered within 5 days of the request, except in cases of recognised emergency.

(iii) All transactions referred to in number 1 are subject to the following requirements: (a) its realization in pursuit of social interest and within current activity and market conditions, unless it is demonstrated that its realization outside current activity or market conditions safeguards social interest and reasonable criteria (fair and reasonable character) from the point of view of the Company and shareholders who are not related parties (including minority shareholders); (b) in the event of an unfavourable opinion from the Supervisory Board, the conclusion of the transaction is subject to the approval of the Board of Directors, especially substantiated as to the fulfilment of the requirements referred to in (a) and the advantages of the transaction, which positively balance the disadvantages indicated in the opinion of the Supervisory Board; and (c) related parties or parties with an interest in a particular transaction do not participate or vote in the approval process or in the prior or subsequent verification of the transaction.

It is also the Board of Directors responsibility (or the Executive Committee, to the extent of the respective delegation of powers) to inform the Supervisory Board, on a half-yearly basis, of all transactions between the Company (or companies in a controlling or group relationship) and related entities, regardless of their amount or nature (considering the powers of the aforementioned supervisory body) and promote the adoption of processes for identifying related parties, disclosing transactions with related entities and implementing these processes at the level of companies under a domain or group relationship with the VAA..

Also in accordance with the Regulations of the Board of Directors and its committees and the Fiscal Council and in line with Recommendations I.4.1. and I.4.2., the members of these bodies/committees shall promptly inform this body/committee, in the person of its Chairman (if the conflict does not concern itself), of the facts which may constitute or give cause to a conflict between their own or third party interests and the social interest. Under those rules, the member who declares to be in conflict of interest shall not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications that the body or respective members may request to said member.

#### **90. Indication of transactions that were subject to a control in the mentioned year:**

In 2020, there were no transactions with related entities subject to prior control by the Board of Directors and the Fiscal Board considering the criteria referred to in (i) a) and b) of point 89. above and, in the exercise of its powers to monitor the accuracy of the semi-annual and annual reporting documents, the Fiscal Board received the information considered relevant in relation to transactions with related parties as described in note 89. in terms of transactions with related parties, as described in the note 34 "Transactions with Related Parties" of the Consolidated Annex to the Balance Sheet and Income Statement".

#### **91. Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of the prior evaluation of the business to be carried out**

between the company and holders of qualifying shares or entities that are in any relationship with them, pursuant to article 20 of the Securities Code:

See Note 89

## II. ELEMENTS REGARDING BUSINESS ACTIVITIES

92. Where the accounting documents information on the transactions with related parties are available, in accordance with IAS 24, or, alternatively, the reproduction of such information:

The information on transactions with related parties is duly disclosed in the consolidated Annex to the Balance Sheet and Income Statement in note number 34 “Transactions with Related Party”.

## PART II – EVALUATION OF THE CORPORATE GOVERNANCE

### 1. Identify the Corporate Governance Code adopted

This report is outlined in accordance with the instructions set out in Annex I to CMVM Regulation No. 4/2013, which is available for consultation on the CMVM's website, at the following address [www.cmvm.pt](http://www.cmvm.pt), and is understood by the Board of Directors whereas, as described throughout this report, VAA complies with a significant set of Recommendations and adopts solutions that are materially equivalent to the other Recommendations and underlying principles contained in the Corporate Governance Code of the Portuguese Institute of Corporate Governance (2018), revised in 2020, which was adopted by VAA and which is available for consultation at the following email address <https://cgov.pt/>.

In addition to the good management practices, widely available and known in the prudent business environment, the VAA management follows the applicable legislation, the provisions contained in the Articles of Association approved by the Shareholders, as well as the decisions expressed by them at the General Meeting. Internal regulations and standards of conduct approved by the management and supervisory bodies in the exercise of their powers are also extremely important.

### 2. Analysis of the compliance of the Corporate Governance Code

#### Compliance Statement

VAA adopts a significant set of Recommendations related to corporate governance provided for in the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) (2018), revised in 2020, under the terms set out in the table below.

Regarding the recommendations not adopted and/or not applicable, the respective reasoning and other relevant observations are also included in the same summary table, especially in order to explain the solutions which are materially equivalent to the referred Recommendations and underlying principles adopted by the Company taking into account the specifics of the Company and of Grupo Vista Alegre.

IPCG Recommendations	Adoption of IPCG Recommendations	Ref. to the First Part of the report / Comment
<b>I. GENERAL CONSIDERATIONS</b>		
<b>I.1 RELATIONSHIP BETWEEN THE COMPANY AND THE INVESTORS AND INFORMATION</b>		
I.1.1 The company must adopt mechanisms that adequately and rigorously ensure the production, treatment and timely disclosure of information to its corporate bodies, shareholders, investors and other stakeholders, financial analysts and the market in general.	Adopted	<b>56 and 60 to 65</b>
<b>I.2. DIVERSITY IN THE COMPOSITION AND OPERATION OF THE COMPANY'S BODIES</b>		
I.2.1. Companies should establish criteria and requirements related to the profile of new members of the corporate bodies appropriate to the function to be performed. In addition to individual characteristics (such as competence, independence, integrity, availability and experience), these profiles should consider diversity requirements, giving attention to gender, which can contribute to improving the performance of the body and to the balance of its composition.	Adopted	<b>16, 19 and 33</b>
I.2.2. The corporate and fiscal bodies and their internal committees must have internal regulations - in particular on the exercise of their respective duties, chairmanship, frequency of meetings, functioning and framework of duties of its members -, disclosed in full on the company's website, and detailed minutes of the respective meetings must be prepared.	Adopted	<b>22, 23, 27, 29, 34 and 35</b>
I.2.3. The composition, the number of annual meetings of the corporate bodies and their internal committees shall be made public through the company's website.	Adopted	<b>62</b>
I.2.4. The irregularity reporting policy (whistleblowing), that guarantees the adequate means for communicating and processing the irregularities of said irregularities while safeguarding the confidentiality of the information transmitted and the identity of the notified, whenever such identity is requested.	Adopted	<b>49</b>

<b>I.3. RELATIONS BETWEEN COMPANY'S BODIES</b>		
I.3.1. The articles of association or other equivalent channels adopted by the Company must set out mechanisms so as to guarantee that, within the limits of the applicable legislation, the managing and supervisory bodies' members are permanently granted access to all information and workers of the Company for purposes of assessment of the performance, situation and development of prospects of the Company, including namely the minutes, the documentation supporting the decisions taken and the notices and filing of the executive administration body meetings, without prejudice to access to any other documents or persons from whom clarifications may be requested.	Adopted	<b>18, 22, 29 and 34</b>
I.3.2. Each body and committee of the Company must ensure, in a timely and adequate manner, the flow of information, starting with the respective notices and minutes, that is necessary to the exercise by each of the remaining bodies and committees.	Adopted	<b>18, 22, 29 and 34</b>
<b>I.4. CONFLICTS OF INTEREST</b>		
I.4.1. By internal regulation or equivalent mean, the members of the management and supervisory bodies and of the internal commissions are bound to inform the respective body or commission whenever there are facts that may give rise to a conflict between their interests and the social interest.	Adopted	<b>22, 34 and 89</b>
I.4.2. Procedures preventing the member in a situation of conflict of interest from interfering in the decision-taking process, without prejudice to the duty to provide information and clarifications that the body, the committee or the respective members may request to said member, must also be adopted.	Adopted	<b>22, 34 and 89</b>
<b>I.5. TRANSACTIONS WITH RELATED PARTIES</b>		
I.5.1. The management body must disclose in the report or by another publicly available means, the internal procedure for verifying transactions with related parties.	Adopted	<b>38, 89 and 91</b>
I.5.2. The management body must communicate to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Adopted	<b>38, 89 and 91</b>
<b>II. SHAREHOLDERS AND GENERAL MEETING</b>		
II.1. The Company must not establish an excessively high number of shares necessary for granting the right to one vote, and must clarify in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.	Adopted	<b>12</b>
II.2. The Company shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a	Adopted	<b>14</b>

<p>quorum for resolutions greater than that provided for by law.</p>		
<p>II.3. The Company must implement the appropriate means for the remote participations of shareholders at the General Meeting, proportional to its dimensions.</p>	<p>Not Adopted, but with explain equivalent to adoption</p>	<p style="text-align: center;"><b>12</b></p> <p>VAA considers that it has provided adequate means of remote participation and voting in its General Meeting held in 2020 and thus, complied with the principles underlying Recommendation II.3.. (even if the electronic vote has not been made available ), namely by promoting participation and voting via face-to-face means - directly or through a representative - or remotely - via the postal vote with extended deadlines.</p> <p>Additionally, the Company considers that it has sufficiently encouraged shareholder participation taking into account its shareholder structure and participation history (in the last 3 meetings an average of 6 Shareholders participated in each of them) and voting (having for the first time in 2020 two Shareholders used the postal vote at the respective annual general meeting). On the other hand, during 2020 the Company did not register any type of request by Shareholders for this type of functionality.</p> <p>The use of this functionality, with the safety and authenticity requirements would therefore be disproportionate, particularly in view of the associated costs.</p>
<p>II.4. The Company must implement the adequate means for exercising the voting right by correspondence, including by electronic means.</p>	<p>Not Adopted, but with explain equivalent to adoption</p>	<p style="text-align: center;"><b>12</b></p> <p>VAA considers that it has made available adequate means of remote participation and voting at the General Meeting held in 2020 and thus it complies with the principles underlying Recommendation II.4. (even if the electronic vote has not been made</p>

		<p>available), namely by promoting participation and voting on in-person means - directly or through a representative - or remotely - via the postal vote with extended deadlines.</p> <p>Additionally, the Company considers that it has sufficiently encouraged shareholder participation taking into account its shareholder structure and participation history (in the last 3 meetings an average of 6 Shareholders participated in each of them) and voting (having for the first time in 2020 two Shareholders used the postal vote at the respective annual general meeting). On the other hand, during 2020 the Company did not register any type of request by Shareholders for this type of functionality.</p> <p>The use of this functionality, with the safety and authenticity requirements would therefore be disproportionate, particularly in view of the associated costs.</p>
<p>II.5. The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general meeting, at least every five years, on whether that statutory provision is to be amended or prevails – without higher quorum requirement than that legally in force – and that in said resolution all votes issued be counted, without applying said restriction.</p>	<p>Not Applicable</p>	<p><b>5 and 13</b></p> <p>In the articles of association are not foreseen any provisions regarding any limitations on the number of votes that may be held by a single shareholder individually or with other shareholders.</p>
<p>II.6. Measures that determine payments or assumption of fees by the Company in the event of change of control or change in the composition of the managing body and which appear likely to impair the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the board members shall not be adopted.</p>	<p>Adopted</p>	<p><b>4</b></p>
<p><b>III. NON-EXECUTIVE MANAGEMENT AND SUPERVISION</b></p>		
<p>III.1. Without prejudice to the legal responsibilities of the chairman of the Board of Directors, if said chairman is not independent, the independent board members must</p>	<p>Adopted</p>	<p><b>18</b></p>

<p>nominate a coordinator from among themselves, particularly for (i) acting, whenever necessary, as an interlocutor, with the chairman of the Board of Directors and with the remaining board members, (ii) ensure that the set of conditions and means are necessary to the performance of their duties; and (iii) coordinating them in the assessment of the managing body's assessment provided for in recommendation V.1.1.</p>		
<p>III.2. The number of non-executive members of the managing body, as well as the number of members of the supervisory body and the number of members of the committee for financial matters must be suitable to the size of the Company and to the complexity of the risks inherent to its activity, but sufficient to ensure efficiently the tasks assigned to it, and the formulation of this adequacy assessment should be included in the governance report.</p>	<p>Adopted</p>	<p><b>17, 18, 19, 31, 32 and 33</b></p>
<p>III.3 In any case, the number of non-executive board members must be higher than that of executive board members.</p>	<p>Not Adopted, but with explain equivalent to adoption</p>	<p><b>18</b></p> <p>The Board of Directors includes a number of executive, non-executive and independent members adequate to ensure a relevant contribution to the decision making and performance of the Board of Directors' duties, and to an effective capacity to monitor, supervise and evaluate the activity of the executive members (mainly, the members elected at the General Meeting, the implementation of the Company's business strategy and its size as well as group and organizational structure).</p> <p>VAA understands that it adopts the following solutions that are materially equivalent to the principles in order to promote that non-executive directors perform a supervisory role and challenge the executive management, taking into account the specifics of the Company: (i) adequate division of executive responsibilities in accordance with the delegation of powers and group and organizational structure, (ii) internal mechanisms and procedures that allow non-executive directors to participate in the elaboration, by the Board of</p>

		Directors, of the strategy, as well as access to information appropriate to the performance of their duties, (iii) a sufficient number of independent directors and adequacy of the knowledge and skills of the non-executive directors, and (iv) the role of the lead independent director and the Supervisory Board.
<p>III.4. Each Company must include a number not less than one third, but always plural, of non-executive board members who meet the independence requirements.</p> <p>For purposes of this recommendation, an independent person is regarded as a person who is in no way associated with any specific group of interests in the Company nor is in any circumstance liable to affect their unbiased analysis of decision-taking, namely due to:</p> <ul style="list-style-type: none"> <li>(i) Having performed, for more than twelve years, in an ongoing or interspersed manner, duties in any body of the Company;</li> <li>(ii) Having been a worker of the Company or of company in a control or group relationship with the former in the last three years;</li> <li>(iii) Having, in the last three years, provided services or established a significant business relation with the Company or with Company in a control or group relationship with the former, directly or as a partner, director, manager or officer of a legal person;</li> <li>(iv) Having been the recipient of a remuneration paid by the Company or by company in a control or group relationship with the former apart from the remuneration resulting from the performance of director duties;</li> <li>(v) Being unmarried partner or spouse, lineal and collateral relative up to the third degree of consanguinity or affinity of Company board members, of directors of a legal person with a qualified holding in the Company or of individuals directly or indirectly holding a qualified holding;</li> <li>(vi) Having a qualified holding or representing a shareholder holding qualified holding.</li> </ul>	Adopted	18
<p>III.5. The provisions in subparagraph (i) of Recommendation III.4 do not prevent a new director from being deemed as independent provided that at least three years have elapsed (cooling-off period), between the termination of their term of office in any body of the Company and their new nomination.</p>	Not Applicable	<p>18</p> <p>The non-independence of the non-executive directors of the Company does not arise from the provisions of paragraph (i) of recommendation III.4.</p>

III.6. In accordance with the powers conferred on it by law, the Supervisory Body shall assess and comment on the strategic lines and risk policy prior to its final approval by the management body.	Adopted	<b>38 and 50</b>
III.7. Companies should have specialised corporate governance committees, appointments and performance assessments, either separately or jointly. In the event that the remuneration committee provided for in Article 399 of the Commercial Companies Code has been set up, and this is not prohibited by law, this recommendation can be complied with by conferring on this committee powers in these matters.	Adopted	<b>15, 24, 25, 27 and 66</b>
<b>IV. EXECUTIVE BOARD</b>		
IV.1. The managing body must approve, through internal regulations or equivalent form, the scheme for the executive board members' action and the performance of their executive duties in entities outside the group.	Adopted	<b>26</b>
IV.2. The managing body must ensure that the Company acts in accordance with its objectives and may not delegate its responsibilities namely as regards the following: i) definition of the strategy and general policies of the Company; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to the amount, risk and particular characteristics involved.	Adopted	<b>21, 27 and 29</b>
IV.3. In the Annual Report, the management body sets out how the strategy and the main policies which are set out seek to ensure the long-term success of the company and what major contributions this will make to the wider community.	Adopted	<b>Chapters VII (Non-Financial Performance Analysis) and VIII (Perspectives) of the Management Report</b>
<b>V. PERFORMANCE ASSESSMENT, REMUNERATIONS AND NOMINATIONS</b>		
<b>V1 PERFORMANCE ANNUAL ASSESSMENT</b>		
V.1.1. The managing body must assess, on an annual basis, its assessment as well as the assessment of its committees and delegate board members, considering the fulfilment of the Company's strategic plan and the budget, the risk management, its internal operation and the contribution of each member to that effect, and the relation between bodies and committees of the Company.	Adopted	<b>18, 24 and 25</b>
<b>V.2 REMUNERATIONS</b>		
V.2.1. The company must set up a remuneration committee whose composition ensures its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Portuguese	Adopted	<b>66 and 67</b>

Companies Code.		
V.2.2. The setting of remunerations should be the responsibility of the remuneration committee or the general meeting, upon the proposal of said committee.	Adopted	<b>66</b>
V.2.3. For each term, the remuneration committee or the general meeting, upon proposal from that committee, must also approve the maximum amount of all compensation to be paid to the member of anybody or committee of the company, due to the respective termination of duties, disclosing said situation and amounts in the governance report or in the remuneration report.	Adopted	<b>69 and 83</b>
V.2.4. In order to provide information or clarifications to the shareholders, the chairman or, if the chairman is absent, another member of the remuneration committee, must attend the annual general meeting or any other meetings if the respective agenda includes a matter related to the remuneration of the members of bodies and committees of the Company or if such attendance is required by the shareholders.	Adopted	<b>69</b>
V.2.5. Within the budgetary constraints of the Company, the remuneration committee must be able to freely decide on the contracting by the Company of the consultancy services deemed necessary or convenient for the exercise of the committee's duties.	Adopted	<b>67</b>
V.2.6. The Remuneration Committee must ensure that the services are provided independently and that the respective providers have not been contracted for providing any other services to the Company or to other companies in a control or group relationship with the former without the Committee's express authorisation.	Adopted	<b>67</b>
V.2.7. Considering the alignment of interests between the Company and the executive board members, a part of those members' remuneration must be of a variable nature so as to reflect the sustained performance of the Company and in order not to encourage the assumption of excessive risks.	Adopted	<b>70 and 71</b>
V.2.8. A significant part of the variable component must be partially deferred in time for a period of not less than three	Adopted	<b>72</b>

years, so as to associate it with the sustained performance, under the terms defined in internal regulation of the Company.		
V.2.9. When the variable remuneration includes the allocation of options or other instruments directly or indirectly dependant on the value of shares, the beginning of the exercise period shall be deferred for a period of not less than three years.	Not Applicable	<b>74 and 85</b>
V.3.4. The remuneration of non-executive board members shall not include any component the value of which depends on the performance of the company or its value.	Adopted	<b>70</b>
V.2.10. The Company must have appropriate legal instruments in force that prevent a termination of an appointment before the end of the mandate from giving rise, directly or indirectly, to the payment to the board member of any amounts beyond those already provided for under the law, and must explain the legal instruments adopted in the Company's governance report.	Adopted	<b>70, 71 and 83</b>
<b>V.3 NOMINATIONS</b>		
V.3.1. The Company must, in the manner which it deems most appropriate, but in a way that can be demonstrable, arrange for the proposals for the election of the corporate bodies' members to be accompanied by a statement of grounds with regards to the adequacy of the profile, knowledge and resume to the duties to be performed by each candidate.	Adopted	<b>16 and 29</b>
V.3.2. Unless the size of the Company does not call for it, the function of follow-up and support to the nominations of the senior managers must be attributed to a nominations committee.	Not Applicable	<b>27 and 29</b>
V.3.3. That committee includes a majority of non-executive independent members.	Adopted	<b>27</b>
V.3.4. The nominations committee must provide its terms of reference and encourage, within the limits of its powers, transparent selection processes that include effective mechanisms for the identification of potential candidates, and arrange that the candidates who prove to be of worth, who are better meet the requirements of the relevant function and	Adopted	<b>27 and 29</b>

who represent, within the organisation, an appropriate diversity, namely of gender, are taken into consideration.		
<b>VI. INTERNAL CONTROL</b>		
VI.1. The Managing body must debate and approve the strategic plan and the risk policy of the Company, including the definition of the levels of risk deemed acceptable.	Adopted	<b>50 and 54</b>
VI.2. The supervisory body must be internally organised, by implementing periodic mechanisms and control procedures with the scope of ensuring that the risks actually incurred by the Company are in line with the objectives established by the managing body.	Adopted	<b>54</b>
VI.3. The internal control system, comprising the functions of risk management, compliance and internal audit, must be structured in terms suitable for the size of the company and the complexity of the risks inherent in its activity, with the supervisory body evaluating it and, within the scope of its competence to monitor the effectiveness of this system, proposing any necessary adjustments.	Adopted	<b>55</b>
VI.4. The supervisory body must give its opinion on the work plans and resources allocated to the services of the internal control system, including risk management, compliance and internal audit functions, proposing any necessary adjustments.		<b>38 and 55</b>
VI.5. The supervisory body should be the recipient of the reports made by the internal control services, including risk management, compliance and internal audit functions, at least when matters related to the rendering of accounts, identification or resolution of conflicts of interest are at stake and the identification of potential irregularities.	Adopted	<b>38 and 50</b>
VI.6. Based on its risk policy, the Company must implement a risk management system, identifying (i) the main risks it faces in the course of its activity, (ii) the probability of occurrence of said risks and their respective impact, (iii) the instruments and measures to be adopted with a view to the respective mitigation and (iv) monitoring procedures.	Adopted	<b>53 and 54</b>
VI.7. The company must establish procedures for inspection, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of	Adopted	<b>54</b>

internal compliance and the performance of that system, as well as the prospect of changing to the risk framework referred to above.		
<b>VII. FINANCIAL INFORMATION</b>		
<b>VII.1 FINANCIAL INFORMATION</b>		
VII.1.1. The internal regulation of the supervisory body must determine that this body inspects the adequacy of the process of preparation and disclosure by the managing body of financial information, including the adequacy of the relevant accounting policies, estimates, judgements, disclosures and their consistent application between financial years, in a duly documented and disclosed fashion.	Adopted	<b>38 and 55</b>
<b>VII.2 STATUTORY AUDIT AND SUPERVISION</b>		
VII.2.1. Through internal regulations, the supervisory body must define, under the terms of the applicable law, the inspection procedures aimed at ensuring the independence of the statutory auditor.	Adopted	<b>34, 37 and 38</b>
VII.2.2. The supervisory body must be the main representative of the statutory auditor in the Company and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company.	Adopted	<b>38 and 45</b>
VII.2.3. The supervisory board must assess the statutory auditor on an annual basis, the respective independence and adequacy to the performance of their duties and propose to the competent body their dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Adopted	<b>38 and 45</b>

### 3. Other information

There are no other elements or additional information relevant to the understanding of the model and the government practices adopted.

Ílhavo, 30<sup>th</sup> April 2021

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Nuno Miguel Rodrigues Terras Marques  
Chairman of the Board of Directors

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Paulo Jorge Lourenço Pires  
Vice-Chairman of Board of Directors

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Alexandra da Conceição Lopes  
Member of the Board of Directors

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Alda Alexandra Abrantes Costa  
Member of the Board of Directors

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Paulo José Antunes Soares  
Member of the Board of Directors

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Nuno Miguel Ferreira de Assunção Barra  
Member of the Board of Directors

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Nuno Maria Pinto de Magalhães Fernandes Thomaz  
Member of the Board of Directors

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Cristina Isabel Sousa Lopes  
Member of the Board of Directors

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Teodorico Figueiredo Pais  
Member of the Board of Directors

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Céline Abecassis Moedas  
Member of the Board of Directors

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Mário Godinho de Matos  
Member of the Board of Directors

### ANNEX A

The information presented below refers to transactions on shares representing VAA's share capital carried out by Visabeira Indústria, SGPS, SA in 2020 and takes into account the provisions of Article 447, paragraph 2, point d) and paragraph 5 of the CSC, since the administrators of Visabeira Indústria, SGPS, SA, Mr. Nuno Miguel Rodrigues Terras Marques, Mrs Alexandra da Conceição Lopes and Mr. João Manuel Pisco de Castro, were also, at the time, VAA administrators.

Date	Fact	Quantity	Unit Price (Euros)
06/01/2020	VAA shares acquisition	50	1.42
22/01/2020	VAA shares acquisition	100	1.32

### ANNEX B

#### **Professional qualifications and curriculum elements of the members of the Board of Directors**

The professional qualification and other curricular elements of the members of the Board of Directors who were in office on the 31<sup>st</sup> December 2020, were, on that date, as follows:

#### ➤ **Nuno Miguel Rodrigues Terras Marques:**

He has, since 2000, a degree in Electrical and Computer Engineering (from *Faculdade de Engenharia da Universidade do Porto* [Faculty of Engineering of the University of Porto]), having attended the last year of his course under Erasmus Programme, at the *Instituto Católico de Artes e Industrias*, Universidad de Comillas in Madrid. In 2009, he completed a Master's Degree in Business Management at the *Escola de Gestão do Porto*.

He began its professional experience at Grupo Pavicentro in 1999, and among other he was responsible for the telecommunication business area (2004 a 2008) and he was member of the Executive Commission of the Grupo between 2008 and 2011, with the position of General Manager of Pavi in Brazil.

He joined Grupo Visabeira at the beginning of 2012, becoming the General Manager of Constructel França and Constructel Bélgica, between 2013 and 2014, companies which develop their business activity within the Infrastructure of Mobile and Fixed Telecommunications Network. On October 2014 he was elected Executive Director of the

Grupo Visabeira SGPS S.A. and Visabeira Global SGPS, being responsible for the Telecommunications and Technologies sectors worldwide.

Currently, he is the Vice Chairman of the Board of Directors and the Chairman of the Executive Commission of Grupo Visabeira, SA and Visabeira Global SGPS, SA, as well as Chairman of the Board of Directors of VAA - Vista Alegre Atlantis SGPS, SA, Visabeira Indústria SGPS, SA, Constructel França, Constructel Bélgica as well as Constructel Alemanha. He is also non-Executive Director in several companies of the Grupo Visabeira. At the General Meeting held on the 24<sup>th</sup> of March 2017, he was elected Chairman of the Board of Directors of VAA for the year 2017, and he was re-elected to the same position for the year 2018 at the General Meeting held on the 18<sup>th</sup> of May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 he was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Paulo Jorge Lourenço Pires:**

He holds a degree in Industrial Engineering and Management (from *Universidade do Minho* [University of Minho] (1995). In 1998/9, he attended the Advanced Management Program for Executives (PAGE) at the *Universidade Católica* [Catholic University]. He began his professional experience (1995) at General Electric, where he was responsible for the implementation of the "Lean Manufacturing" methodologies. He was responsible for the transfer to Portugal of a production unit located in another European country, being responsible for the production. He was also responsible for customer service and continuous improvement. In 1997 he joined Grupo Vista Alegre as General Director of the faïence business (together with the position of General Management of Capôa and Sociedade de Porcelanas). In 2001 he became responsible for the Industrial Management of the Faïence business, as Industrial Manager of the Capôa plant. Since 2005, he has been the Industrial Manager of the Ceramics sector, which includes 3 industrial plants, as well as responsible for the industrial operations of the Porcelain, Ovenware and Earthenware sectors. On January 2013 he was appointed General Manager of Ria Stone, being responsible for the development and implementation of the project. On October 2013 he was nominated member of VAA Board of Directors, for the remainder term (2013). At the General Meeting, on the 26<sup>th</sup> May 2014, he was re-elected member of VAA Board of Directors for 2014. On the General Meeting, on the 20<sup>th</sup> May 2015 he was re-elected member of VAA Board of Directors for 2015. At the General Meeting, on the 6<sup>th</sup> May 2016 he was again re-elected member of VAA Board of Directors for 2016. At the General Meeting held on the 24<sup>th</sup> of March 2017 he was re-elected Vice-Chairman of VAA Board of Directors for the 2017 term, and he was re-elected for this position for the 2018 term, at the General Meeting held on the 18<sup>th</sup> of May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 he was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Alexandra da Conceição Lopes:**

She holds a degree in Economics from the *Faculdade de Economia da Universidade de Coimbra* [Faculty of Economics of the University of Coimbra], and holds a postgraduate degree in Management from the *Escola de Estudos Empresariais das Beiras* [School of Business Studies of Beiras].

She began her professional experience in Grupo Visabeira in 1999, having worked until 2002 within the areas of Internal Control and Management Control.

From 2002 to 2005 she was advisor to the Chairman of Grupo Visabeira's Board of Directors. Between 2005 and 2011, she assumed the Grupo's Operational Efficiency and Cost Reduction Division. On May 2011, she was appointed Chairperson of the Board of Directors of Visabeira Pro - Gestão de Serviços Partilhados, SA and in 2013 she became member of the Board of Directors of Visabeira SGPS, SA.. At the General Meeting on the 22<sup>nd</sup> May 22 2013, she was elected a member of VAA Board of Directors for the remainder 2013. At the General Meeting on the 26<sup>th</sup> May 2014, she was elected Member of VAA Board of Directors for the year 2014. At the General Meeting on the 20<sup>th</sup> May 2015 was re-elected Secretary of VAA Board of Directors for the year 2015. At the General Meeting of the 6<sup>th</sup> May 2016, she was re-elected Secretary of VAA Board of Directors for the year 2016. At the General Meeting held on the 24<sup>th</sup> of March 2017 she was re-elected Member of VAA Board of Directors for the 2017 term, and she was re-elected for this position for the 2018 term, at the General Meeting held on the 18<sup>th</sup> of May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 she was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 she was re-elected for the 2020 term.

➤ **Alda Alexandra Abrantes Costa:**

Holds a degree in Business Organisation and Management from the University of the Azores (1991) and an MBA from Porto Business School (1994). In 1991, Ms. Costa began her career at the Regional Department for Housing, Public Works, Transport and Communications of the Regional Government of the Azores, as a Senior Technician. At the same time, she was a professor at the University of the Azores. Ms. Costa joined the Grupo VAA in 1994 as a Deputy Director of the Financial Department and took charge of the Management Control Department in 1997. Later on, Ms. Costa expanded her functions, and has been head of the Grupo's Financial Department since 2001. At the General Shareholders Meeting on 22<sup>nd</sup> May 2013, she was elected to the position of Member of the VAA Board of Directors for the year 2013. At the General Shareholders Meeting on 26<sup>th</sup> May 2014, she was elected to the position of Member of the VAA Board of Directors for the year 2014. By resolution of the VAA Board of Directors on 25<sup>th</sup> August 2016, she was appointed to the position of Member of the Board of Directors for the remainder of the current mandate (2016). At the General Meeting held on the 24<sup>th</sup> of March 2017 she was re-elected Member of VAA Board of Directors for the 2017 term, and she was re-elected for this position for the 2018 term, at the General Meeting held on the 18<sup>th</sup> of

May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 she was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 she was re-elected for the 2020 term.

➤ **Paulo José Antunes Soares:**

Holds a degree in Business Management from the College of Technology and Management, and has a specialisation in Marketing from the Portuguese Catholic University. Between 1997 and 2006, he performed the roles of (i) Foreign Market Manager at Ivima, a company that produces manual glass, where he restructured the International Distribution division, doubling sales and services in 3 years; (ii) Commercial Director of the Atlantis S.A.'s glass unit, where he was responsible for defining the entire commercial policy for the domestic and external markets; (iii) Crisal's Export Director, the only automatic table glass manufacturing facility in Portugal; and subsequently (iv) as the Export Director of Atlantis with the mission of identifying and exploring new business opportunities and the management of 4 trademarks, namely the French brand Crystal de Sèvres with offices and a commercial team covering the whole world from France. In that period, he acquired solid skills in identifying opportunities in new markets in the table art sector and creating partnerships.

In 2006, Mr. Soares started working at Vista Alegre Atlantis, in the domestic market, carrying out the restructuring of the domestic market and the redesign of the store chain and the independent retail, a task concluded in 2012. From 2013 until the end of 2015, he led the business channel for products destined for the Horeca channel, which in this period achieved significant growth in sales and services. Mr. Soares is currently Director of Vista Alegre Atlantis S.A., in charge of restructuring the international distribution and development of large accounts for the porcelain, crystal, oven, glass and ceramics units. At the General Shareholders Meeting on 6<sup>th</sup> May 2016, he was elected to the position of Member of the VAA Board of Directors for the year 2016. At the General Meeting held on the 24<sup>th</sup> of March 2017 he was re-elected Member of VAA Board of Directors for the 2017 term, and he was re-elected for this position for the 2018 term, at the General Meeting held on the 18<sup>th</sup> of May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 he was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Nuno Miguel Ferreira Assunção Barra:**

Holds a degree in Economics from the Faculty of Economics at the University of Coimbra in 1995 and completed an MBA in 1996 from INDEG/ISCTE with a specialisation in Marketing and International Business. From 1996 to 1998, he studied for his Master's Degree in Business Sciences specialising in Management, Strategy and Business Development with a main focus on Marketing and International Business at INDEG/ISCTE. In 2015, he completed the Executive Course "Aligning Strategy & Sales" at Harvard Business School.

In 1997, Mr. Barra began his professional activity as assistant professor for the 3<sup>rd</sup> year of the "Marketing II" course at the Leiria Higher Education College of Technology and Management (ESTGL). From 1997 to 2000, he held three consecutive roles at TAP-Air Portugal, SA, as Network Development Manager, Marketing Manager and Revenue Manager in the Network Department of the General Commercial Directorate. From 2000 to 2001, he taught the subject "International Tourism" on the "Tourism Products Management" postgraduate course at INDEG/ISCTE. From 2000 to 2002, Mr. Barra also served as a Senior Consultant at PricewaterhouseCoopers Consulting (PwC Consulting) in the areas of Strategic Change and Customer Relationship Management (CRM). From 2002 to 2005, he was a Senior Consultant at KPMG Consulting in the areas of Strategic Marketing (Strategic and Operational Marketing, Brand Management and Customer Strategy) and Corporate Strategy. In 2005, Mr. Barra assumed the position of Director of Marketing & Communication (CMO) at the Grupo Visabeira. In 2008, he was appointed Managing Director of the Visabeira Imobiliária sub-holding, a position he held until 2009. In 2010, Mr. Barra assumed the position of Director of Marketing & External Design at Vista Alegre and Bordalo Pinheiro, which he continues to hold. At the General Shareholders Meeting on 6<sup>th</sup> May 2016, he was elected to the position of Member of the VAA Board of Directors for the year 2016. At the General Meeting held on the 24<sup>th</sup> of March 2017 he was re-elected Member of VAA Board of Directors for the 2017 term, and he was re-elected for this position for the 2018 term, at the General Meeting held on the 18<sup>th</sup> of May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 he was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Nuno Maria Pinto de Magalhães Fernandes Thomaz:**

Holds a degree in Business Administration and Management from the Higher Institute of Management and postgraduate course from Harvard Business School, being registered in the Securities and Futures Authority.

He began his professional career as a Broker of BVL in Pedro Caldeira – Sociedade Corretora, S.A.. He also worked as sales trader at BCI (Grupo Santander), Sales and Negotiation Director of Carnegie Portugal and was responsible for the capital markets of South Europe in Carnegie London. Worked in the Grupo Finibanco, Banco de Negócios Argentaria and was Vice-Chairman in the Banif Ascor, Founder and Director of Banif Investment Bank.

Between 2004 and 2005 was Secretary of State for Maritime Affairs. Between 2005 and 2006 was CEO of Orey Financial and in 2007 assumed the leadership of ASK (financial boutique) of which he was co-founder and CEO. In 2011, he was appointed by the Government to the Working Group on Economic Diplomacy.

Between 2011 and 2016 served as member of the Board and Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos.

Currently he is Director of SOGEPOC SGPS, S.A., Senior Partner of Core Capital – Sociedade Capital de Risco, S.A., Chairman of Centromarca, Corporate Director of NAU Securities (London), Vice-Chairman of the CIP General Board; Director of the Portuguese Chamber of Commerce and Industry as well as President of the Portuguese-Brazilian Foundation (Fundação Luso-Brasileira). He is Professor at the ISG (Institute of Management) and teaches Investment Strategy and Internationalization of Companies, and is an Executive Education Guest Professor at NOVA SBE.

At the General Meeting held on the 18<sup>th</sup> of May 2018 he was elected Member of VAA Board of Directors for the 2018 term. At the General Meeting held on the 30<sup>th</sup> of April 2019 he was re-elected for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Jorge Paulo Sacadura Almeida Coelho:**

Holds a degree in Business Organisation and Management from the Higher Institute of Economics and Management (1983). He began his professional activity in 1974 as Senior Technician at STAPE - Ministry of Internal Administration. He was General Secretary of the Companhia Carris de Ferro de Lisboa until 1988. During that year he went to Macau, where he held several positions, such as Deputy Secretary for Education, Sports and Political Affairs of the Macau Government. In 1991 he returned to Portugal and was elected Member of the Assembly of the Republic and President of the Municipal Assembly of Oeiras. From 1995 until 2001 he held different positions in the Portuguese Government, including Deputy Minister of the Government of the Republic, Minister of the Presidency and Internal Administration of the Government of the Republic, and Minister of State and Social Equipment of the Government of the Republic. During these years of government service he was also a Member of the Superior Council of National Defence and a Member of the Superior Council of Homeland Security. Mr. Coelho was a member of the Portuguese parliament and President of the Oeiras municipal parliament in the legislatures of 1991-1995 and 2001-2006. Mr. Coelho was a member of the Council of State between 2005 and 2008. Mr. Coelho currently performs the following functions: Chairman of the Executive Committee of Mota-Engil, SGPS, S.A.; Chairman of the Strategic Advisory Board of Grupo Mota-Engil; Vice-Chairman of the Board of Directors of Mota-Engil, SGPS, S.A.; Member of the Higher Board of Mota-Engil Angola; Member of the Advisory Board of Banco de Investimento Global (BIG); Member of the General and Supervisory Board of Grupo Visabeira SA; Managing Partner of Horizone, Lda; Manager of Queijaria Vale da Estrela; Chairman of the General Meeting of AIRV (Associação Empresarial da Região de Viseu); Chairman of the Strategic Business Board of Sintra, Vice-Chairman of the General Board of Universidade Nova de Lisboa, and Member of the General Board of the Instituto Politécnico de Viseu. From the 18<sup>th</sup> of May 2018, and by resolution of the General Meeting held on the same date, he became a member of the Board of Directors of VAA, being re-elected for the same position for the 2019 term at the General Meeting held on the 30<sup>th</sup> of April 2019, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Cristina Isabel Sousa Lopes:**

She has a degree in Business Management from the *Instituto Politécnico de Viseu*.

She began her professional experience in Grupo Visabeira in 2007, having worked until 2009 in the financial area.

From 2010 to 2013, she was a Financial Director in Mozambique. In 2014, she carried out tasks related to the monitoring of new projects in the administrative and financial areas. From December 2014 until March 2016, she was deputy director of the Financial Planning, Funding and Risk Department. Since March 2016 to this date, she has been the Director of Palácio do Gelo Shopping and Director of the Collection and Litigation Department of Grupo Visabeira. She has been member of the Board of Directors of MOVIDA S.A. since the 5<sup>th</sup> of June 2017, having been elected Member of the Board of Directors of VAA for the 2018 term at the General Meeting held on the 18<sup>th</sup> of May 2018. At the General Meeting held on the 30<sup>th</sup> of April 2019 she was re-elected Member of the Board of Directors of VAA for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 she was re-elected for the 2020 term.

➤ **Teodorico Figueiredo Pais:**

Is a graduate in Porcelain and Glass Engineering from Aveiro University (1991) and holds an Executive MBA in Management from the Business School of Porto (2005). After 4 years of applied research work, he began working for Fábrica de Porcelana da Vista Alegre in late 1994. Mr. Pais is currently engineer at Vista Alegre's Porcelain Factory and Industrial Director of the Porcelain and Glass Units. From 2008 and 2010 he was Brand Manager for "Vista Alegre Hotelware", a position held in conjunction with Brand Manager for the Horeca channel, which he holds since 2005. Mr. Pais was Country Manager of the subsidiary Vista Alegre Espanha between 2010 and 2014.

At the General Shareholders Meeting on 12th October 2018, he was elected to the position of Member of the VAA Board of Directors for the current mandate, having assumed responsibility for the Industrial area of porcelain and Crystal. At the General Meeting held on the 30<sup>th</sup> of April 2019 he was re-elected Member of the Board of Directors of VAA for the 2019 term, and at the General Meeting held on the 26<sup>th</sup> of June 2020 he was re-elected for the 2020 term.

➤ **Céline Abecassis Moedas:**

She has a PhD in Business Strategy from *École Polytechnique*, Paris (1999), a Master's degree in Management from *Université Paris Dauphine* (1995) and a Degree in Economics and Management from *École Normale Supérieure de Cachan and La Sorbonne* (1994). She is also Certified IDPC in Corporate Governance, INSEAD, 2017.

She started her career as a researcher at Orange Labs, Paris (1996-1999), having become Product Manager at Lectra in New York (1999-2000) and strategy consultant at AT Kearney in London (2000-2002).

She returned to the academic world as an Assistant Professor at Queen Mary - University of London (2002-2005) and joined CATÓLICA-LISBON as an Assistant Professor in the areas of Innovation Strategy and Management in 2005. She was an International Faculty Fellow at Sloan School of Management, MIT (2011-2012) and Affiliated Professor in Innovation Strategy & Management and Academic Director of Fashion & Technology Lectra Chair at ESCP Business School, in Paris (2014-2019). She has been an Associate Professor since 2013, with Aggregation since 2019 at CATÓLICA-LISBON.

She was Non-Executive Director at CTT Correios de Portugal, SA, Member of the Corporate Governance, Evaluations and Nominations Committee (2016-2020), and Non-Executive Director at Europac (Papeles y Cartones de Europa, SA) (2012-2019), where she was Lead Independent Director (2015-2019), Chairwoman of the Nomination and Remuneration Committee (2015-2019) and Member of the Audit Committee (2015-2019).

She is currently Associate Professor with Aggregation, founder and Academic Director of the Center for Technological Innovation & Entrepreneurship (since 2017) and Executive Training Director, CATÓLICA LISBON, *Universidade Católica Portuguesa*. She is also a non-executive director at CUF (since 2016) and at Vista Alegre Atlantis (since 2020), Chairwoman of the Strategic Board of Vieira de Almeida Inovação since 2017 and Member of the Advisory Board of COTEC since 2018.

At the General Meeting held on the 26<sup>th</sup> of June 2020 she was elected Member of the Board of Directors of VAA for the 2020 term.

➤ **Mário Godinho de Matos:**

Ambassador of the staff of the Ministry of Foreign Affairs.

Undergraduate degree in Economics from ISEG (*Universidade de Lisboa*) in 1974. In 1976 he entered the Diplomatic Career having worked, between 1980 and 2004, in the diplomatic representations of Portugal in Washington, Maputo, Beijing, Madrid and in the Nato Delegation, in Brussels. From 1989 to 1991 he was a member of the Joint Luso-Chinese Liaison Group on the transition process of Macau to the sovereignty of the People's Republic of China. Between 1992 and 1995 he was Director at the Ministry of Foreign Affairs, in Lisbon.

From 2004 to 2017 he was successively Ambassador of Portugal in Havana, in Maputo and in Moscow.

In 2017, he definitively returns to the Ministry of Foreign Affairs in Lisbon and chairs the *Comissão Internacional de Limites e Bacias Hidrográficas Luso-Espanholas* until June 2020.

He taught at ISEG the subject of "Economic and Social History" for five academic years, whenever he was not appointed abroad within his Diplomatic career position.

After returning to Lisbon, he was Assistant Guest Professor at UC "Diplomatic Practice", at the *Faculdade de Ciências Sociais e Humanas* at the *Universidade NOVA*, from 2018 to 2020.

Within the context of collaboration between the *Universidade NOVA* and the *Instituto Universitário Militar (IUM)* he taught, in 2019 and 2020, "Diplomacy" in the postgraduate program "Globalization, Diplomacy and Security".

He works regularly with the *IUM* regarding Promotion Courses for General officers.

Awarded by President Jorge Sampaio with the degree of "Grã-Cruz" of the *Ordem de Mérito*; "Oficial" of the *Order of Infante D. Henrique*; and "Comendador de Número" of the *Ordem de Isabel a Católica*, from Spain.

At the General Meeting held on the 26<sup>th</sup> of June 2020 he was elected Member of the Board of Directors of VAA for the 2020 term.

### ANNEX C

Relevant positions and activities carried out simultaneously in other companies, within and outside the group, of the members of the Board of Directors

➤ **Nuno Miguel Rodrigues Terras Marques**

Chairman of the Executive Board of Directors

Grupo Visabeira, S.A.

Chairman of the Board of Directors

- Constructel Visabeira, S.A.
- Visabeira Global SGPS, S.A.
- Visabeira Indústria SGPS, S.A.
- Visabeira Turismo, Imobiliária e Serviços SGPS, S.A.
- Real Life – Tecnologias de Informação, S.A.
- Pinewells, S.A.
- MOB – Indústria de Mobiliário, S.A.
- ARMISEPI, S.A.
- VAA – Vista Alegre Atlantis SGPS, S.A. (a)  
(a) Company belonging to Grupo VAA

Administrator:

- Ambitermo-Engenharia e Equipamentos Térmicos, S.A.
- E.I.P. Serviços, S.A.
- Jayme da Costa – Energia e Sistemas, S.A.
- PCI – Parque de Ciência e Inovação, S.A.

➤ **Alexandra da Conceição Lopes**

Chairman of the Board of Directors:

- Visabeira Saúde – Serviços de Saúde S.A.

Executive Administrator:

- Grupo Visabeira, S.A.

Administrator

- Constructel Visabeira, S.A.
- Visabeira Turismo, Imobiliária e Serviços, SGPS, S.A.
- Visabeira Global, SGPS, S.A.
- Visabeira Indústria SGPS, S.A.
- Grupo Visabeira, S.A.
- Mundicor - Viagens e Turismo S.A.

- IUTEL – Infocomunicações, S.A.
  - Granbeira II – Rochas Ornamentais, S.A.
  - Granbeira – Sociedade Exploração e Comércio de Granitos, S.A.
  - MOB – Indústria de Mobiliário, S.A.
  - Pinewells, S.A.
  - Viatel - Tecnologia de Comunicações, S.A.
  - PDT – Projectos de Telecomunicações, S.A.
  - Empreendimentos Turísticos Monte Belo - Sociedade de Turismo e Recreio S.A.
  - EDIVISA – Empresa de Construções, S.A.
  - Visabeira Imobiliária, S.A.
  - Movida-Empreendimentos Turísticos, S.A.
  - Naturenergia-Produção de Energia, S.A.
  - Field Force Atlântico, S.A.
  - Ambitermo-Engenharia e Equipamentos Térmicos, S.A.
  - Domingos da Silva Teixeira/Visabeira, A.C.E.
  - Real Life – Tecnologias de Informação, S.A.
  - VAA – Empreendimentos Turísticos, S.A.
  - ARMISEPI, S.A.
  - Creative Shots - Agência de Comunicação e Marketing, S.A.
  - GESVISA – Património Imobiliário, S.A.
  - IFERVISA – Sociedade de Promoção e Desenvolvimento Imobiliário, S.A.
  - IN2IN, S.A.
  - IN2In Infraestruturas, Unipessoal Limitada
  - IN2In Indústria, Unipessoal Limitada
  - In2In Turismo, Unipessoal Limitada
  - Visabeirahouse – Sociedade de Mediação Imobiliária, S.A.
  - Cerutil – Cerâmicas Utilitárias, S.A. (a)
  - Faianças Artísticas Bordalo Pinheiro, S.A. (a)
  - Faianças Artísticas Bordalo Pinheiro – Turismo ACE (a)
  - Bordalgest S.A. (a)
  - VAA - Vista Alegre Atlantis, SGPS, S.A. (a)
  - Vista Alegre Atlantis, S.A. (a)
  - VA I.I. – Sociedade Imobiliária, S.A. (a)
  - Faianças da Capoa – Indústria de Cerâmica, S.A. (a)
  - Cerexport – Cerâmica de Exportação, S.A. (a)
  - Ria Stone – Fábrica de Louça de Mesa em Grés, S.A. (a)
  - Ria Stone II, S.A. (a)
  - VA Vista Alegre España, S.A. (a)
- (a) Company belonging to Grupo VAA

Manager:

- Visabeira Infraestruturas, Lda.
- Besconsigo – Materiais, Construção de Besteiros Lda
- Rodinerte – Transportes Lda
- Troppo Squisito Lisboa, Lda

➤ **Paulo Jorge Lourenço Pires**

Chairman do the Board of Directors:

- Cerutil – Cerâmicas Utilitárias, S.A. (a)
- Faianças Artísticas Bordalo Pinheiro, S.A. (a)
- Bordalgest S.A. (a)
- Vista Alegre Atlantis, S.A. (a)
- VA I.I. – Sociedade Imobiliária, S.A. (a)
- Faianças da Capoa – Indústria de Cerâmica, S.A. (a)
- Cerexport – Cerâmica de Exportação, S.A. (a)
- Ria Stone- Fábrica de louça de mesa em Grés, S.A. (a)
- Ria Stone II, S.A. (a)
- VA Vista Alegre España, S.A. (a)  
(a) Company belonging to Grupo VAA

Vice-Chairman of the Board of Directors:

- VAA – Vista Alegre Atlantis SGPS, S.A.(a)  
(a) Company belonging to Grupo VAA

➤ **Paulo José Antunes Soares**

Administrator:

- VAA – Vista Alegre Atlantis SGPS, S.A.(a)
- Vista Alegre Atlantis, S.A. (a)
- Cerutil – Cerâmicas Utilitárias, S.A. (a)
- Faianças Artísticas Bordalo Pinheiro, S.A. (a)
- VA Vista Alegre España, S.A. (a)  
(a) Company belonging to Grupo VAA

➤ **Nuno Miguel Ferreira de Assunção Barra**

Administrator:

- VAA – Vista Alegre Atlantis SGPS, S.A. (a)
- Vista Alegre Atlantis, S.A. (a)
- Faianças Artísticas Bordalo Pinheiro, S.A. (a)
- VA Vista Alegre España, S.A. (a)  
(a) Company belonging to Grupo VAA

➤ **Alda Alexandra Abrantes Costa**

Administrator:

- VAA – Vista Alegre Atlantis SGPS, S.A. (a)
- Vista Alegre Atlantis, S.A. (a)
- VA I.I. Sociedade Imobiliária, S.A. (a)
- Ria Stone – Fábrica de Louça de Mesa em Grés, S.A. (a)
- Ria Stone II, S.A. (a)
- Faianças da Capoa – Indústria de Cerâmica, S.A. (a)
- Cerexport – Cerâmica de Exportação, S.A. (a)  
(a) Company belonging to Grupo VAA

➤ **Nuno Maria Pinto de Magalhães Fernandes Thomaz:**

President:

- Centromarca, Corporate Director da NAU Securities (London)
- Fundação Luso-Brasileira

Vice-President:

- General Board of CIP

Administrator:

- SOGEPOC SGPS S.A.
- VAA – Vista Alegre Atlantis SGPS, S.A.(a)  
(a) Company belonging to Grupo VAA

Director:

- Câmara do Comércio e Indústria Portuguesa
- Centro Desportivo Universitário de Lisboa (CDUL)

Senior Partner:

- Core Capital – Sociedade de capital de Risco S.A.,

➤ **Jorge Paulo Sacadura Almeida Coelho:**

President:

- General Meeting of Mota-Engil Indústria e Inovação
- General Meeting of AIRV (Associação Empresarial Da Região Viseu)
- Strategic Business Board of Sintra

Vice-President:

- Board of Directors of Grupo Mota-Engil
- General Board of Universidade Nova de Lisboa

Member:

- Fiscal Board of VAA – Vista Alegre Atlantis SGPS, S.A. (a)
- Member of the General and Supervisory Board of Grupo Visabeira S.A
- Member of the General Council of Instituto Politécnico de Viseu
- Supervisory Board of Mota-Engil Angola
- Advisory Board of Banco de Investimento Global (BIG)  
(a) Company belonging to Grupo VAA

Managing Partner:

- Horizonte, Lda
- Green Horizonte, Lda
- Soc. Agro-Industrial Terras de Azurara, Lda

➤ **Cristina Isabel Sousa Lopes:**

Chairman of the Board of Directors

- Movida-Empreendimentos Turísticos, S.A.

Administrator:

- Visabeira Turismo, Imobiliária e Serviços, SGPS, S.A.
- Visabeira Indústria SGPS, S.A.
- Mundicor - Viagens e Turismo S.A.
- Visabeirahouse – Sociedade de Mediação Imobiliária, S.A.
- Visabeira Imobiliária, S.A.
- GESVISA – Património Imobiliário, S.A.
- IN2IN, S.A.
- In2In Indústria, Unipessoal S.A.
- In2In Turismo Unipessoal S.A.
- VAA – Vista Alegre Atlantis SGPS, S.A. (a)
- Vista Alegre Atlantis, S.A. (a)
- Cerutil – Cerâmicas Utilitárias, S.A. (a)
- Ria Stone – Fábrica de Louça de Mesa em Grés, S.A. (a)
- Ria Stone II, S.A. (a)

(a) Company belonging to Grupo VAA

➤ **Teodorico Figueiredo Pais:**

Administrator:

- VAA – Vista Alegre Atlantis SGPS, S.A. (a)
- Vista Alegre Atlantis, S.A. (a)

(a) Company belonging to Grupo VAA

➤ **Céline Dora Judith Abecassis-Moedas**

Administrator:

- CUF SGPS S.A.
- VAA – Vista Alegre Atlantis SGPS, S.A. (a)

(a) Company belonging to Grupo VAA

Director:

Director of Executive Training at CATÓLICA LISBON, *Universidade Católica Portuguesa*.

## ANNEX D

### Professional qualifications and curriculum elements of the members of the Audit Board

The professional qualification and other curricular elements of the members of the Audit Board who were in office on the 31<sup>st</sup> December 2020, were, on that date, as follows:

#### ➤ **Manuel Duarte Domingues**

Undergraduate degree in Management Control by the *Instituto Superior de Contabilidade e Administração de Coimbra* (1992), he took on the role of Accountant and Business Consultant in 1977. He has been an Chartered Certified Accountant since 1993 (for public and private companies, cooperatives, municipalities, etc.), currently he is a shareholder and director of the chartered accountants “Manuel Domingues & Associado, SROC”. He was Unique Auditor within the scope of the Ministry of Health of two EPE Hospitals (2002/2016), working, since 2005, has chairman of the Audit Committee of A. H. dos Bombeiros Voluntários de Pombal.

He has held several positions in different associations: Vice-Chairman of the Board of Directors of A H B V Pombal; Chairman of the Supervisory Board of: AICP–Assoc.Indust.Conc.Pombal; Santa Casa da Misericórdia de Pombal; and Sporting Clube de Pombal. Chairman and Member of the Audit Committee of the Fundação Rotária Portuguesa.

He was a member of the Municipal Assembly of Pombal (1997/2009) and Chairman of the Vila Cã Parish Assembly (2001/2009).

Former High School Teacher (Esc. Ind. E Comerc. de Pombal) and Higher Education (ISCAC and ISLA), he was a military (January/1970 to June/1973) as a Militia Officer in Military Administration.

Publishing the book “DA ILUSTRE TERRA DO MARQUÊS...” - 1st Volume (2011, 2nd edition 2013); 2nd Volume (2016), bringing together chronicles published in newspapers and magazines and other writings, whose revenue is entirely given to Social Solidarity Institutions.

#### ➤ **Alberto Henrique de Figueiredo Lopes**

Is a graduate in Economics from the Faculty of Economics of the University of Porto in 1970. He completed compulsory military service from January 1971 to December 1973, as a militia officer – Air Force Quartermaster and Accounting Service. Between 1971 and 1972, while undertaking his compulsory military service, Mr. Lopes served as an economist at the Grupo COMUNDO, SA, in the management control of commercial and service companies department. Inspector of Finance, from 1974 to 1989, at the Company Inspection Service of the General Inspectorate of Finance, Mr. Lopes held a long-term licence as a Senior Inspector of Finance between 1990 and 2010, from which he retired in August 2010. He was responsible for the

Central Portugal Office. Between 1980 and 1990, he served as a business consultant, authorised by the Secretary of State for Finance.

Mr. Lopes taught for several years as professor of Taxation at the Portuguese Catholic University, Viseu campus.

Statutory Auditor since the beginning of 1990, Mr. Lopes is currently a member of “A. Figueiredo Lopes, M. Figueiredo & Associados, SROC, Lda.” Statutory Auditors Company, where he is partner and founding director of the company originally named “A. Figueiredo Lopes & José Soutinho, SROC.”

➤ **Marisa do Rosário Lopes da Silva Monteiro**

Degree in Law from *Faculdade de Direito da Universidade de Coimbra* in 2001, with the 5<sup>th</sup> legal year of the legal-economic area. Master’s degree in Law from the *Faculdade de Direito da Universidade de Coimbra* in 2010, scientific master within the field of legal and business sciences. PhD in Law from the *Faculdade de Direito da Universidade de Coimbra* in 2018, within the field of legal and business sciences.

Admitted to the Portuguese Bar Association in April 2004, she worked as a financial advisor at a leading banking institution between 2013 and 2014.

Of Counsel in the area of financial law and guarantee law at JPAB - José Pedro Aguiar-Branco Advogados, since September 2015, and in January 2020 she became Coordinator of that same area.

Legal advisor to business groups and collective investment organizations for corporate, corporate governance, funding, investment and capitalization of companies.

Speaker at seminars and conferences (civil liability, bond law, commercial and corporate and banking and financial).

Author of several articles published in the economic press (banking, finance, information duties of financial intermediaries, NPL, etc.), scientific articles and academic publications.

Private experience in guarantees, contracts, banking and finance, commercial and corporate.

➤ **Maria João Martins Parreira Ferreira Leite**

Undergraduate degree in Law from the *Faculdade de Direito de Lisboa* in 1988 and post-graduated in European Studies from the *Instituto Europeu da Faculdade de Direito de Lisboa* in 1989.

She began her career in the Legal Services of the former Banco de Fomento Nacional, EP (1988-1990), and in April 1990 started working for Inspeção-Geral de Finanças.

She was assistant to the Secretaries of State for the Treasury and Finance of the XII Constitutional Government between November 1992 and October 1995, and Director of the Legal Office of the Direção-Geral do Tesouro between October 1995 and January 1997. On this date she became advisor to the Board of Directors at *Instituto de Gestão do Crédito Público-IGCP*.

***In June 2012, she became Economic & Legal Affairs Officer of the International Monetary Fund (IMF) - Resident Representative Office in Portugal.***

At the end of May 2014, she was appointed General Secretary of the Agência de Gestão da Tesouraria e da Dívida Pública, IGCP, E.P.E.

She taught for several years at the *Faculdade de Direito de Lisboa*, at the *Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE)* and at the *Universidade Moderna*.

*She is member of the P.R.I.M.E Finance – Panel of Recognised International Market Experts in Finance.*

She is registered as a Lawyer with the Portuguese Bar Association.

She is a member of the supervisory board of CoRe Capital-Sociedade de Capital de Risco, SA.

ANNEX E

Relevant positions and activities carried out simultaneously in other companies, within and outside the group, of the members of the Audit Board

➤ **Manuel Duarte Domingues**

Administrator:

“Manuel Domingues & Associado, SROC”

Chairman of the Fiscal Board:

VAA - Vista Alegre Atlantis, SGPS, S.A. (a)

(a) Company belonging to Grupo VAA

Unique Auditor:

The following limited companies:

- Silva & Santos S.A.
- Matobra, S.A.
- Aruncauto, S.A.
- Fametal, S.A.
- Vigobloco, S.A.
- Cemopol S.A.
- Manuel da Silva, S.A.
- Val do Sol Ceramicas, S.A.
- JBS - Particip.Sociais, S.A.
- Praia de Lobos, S.A.
- Soc.Inv.R.Vieira SGPS, S.A.
- Kaprius, S.A.
- Soc.Const. Custódio Antunes S.A.
- Sicobrita, S.A.
- Motassis, S.A.
- Hotel Pombalense, S.A.
- Ribamonda, S.A.
- Klados S.A.
- Vitória de Sobral S.A.
- O Sino S.A.

- Artesacris S.A.
- Ernesto Vieira & Filhos S.A.
- Rodrigues & Neves S.A.
- Colégio João de Barros S.A.
- Colégio Dinis de Melo S.A.
- Plásticos IPA S.A.
- Rações Avenal S.A.
- Arnado S.A.
- Nutrapom S.A.
- Cliper - Cerâmica S.A.
- Vigobloco - Açores S.A.
- Gratuitema S.A.
- Seniorinvest S.A.
- Transp. Antunes Figueiras S.A.
- Dendrinvest S.A.
- Compet & Requite S.A.
- Fozauto S.A.
- Agroturismo S.A.
- CIVAM S.A.

Chartered Certified Accountant

The following private limited companies:

- Jomotos Lda
- Diamantino Malho & Cª Lda
- Carbus Lda
- Soteol Lda
- Moldata Lda
- Copombal CRL

➤ **Alberto Henrique de Figueiredo Lopes**

Manager:

“A. Figueiredo Lopes, M. Figueiredo & Associados, SROC, Lda”

Chairman of the Committee on Financial Matters of the General and Supervisory Board

GRUPO VISABEIRA, SA

Chairman of the Fiscal Board:

VIATEL – Tecnologia de Comunicações, SA

Empreendimentos Turísticos Monte Belo, SA

RECER – Indústria de Revestimentos Cerâmicos, SA

Member of the Fiscal Board:

VAA – Vista Alegre Atlantis SGPS, SA (a)

(a) Company belonging to Grupo VAA

➤ **Marisa do Rosário Lopes da Silva Monteiro**

Partner of “Plenitude do Saber, Lda”

Managing Partner of “Azáfama Peculiar, Lda”

Member of the Fiscal Board

VAA – Vista Alegre Atlantis SGPS, S.A. (a)

(a) Company belonging to Grupo VAA

➤ **Maria João Martins Parreira Ferreira Leite**

Member of the Fiscal Board:

CoRe Capital-Sociedade de Capital de Risco, SA

Substitute of the Fiscal Board

VAA – Vista Alegre Atlantis SGPS, S.A. (a)

(a) Company belonging to Grupo VAA



VISTA ALEGRE

1824

VISTA ALEGRE ATLANTIS, SGPS, SA

**INVESTOR RELATIONS**

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Reuters: VAF.LS e VAFe.LS

Bloomberg: VAFK:PL e VAF:PL

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**VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.**

**Report and Opinion of the Supervisory Board**

**Financial year 2020**

**Dear Shareholders,**

**1– Report**

**1.1.– Introduction**

In compliance with the applicable legal and statutory provisions and our mandate, the Supervisory Board issues this report showing the supervisory action developed, as well as the opinion on the management report and other individual and consolidated accounting documents covering the year ended on the 31<sup>st</sup> of December 2020, which are the Board of Directors' responsibility.

**1.2 .– Supervision**

During the year, the Supervisory Board monitored, in accordance with its authority, the management of the company and its subsidiaries, analysed, within the advisable extent, business development, the accuracy of the accounting records, the quality of the preparation process for and disclosure of financial information, accounting policies and measurement criteria, having also verified compliance with legal and statutory regulations.

While carrying out its duties, it held twelve meetings, in which the matters related to its attributions and competences were analysed. According to the nature of the matters to be dealt with, the meetings were attended by representatives of the Administration, heads of the Administrative and Financial departments, Internal Audit and the Chartered Accountant. In addition, the Supervisory Board participated in the Board of Directors' meetings it was invited to and in particular in the meeting that the management report and accounts for the year were issued for approval. Moreover, throughout the year the Supervisory Board had access to all documents deemed appropriate for carrying out its supervisory work.

Within the scope of its powers, the Supervisory Board also noted the effectiveness of risk management and internal control systems, having assessed the planning and results of the external and internal auditors' work. Furthermore, it followed the reception and treatment system for pinpointing irregularities, it evaluated the process of preparing individual and consolidated accounts, also providing the Board of Directors with information regarding the

conclusions and quality of the statutory audit process and its intervention in this process.

During the year, the Supervisory Board carefully followed the accounting treatment of operations that materially influenced business development, expressed in the consolidated and individual financial position of VAA - VISTA ALEGRE ATLANTIS, SGPS, S.A..

The Supervisory Board is in agreement with responses to the risks of material misstatement, corresponding to the audit procedures and tests carried out, which led to unqualified opinions on the part of the Chartered Accountant.

Within the scope of its duties, the Supervisory Board examined the individual and consolidated balance sheets, the individual and consolidated income statements by nature, cash flows, comprehensive income, changes in equity and the corresponding annexes, related to the financial year 2020.

The Supervisory Board observed Recommendation I.5 of the IPCG Corporate Governance Code, with a view to characterizing the relevant level of transactions entered into with shareholders holding qualifying shareholdings or with entities having relationships as stipulated in paragraph 1 of article 20 of the Securities Code, having neither identified the materialization of relevant transactions in light of those criteria, nor identified the presence of conflicts of interest.

The Supervisory Board also observed the Recommendations of the IPCG Corporate Governance Code, namely paragraphs I.2.2., I.2.3., I.2.4. and I.2.5. (Diversity, composition and functioning of corporate bodies); I.3.1. and I.3.2 (Relationships between the Company's bodies); I.5.1. and I.5.2. (Transactions with related parties); III.8., III.11. and III.12. (Monitoring, evaluation and opinion on the strategic lines defined by the management body, monitoring the effectiveness of risk management systems, internal control, internal audit, compliance services and detection of irregularities); IV.4. (guarantee that the risks incurred are consistent with the objectives set by the management body); V.1.2. (Annual assessment of compliance with the company's strategic plan, budget and risk management); VII.1.1., VII.2.1., VII.2.2. and VII.2.3. (Obligations of the Internal Regulations of the Supervisory Board in terms of relations with the Board of Directors and the Chartered Accountant).

As a body made up of a majority of independent members, in light of the legal criteria and professionally qualified to carry out its respective functions, the Supervisory Board has developed its powers and links with the other corporate bodies and services of the company in accordance with the principles and conduct recommended in the legal and recommendatory provisions, not having received any report from the Statutory Auditor in regards to irregularities or difficulties in exercising its respective functions.

The Supervisory Board examined the Corporate Governance Report, attached to the Management Report, related to consolidated financial statements, under the terms and for the purposes of paragraph 5 of article 420 of the Portuguese Companies Code, having analysed that it contains the elements referred to in article 245-A of the Securities Code.

Also, under the terms of its powers, the Supervisory Board examined the Management Report, including the Corporate Governance Report and other documents for the rendering of individual and consolidated accounts, prepared by the Board of Directors, considering that the information disclosed meets the legal standards in force and is appropriate for understanding the financial position and income of the company as well as consolidating and carrying out an appraisal of the Legal Certifications of Accounts and Audit Reports issued by the Chartered Accountants Company, which had your agreement.

## **2 – Opinion**

In view of the above, the Supervisory Board agrees that the conditions are met for the General Meeting to approve:

2.1. The Management Report;

2.2. The individual and consolidated statements of financial position, income by nature, comprehensive income, changes in equity and cash flows and the corresponding notes, for the year ended on the 31<sup>st</sup> of December 2020;

2.3. The proposal for the application of results presented by the Board of Directors.

## **3 – Declaration of responsibility**

In accordance with the provisions of article 8, no. 1, point a) of CMVM Regulation no. 5/2008 and under the terms provided for in paragraph c) of no. 1 of article 245 of the Securities Code, be it known that, to the best of our knowledge, the information contained in the individual and consolidated financial statements was prepared in accordance with the applicable accounting standards, giving a true and appropriate image of the assets and liabilities, the financial situation and income of VAA - VISTA ALEGRE ATLANTIS, SGPS, SA as well as the companies included in the consolidation perimeter, and that the Management Report faithfully exposes the development of their business, performance and financial position, as well as the companies included in the consolidation perimeter and contains a description of the main risks and uncertainties they face. It is further stated that the Corporate Governance Report complies with the provisions of article 245-A of the Portuguese Securities Code.

Ílhavo, 30<sup>th</sup> April 2021

**The Supervisory Board**

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Manuel Duarte Domingues (Chairman)

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Alberto Henrique de Figueiredo Lopes (Member)

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Marisa do Rosário Lopes da Silva Monteiro (Member)

## STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt the Portuguese version will always prevail)

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying financial statements of VAA – Vista Alegre Atlantis, S.G.P.S., S.A. (“the Entity”), which comprise the individual statement of financial position as at 31 December 2020 (showing a total of 243,174,569 euros and total equity of 184,798,912 euros, including a net loss of 3,497,173 euros), the statement of profit and loss by natures, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of VAA – Vista Alegre Atlantis, S.G.P.S., S.A. as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by *Ordem dos Revisores Oficiais de Contas* (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section below. We are independent from the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas* code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p><b>Impairment of investments in subsidiaries</b> (Notes 2.2.2.1 and 7 of the notes to the financial statements)</p> <p>As of December 31, 2020, the Entity held financial investments in subsidiaries, measured at acquisition cost less impairment losses in the total amount of 190,484,593 euros, representing 78% of its total assets.</p> <p>As mentioned in note 2.2.2.1 of the notes to the financial statements, the Entity values financial investments in subsidiaries at acquisition cost less impairment losses. The Entity recognizes impairment losses when the recoverable amount of the financial investment is shown to be lower than its accounting value.</p> <p>The Entity's impairment test incorporates complex judgments, materialized in management's business plans, which are based on several assumptions, namely associated with discount rates, expected margins, short and long term growth rates, investment plans, behaviour and demand trends, among others.</p> <p>Taking into account the above, we understand this area as subject to significant risks of material distortion, constituting a key audit matter.</p>	<p>Our audit procedures in this area included assessing the design and implementation of the relevant control procedures related to assessing the recoverability of financial investments held in subsidiaries. Additionally, with regards to determining the recovery value used by the Entity in the impairment assessment process, our procedures involved:</p> <ul style="list-style-type: none"> <li>• Obtaining the valuation models used to determine the recoverable amount of investments in subsidiaries and testing the arithmetic accuracy of these models;</li> <li>• The evaluation of the methodology used by the Entity in the process of determining the value in use, namely in view of the requirements of IAS 36 - Impairment of assets;</li> <li>• The challenge of the assumptions underlying the valuation model, including the discount rates used, the short and long term growth rates, the projected cash flows (including those related to investments), and the projected business margins;</li> <li>• Analysis of the reasonableness of future estimated cash flows through comparison with historical financial information and future perspectives;</li> <li>• The holding of discussions with the Entity's management and its representatives;</li> <li>• Obtaining and analysing the results of the sensitivity analysis prepared by management to the robustness of the assumptions and forecasts used;</li> <li>• We also assessed the adequacy of the disclosures made in the financial statements.</li> </ul>

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p><b>Compliance with financial ratios associated with the bond loan</b> (Notes 13, 23 and 26 of the notes to the financial statements)</p> <p>In October 2019, the Entity contracted a bond loan in the amount of 50 million euros, which, on December 31, 2020, represents the largest portion of the Group's net debt (approximately 46%). This bond loan contractually defines a set of conditions and guarantees, among which the Group's commitment to meet certain financial ratios to be calculated semi-annually based on its consolidated financial statements.</p> <p>The Pandemic declared by the World Health Organization (WHO) resulting from the worldwide spread of the new coronavirus (Covid-19) had adverse effects on global economic activity, which had a significant impact on the sector where the Group operates and conditioned its activity during fiscal year 2020, resulting in a drop in its turnover and profitability, which required the Board of Directors to take a series of decisions and response measures, in order to reduce operating costs and preserve liquidity, including the negotiation and approval by the bondholders of changes to one of the financial ratios for the relevant periods that ended on June 30, 2020 and December 31, 2020.</p> <p>Despite the referred financial ratios being in compliance on those dates, the maintenance of an uncertainty situation associated with the continuation of the Pandemic, with the extension of its impacts in the year 2021, requires an adequate monitoring of the evolution of the fulfilment of the contractual financial ratios associated with the bond loan, as well as taking any new steps to ensure that compliance is maintained in the short term. It is the Entity's Board of Directors belief that, similarly to what happened in the year 2020, the renegotiation of those financial ratios in relation to the year 2021 will be successfully achieved.</p> <p>In view of the relevance of the bond loan in the Group's net debt, we consider this to be a key audit matter.</p>	<p>Our audit procedures in this area included the assessment of the design and implementation of the relevant control procedures associated with the analysis of the monitoring process established by the Group in relation to the compliance with the financial ratios associated with the bond loan, namely:</p> <ul style="list-style-type: none"> <li>• We analysed and validated the calculations and information to support the calculation of financial ratios and their compliance with the consolidated financial statements as of December 31, 2020;</li> <li>• We analysed the Group's activities and treasury budgets for the year 2021 and subsequent years and perspectives for compliance with financial ratios in the short term;</li> <li>• We carried out inquiries and interactions with management regarding ongoing actions and measures to ensure that contractual financial ratios will be met or renegotiated in the short term;</li> <li>• We assessed the appropriateness of the disclosures made in the financial statements.</li> </ul>

## **Other matters**

The attached financial statements refer to the Entity's activity at an individual level and have been prepared for approval and publication in accordance with the legislation in force. As indicated in note 2.2.2.1 of the notes to the financial statements, investments in subsidiaries are recorded at acquisition cost less impairment losses. The attached financial statements do not include the full consolidation effect, which will be done in consolidated financial statements to be approved and published separately. Note 7 of the notes to the financial statements provides additional information on subsidiaries.

## **Responsibilities of management and supervisory body for the financial statements**

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, corporate governance report, non-financial information and remunerations report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, which measures have been taken to eliminate the threats or what safeguards have been applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the individual financial statements and the verification of the requirements as provided in numbers 4 and 5 of article 451<sup>o</sup> of the Portuguese Companies’ Code, in matters of corporate governance, as well as the verification that the non-financial information was presented.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **On the management report**

Pursuant to article 451.<sup>o</sup>, n.<sup>o</sup> 3, al. e) of the Portuguese Companies’ Code (“Código das Sociedades Comerciais”), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements. As referred to in article 451, paragraph 7 of the Portuguese Companies’ Code, this opinion is not applicable to the non-financial information included in the management report.

### **About the corporate governance report**

Pursuant to article 451<sup>o</sup>, number 4, of the Portuguese Company’s Code (“Código das Sociedades Comerciais”), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245.<sup>o</sup>-A of the Portuguese Securities Code (“Código dos Valores Mobiliários”), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m), no. 1 of that article.

### **On the additional matters provided in article 10 of Regulation (UE) 537/2014**

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16<sup>th</sup>, 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of VAA – Vista Alegre Atlantis, SGPS, S.A. (parent company of the Group) for the first time in the shareholders' general meeting held on March 24, 2017 for a mandate comprising 2017 and 2018. We were subsequently appointed at the shareholders' general meeting held on April 30, 2019 for an additional term covering the years 2019 and 2020.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's supervisory body as at April 30, 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Entity in conducting the audit.

Porto, April 30, 2021

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Deloitte & Associados, SROC S.A.  
Representada por Miguel Nuno Machado Canavarro Fontes, ROC

## STATUTORY AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt the Portuguese version will always prevail)

### **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying consolidated financial statements of VAA – Vista Alegre Atlantis, S.G.P.S., S.A. (“the Entity”) and of its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2020 (showing a total of 229,473 thousand euros and total equity of 66,395 thousand euros, including a net loss of 2,507 thousand euros), the consolidated statement of profit and loss by natures, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of VAA – Vista Alegre Atlantis, S.G.P.S., S.A. as at December 31, 2020 and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent from the entities that constitute the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas* code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p><b>Recovery of non-current assets related with the segment Crystal/Manual Glass</b> (Notes 2.3.2, 2.3.3, 2.3.6, 6, 8 and 9 of the notes to the consolidated financial statements)</p>	
<p>As of December 31, 2020, the Group's consolidated statement of financial position includes non-current assets in the amount of 18,360 thousand euros associated with the Cash Generating Unit ("CGU") of Crystal/Manual Glass, a business segment that has been presenting a performance below expectations, a situation that remained in the fiscal year 2020, essentially as a result of the impacts of the Pandemic caused by the new coronavirus (Covid-19), despite the restructuring process and the modernization investments recently made and substantially concluded. This fact constitutes an indication of impairment in relation to non-current assets allocated to that business segment.</p> <p>As indicated in notes 2.3.2, 2.3.6 and 9 of the notes to the consolidated financial statements, the Group recognizes impairment losses when the recovery value of a given asset or group of assets is shown to be lower than its net accounting value. In this way, and similarly to previous years, the management carried out an impairment test in relation to this CGU, which incorporates complex judgments, materialized in business plans that are based on several assumptions, namely associated with discount rates, expected margins, short and long term growth rates, investment plans and demand behaviours.</p> <p>As mentioned in note 9 of the notes to the consolidated financial statements, the Group considered in the impairment test for this business segment, a set of assumptions that, in view of the economic conditions of uncertainty associated with it, including impacts that are not quantifiable at the current date from the Pandemic caused by Covid-19, introduces an additional degree of variability and may impact the considered estimates. The aforementioned impairment test resulted in a valuation of those assets that is marginally above their net book value, with no impairment loss recognized as a result.</p> <p>In view of the relevance of the amount of non-current assets associated with the CGU of Crystal/Manual</p>	<p>Our audit procedures in this area included the assessment of the design and implementation of the relevant control procedures related with the identification of impairment signs in terms of the Group's non-current assets, assessment of the recoverability of cash-generating units with associated goodwill, as well as analysis of the impairment loss assessment exercise in situations where the Group identifies signs of impairment in non-current assets.</p> <p>With regards to the impairment test carried out by the Group in relation to non-current assets associated with the CGU of Crystal/Manual Glass, our analysis included:</p> <ul style="list-style-type: none"> <li>• evaluation of the criteria defined by the Group to determine the cash generating units;</li> <li>• obtaining the valuation models used to determine the recoverable amount of each cash-generating unit and testing the arithmetic accuracy of these models;</li> <li>• evaluation of the methodology used by the Group in the process of determining the value in use, namely in view of the requirements of the applicable accounting standards;</li> <li>• conducting surveys and interactions with management and its representatives, regarding the assumptions considered in the evaluation models;</li> <li>• evaluation of the assumptions underlying the models, with the involvement of internal experts to evaluate such assumptions, namely the discount rates, short and long term growth rates used, and projected business margins, in addition to the estimated cash flows themselves;</li> <li>• analysis of the reasonableness of estimated cash flows through comparison with historical</li> </ul>

<p>Glass, the large number of assumptions used in carrying out the impairment test, and the sensitivity of the impairment test to changes in such assumptions, we consider this a key audit matter.</p>	<p>financial information and future perspectives;</p> <ul style="list-style-type: none"> <li>• review of the results of the sensitivity analysis prepared by management to the robustness of the most critical assumptions used;</li> <li>• assessment of the adequacy of the disclosures made in the consolidated financial statements.</li> </ul>
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### **Impairment of inventories**

(Notes 2.3.7 and 16 of the notes to the consolidated financial statements)

<p>As of December 31, 2020, the Group's inventories amounted to 43,008 thousand euros, net of impairment losses of 10,583 thousand euros.</p> <p>In accordance with IAS 2 Inventories, inventories are valued at the lower of the acquisition or production cost and the net realizable value. The accumulated impairment losses reflect the difference between the acquisition or production cost and the net realizable value of the inventories. The Group periodically analysis the impairment of its inventories in order to reduce them to their realizable value, based on both their estimated sales price and their rotation. With regard to this last factor, the Group mainly structures its products between "Line products" and "Out-of-line products", having defined objective impairment criteria according to the effective historical rotation of each article, with such criteria being approved and monitored by the Board of Directors (note 2.3.7).</p> <p>The definition of a criteria for identifying items that can be classified as obsolete or of low rotation and, consequently, the assessment if their net realizable value may be lower than the respective net accounting value, as well as the impairment criteria established by the Board Directors, are a significant judgment area, subject to uncertainties inherent to the business sector in which the Group operates, namely related to market trends, the pace of introduction of new collections and the availability of older collections. In addition, there is the uncertainty resulting from the drop in activity as a result of the Pandemic caused by the new coronavirus (Covid-19).</p> <p>Thus, we consider that the impairment of inventories is a key audit matter.</p>	<p>Our audit procedures in this area included the assessment of the design and implementation of the relevant control procedures associated with the process of monitoring the needs for recording impairment for inventories carried out by the Group, checking their adequacy with the accounting standards. Among other procedures performed, we highlight the following:</p> <ul style="list-style-type: none"> <li>• We analysed the criteria and assumptions defined by the Group for the identification of items with reduced rotation or obsolete, as well as the impairment criteria defined to reduce the values of the inventories to their estimated realization value;</li> <li>• We validated the correctness and completeness of the information that served as the basis for calculating the impairment for inventories, including their reconciliation with the accounting records on the reporting date;</li> <li>• We challenged the reasonableness of the impairment criteria for inventories established by management in view of the recent historical information;</li> <li>• We carried out tests to the arithmetic correction of the application of the impairment criteria for inventories established by the Group;</li> <li>• We assessed the adequacy of the disclosures made in the consolidated financial statements.</li> </ul>
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**Compliance with financial ratios associated with the bond loan**

(Notes 20, 33 and 36 of the notes to the consolidated financial statements)

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In October 2019, the Group contracted a bond loan in the amount of 50 million euros, which, on December 31, 2020, represents the largest portion of its net debt (approximately 46%). This bond loan contractually defines a set of conditions and guarantees, among which the Group's commitment to meet certain financial ratios to be calculated semi-annually based on its consolidated financial statements.

The Pandemic declared by the World Health Organization (WHO) resulting from the worldwide spread of the new coronavirus (Covid-19) had adverse effects on global economic activity, which had a significant impact on the sector where the Group operates and conditioned its activity during fiscal year 2020, resulting in a drop in its turnover and profitability, which required the Board of Directors to take a series of decisions and response measures, in order to reduce operating costs and preserve liquidity, including the negotiation and approval by the bondholders of changes to one of the financial ratios for the relevant periods that ended on June 30, 2020 and December 31, 2020.

Despite the referred financial ratios being in compliance on those dates, the maintenance of an uncertainty situation associated with the continuation of the Pandemic, with the extension of its impacts in the year 2021, requires an adequate monitoring of the evolution of the fulfilment of the contractual financial ratios associated with the bond loan, as well as taking any new steps to ensure that compliance is maintained in the short term. It is the Entity's Board of Directors belief that, similarly to what happened in the year 2020, the renegotiation of those financial ratios in relation to the year 2021 will be successfully achieved.

In view of the relevance of the bond loan in the Group's net debt, we consider this to be a key audit matter.

Our audit procedures in this area included the assessment of the design and implementation of the relevant control procedures associated with the analysis of the monitoring process established by the Group in relation to the compliance with the financial ratios associated with the bond loan, namely:

- We analysed and validated the calculations and information to support the calculation of financial ratios and their compliance with the consolidated financial statements as of December 31, 2020;
- We analysed the Group's activities and treasury budgets for the year 2021 and subsequent years and perspectives for compliance with financial ratios in the short term;
- We carried out inquiries and interactions with management regarding ongoing actions and measures to ensure that contractual financial ratios will be met or renegotiated in the short term;
- We assessed the appropriateness of the disclosures made in the consolidated financial statements.

## **Responsibilities of management and supervisory body for the consolidated financial statements**

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union;
- the preparation of the management report, corporate governance report and consolidated non-financial information in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, which measures have been taken to eliminate the threats or what safeguards have been applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated financial statements and the verification of the requirements as provided in numbers 4 and 5 of article 451<sup>o</sup> of the Portuguese Companies' Code, in matters of corporate governance, as well as the verification that the consolidated non-financial information was presented.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **About the management report**

Pursuant to article 451<sup>o</sup>, n.º 3, al. e) of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements. As referred to in article 451, paragraph 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial information included in the management report.

### **About the corporate governance report**

Pursuant to article 451<sup>o</sup>, number 4, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245.º-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m), no. 1 of that article.

### **About the non-financial information**

Pursuant to article 451, number 6, of the Portuguese Company's Code ("*Código das Sociedades Comerciais*"), we inform that the Group included in its management report the non-financial information, under the terms of article 508-G of the Portuguese Company's Code, which has been included in the section "Non-financial information".

### **About the additional matters provided in article 10 of Regulation (UE) 537/2014**

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16<sup>th</sup>, 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed as auditors of VAA – Vista Alegre Atlantis, SGPS, S.A. (parent company of the Group) for the first time in the shareholders' general meeting held on March 24, 2017 for a mandate comprising 2017 and 2018. We were subsequently appointed at the shareholders' general meeting held on April 30, 2019 for an additional term covering the years 2019 and 2020.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional scepticism and we designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's supervisory body as at April 30, 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the *Ordem dos Revisores Oficiais de Contas* statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Group in conducting the audit.

Porto, April 30, 2021

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Represented by Miguel Nuno Machado Canavarro Fontes, ROC

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Reuters: VAF.LS e VAF.ES  
Bloomberg: VAFK:PL e VAF:PL

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**INVESTOR RELATIONS**

**VISTA ALEGRE ATLANTIS, SGPS, SA**

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**VISTA ALEGRE**

