

VAA - VISTA ALEGRE ATLANTIS, SGPS, S.A.

Registered office: Lugar de Vista Alegre, 3830-292 Ílhavo, Aveiro

Entity legal type: Public limited liability company

Registered before the Commercial Registry Office of Lisboa under the single registration and
tax number 500 978 654

Share capital: € 134,120,048.00

RECTIFICATION TO THE NOTICE OF MEETING OF THE HOLDERS OF

“VAA FIXED RATE GUARANTEED SENIOR SECURED NOTES

2019-2024 CLASS B”

WITH ISIN CODE PTVAABOM0000

ISSUED BY

VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.

ON 21 OCTOBER 2019

On the Notice of Meeting dated 28 June 2021 relating to a meeting of all the holders of “VAA Fixed Rate Guaranteed Senior Secured Notes 2019-2024 Class B”, with the ISIN code PTVAABOM0000 (the “**Class B Noteholders**” and the “**Class B Notes**”, respectively), issued by VAA – Vista Alegre Atlantis, SGPS, S.A. (the “**Issuer**”) on 21 October 2019 pursuant to the Information Memorandum (*Documento Informativo de Incorporación*) on the admission (*incorporación*) to trading of €45,000,000 fixed rate guaranteed senior secured notes due 2024 (Class A Notes) on the Spanish Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*) (the “**Information Memorandum**”) to be held on 23 July 2021, at 11.00 , Lisbon time, at Avenida Almirante Gago Coutinho, no. 78, Lisbon (the “**Notice**”), the following typos have been detected:

- a) on page 2 of the Notice, at the end of Item 3 of the Agenda, **where it reads** "Item Four above", **it should read** "Item Two above";
- b) on page 10 of the Notice, in the heading of Annex I, **where it reads**: "Sole Item", **it should read**: "Item One"; and
- c) on pages 15 and 16 of the Notice, **where it reads** "Class A" **it should read** "Class B".

In addition:

- a) regarding Item One of the Agenda, it is hereby clarified that, as conveyed in the proposal of resolution attached as Annex I to the Notice, the meeting of Class B Noteholders shall resolve on the Financial Covenant provided for in clause 9.5 of the Terms and Conditions on the levels of Net Debt to EBITDA ratio ceasing to apply to the Relevant Periods up to the Maturity Date, being instead applicable the levels of Net Debt to EBITDA ratio presented in the referred proposal attached to the Notice; and

- b) the expression "*stand-by*" used in the indication of the level Net Debt to EBITDA ratio by reference to 30/06/2021 in the proposal attached as Annex I to the Notice, means that the calculation of the ratio Net Debt to EBITDA will not be applicable by reference to that date.

The Notice remains in full force and effect, being hereby republished with the rectifications properly identified by underlining and bold.

Lisbon, 12 July 2021

On behalf of the Common Representative of the Class B Noteholders

Mr. **Juan Carlos Perlaza**, Sole Director of Bondholders, S.L.

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**NOTICE OF MEETING OF THE HOLDERS OF
“VAA FIXED RATE GUARANTEED SENIOR SECURED NOTES
2019-2024 CLASS B”
WITH ISIN CODE PTVAABOM0000
ISSUED BY
VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.
ON 21 OCTOBER 2019**

Pursuant to the provisions of article 355, paragraph 2, of the Portuguese Companies Code, a meeting of all the holders of “VAA Fixed Rate Guaranteed Senior Secured Notes 2019-2024 Class B”, with the ISIN code ISIN PTVAABOM0000 (the “**Class B Noteholders**” and the “**Class B Notes**”, respectively), issued by VAA – Vista Alegre Atlantis, SGPS, S.A. (the “**Issuer**”) on 21 October 2019 pursuant to the Information Memorandum (*Documento Informativo de Incorporación*) on the admission (*incorporación*) to trading of €45,000,000 fixed rate guaranteed senior secured notes due 2024 (Class A Notes) on the Spanish Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*) (the “**Information Memorandum**”), is hereby convened (the “**Meeting of Class B Noteholders**”), to be held on 23 July 2021, at 11.00, Lisbon time, at Avenida Almirante Gago Coutinho, n.º 78, Lisbon, considering that the head offices of the Issuer do not allow the Meeting of Class B Noteholders to be held in satisfactory conditions. If, as further detailed below, within 15 minutes after the time set out for the Meeting of Class B Noteholders, the required quorum is not verified, the Chairman has determined that the Meeting of Class B Noteholders shall be adjourned to 16 August 2021, at 11.00, Lisbon time, at Avenida Almirante Gago Coutinho, n.º 78, Lisbon.

The agenda (the “**Agenda**”) will be as follows:

AGENDA

Item One – Resolve on the amendment to clause 9.5 of the Terms and Conditions so that the Financial Covenant set forth in such provision relating to the Net Debt to EBITDA Ratio ceases to apply in relation to the Relevant Periods up to the Maturity Date and on the acceptance of the payment by the Issuer to all Class B Noteholders of an amount corresponding to 0.20% of the nominal value of each

Class B Note if all Items are approved in the Meeting of Class B Noteholders. This is to be paid only once.

Item Two – Resolve on the delegation of powers to the Charmain and Common Representative to execute as many documents it considers necessary or appropriate for the full effectiveness of the resolutions adopted at this Meeting of Class B Noteholders.

Item Three – Resolve on the waiver of any liability of the Chairman and Common Representative regarding the calling of this Meeting of Class B Noteholders, the proposals submitted to vote, its involvement in such meeting and the actions that it carries out when using the powers vested on it pursuant to the proposal of resolution referred under **Item Two** above.

Item Four – Resolve on the waiver of liability in favour of the Information and Tabulation Agent as regards its participation in the calling of the Meeting of Class B Noteholders and how this Meeting of Class B Noteholders is conducted, as well as any actions that the Information and Tabulation Agent may carry out when fulfilling the functions for which it was appointed for.

Item Five – Resolve on the waiver of any liability of the Issuer regarding the calling of this Meeting of Class B Noteholders and the proposals to be discussed and voted as described in the Items One, Two and Three above.

Item Six – Question & Answer session.

Item Seven – Drafting and approval of the minutes of the Meeting of Class B Noteholders.

As it implies amendments to the Terms and Conditions of the Class B Notes, the proposals and reasoning behind the proposal relating to Item One of the Agenda are attached as **Annex I** to this notice.

Admission to the Meeting of Class B Noteholders is general, all Class B Noteholders being able to attend pursuant to the terms described below.

Capitalized and italic terms used in this notice, unless otherwise stated, have the meaning assigned to them in the Terms and Conditions of the Class B Notes contained in the Information Memorandum (the “**Terms and Conditions**”).

MEETING OF CLASS B NOTEHOLDERS

Participation and functioning of the Meeting of Class B Noteholders shall be governed by (i) the provisions of the Terms and Conditions of the Notes corresponding to Section IX of the Information Memorandum, (ii) the provisions of Annex 1 (“*Provisions for Meetings of Noteholders applicable to both Class A Notes Noteholders Meetings and Class B Notes Noteholders Meetings*”) of the Common Representative Services Agreement, (iii) the relevant legal provisions, notably articles 355 and 377 of the Portuguese Companies Code and article 21-B of the Portuguese Securities Code, and (iv) the remaining applicable regulatory

provisions, including rules and practices of the centralized registration, settlement and clearing securities systems.

This Meeting of Class B Noteholders is convened by the Common Representative upon request of the Issuer, in accordance with the legal provisions and in accordance with clause 3(c) of the Common Representative Services Agreement. For the purposes of supporting the hosting of this Meeting of Class B Noteholders and to assist in the participation in this meeting, the Issuer has appointed Issuer Solutions, S.L. as Information and Tabulation Agent.

THE CLASS B NOTEHOLDERS ARE ADVISED TO OBTAIN INFORMATION ALSO FROM THEIR FINANCIAL INTERMEDIARIES, CREDIT INSTITUTIONS, BROKERS, DEPOSITARIES AND OTHER ENTITIES THROUGH WHICH THEY HOLD THE CLASS B NOTES ON ANY PRE-REQUISITES, INSTRUCTIONS OR ADDITIONAL DEADLINES THAT THESE ENTITIES MAY REQUIRE FOR THE PURPOSES OF THE EFFECTIVE EXERCISE OF THEIR RIGHTS.

A. Participation in the meeting

Beneficial holders of Class B Notes who do not hold their interest in the Class B Notes directly through a financial intermediary that is a participant in the Portuguese CSD, i.e. Central de Valores Mobiliários, operated by INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. should consult with their custodians in advance in order to ensure that they comply with any procedures (of such custodians or other intermediaries, such as Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme) required for them to be able to participate/ be represented in this Meeting of Class B Noteholders.

Class B Noteholders may participate in the Meeting of Class B Noteholders in person or using the form of representation described below. Issuer Solutions, S.L. has been appointed as Information and Tabulation agent (the “**Information and Tabulation Agent**”) to assist with the participation in Meeting of Class B Noteholders, with no costs to the Class B Noteholders. The Information and Tabulation Agent’s secure electronic infrastructure is in compliance with European Data Protection legislation and ISO certified on Information Security Management Systems.

1. Rights to Attend and Vote

- a) The Meeting of Class B Noteholders is a general meeting of noteholders and all Class B Noteholders are entitled to participate in the Meeting of Class B Noteholders and to discuss and vote therein. The Directors and other officers of the Issuer, the Paying Agent, as well as the legal and financial advisors of the Issuer, and, as the case may be, any advisors to the Chairman are also entitled to attend the Meeting of Class B Noteholders.
- b) Class B Noteholders may only exercise their voting rights if they are proven to be registered legal owners of Class B Notes by 00:00 hours on the second (2nd) Lisbon

business day prior to the date scheduled for the Meeting of Class B Noteholders, i.e., on 21 July 2021 or on 12 August 2021, if the Meeting of Class B Noteholders is held at second call (the “**Registration Date**”). Proof of legal ownership must be made by producing a certificate of ownership issued by the relevant affiliate member of Interbolsa according to article 78 of the Portuguese Securities Code and confirms that the relevant Class B Notes are blocked in an account of the relevant Class B Noteholder until the end of the Meeting of Class B Noteholders in accordance with article 72 of the Portuguese Securities Code.

Beneficial holders of Class B Notes who do not hold their interest in the Class B Notes directly through a financial intermediary that is a participant in the Portuguese CSD, i.e. Central de Valores Mobiliários, operated by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. should consult with their custodians in advance in order to ensure that they comply with any procedures (of such custodians or other intermediaries, such as Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme*) required for them to obtain the certificate of ownership.

- c) Noteholders may be represented by the Common Representative or any other person they may wish to appoint for such purposes, but in no circumstances may they be represented by the Issuer’s directors, even if these are also Class B Noteholders. The appointment of a proxy must be in writing and refer specifically that it is issued for the purposes of the Meeting of Class B Noteholders.

2. Attendance and Proxy Vote Card

How to Proceed

Those Class B Noteholders who wish to participate in the Meeting of Class B Noteholders may choose one of the following options:

- To attend in person.
- To delegate attendance and vote in favor of Bondholders S.L. (Common Representative of the Class B Notes), indicating for each proposal if the vote is in favor, against, abstention or blank.
- To appoint another person as representative but in no circumstances may they be represented by the Issuer’s directors, even if these are also Class B Noteholders.

Please follow the below steps for all the above options:

Complete the attendance and proxy vote card (the “**Card**”) available at www.issuersolutions.com/meeting/vaa as per the chosen participation option and the Class B Notes you hold.

- 1) Print and sign the Card. It must be signed by the person/entity who is the legal owner of the Class B Notes (when the legal owner is a legal entity, the Card must be signed by its legal representative(s)). The representative must also sign the Card when voting is delegated in someone other than the Common Representative.
- 2) Scan the duly executed and signed Card and send it to projects@issuersolutions.com, no later than 10.00, Lisbon time, of 23 July 2021 or 16 August 2021, in case the Meeting of Class B Noteholders is held on the second date referred to in this notice, attaching:
 - Copy of the identification card of the Class B Noteholder and of any representative. In case the Class B Noteholder is a legal entity, copy of the identification card of the legal representative.
 - Copy of the certificate of ownership issued by the relevant affiliate member of Interbolsa according to article 78 of the Portuguese Securities Code confirming that the relevant Class B Notes are blocked in an account of the relevant Class B Noteholder since the Registration Date and until the end of the Meeting of Class B Noteholders in accordance with article 72 of the Portuguese Securities Code (the “**Certificate of Ownership**”).
 - Copy of the power of attorney or any other document confirming powers of the signatories of the Card.
- 3) The Class B Noteholder who attends in person will need to produce, at the entrance of the Meeting of Class B Noteholders, a valid identification document, the Card and the Certificate of Ownership.

Those who attend on behalf of a legal entity will need to present the valid power of attorney or any other document confirming powers of the signatories of the Card. A copy of any such documents should be sent to projects@issuersolutions.com in advance of the Meeting of Class B Noteholders so that the validity of such document can be confirmed.

When Bondholders, S.L. is appointed by a Class B Noteholder as its representative, the Class B Noteholder needs to send the Card and the Certificate of Ownership by email, as requested in number 3) above.

- 4) When attendance and vote is delegated in another person, such representative must present at the commencement of the Meeting of Class B Noteholders the Card, the Proof of Ownership of the Class B Noteholder, and its own valid identification document.

For further information or queries in connection to the participation in this Meeting of Class B Noteholders, please contact Issuer Solutions, S.L., at:

Web www.issuersolutions.com/meeting/vaa

Phone +34 963 222 555

Email projects@issuersolutions.com

Att. Alba Campos

The Class B Noteholders willing to exercise voting rights shall follow the above procedures and contact the Information and Tabulation Agent and the custodian entities where they have registered their Class B Notes in order to be able to do so at the Meeting of Class B Noteholders.

In case you face any technical, operational or other problem that may hinder You from complying with the procedures described above, please contact immediately Issuer Solutions, S.L. to get support/access to other ways to participate in the Meeting of Class B Noteholders.

BENEFICIAL HOLDERS OF CLASS B NOTES WHO DO NOT HOLD THEIR INTEREST IN THE CLASS B NOTES DIRECTLY THROUGH A FINANCIAL INTERMEDIARY THAT IS A PARTICIPANT IN THE PORTUGUESE CSD, I.E. CENTRAL DE VALORES MOBILIÁRIOS, OPERATED BY INTERBOLSA – SOCIEDADE GESTORA DE SISTEMAS DE LIQUIDAÇÃO E DE SISTEMAS CENTRALIZADOS DE VALORES MOBILIÁRIOS, S.A. SHOULD CONSULT WITH THEIR CUSTODIANS IN ADVANCE, AS NECESSARY, IN ORDER TO ENSURE THAT THEY TIMELY COMPLY WITH ANY PROCEDURES (OF SUCH CUSTODIANS OR OTHER INTERMEDIARIES, SUCH AS EUROCLEAR BANK S.A./N.V. OR CLEARSTREAM BANKING, SOCIÉTÉ ANONYME) REQUIRED FOR THEM TO BE ABLE TO BE REPRESENTED IN THIS MEETING OF CLASS B NOTEHOLDERS.

B. Quorum

The Meeting of Class B Noteholders may be held on 23 July 2021 provided that any person or persons holding or representing at least fifty per cent (50%) of the principal amount of the Class B Notes then outstanding are present.

The Meeting of Class B Noteholders may be held on the second date referred to above, 16 August 2021, provided that any person or persons holding or representing any of the Class B Notes then outstanding, independent of the principal amount thereof, are present.

The Meeting of Class B Noteholders may not be adjourned more than once to achieve the required quorum.

C. Functioning

The Meeting of Class B Noteholders will be chaired by a representative of the Common Representative (the “**Chairman of the Meeting**” or the “**Chairman**”), pursuant to the nomination made by the latter.

If the Chairman is not present within 15 (fifteen) minutes after the time set out for the Meeting of Class B Noteholders, the Class B Noteholders present shall elect one of themselves to take the chair.

During the Meeting of Class B Noteholders, the Class B Noteholders or their respective representatives may request for true, complete and clear information to be provided to them and the rendering of information may only be refused when its disclosure may cause material damages to the Issuer or the breach of a confidentiality obligation provided for by law.

D. Voting Majority

The majority required to pass the proposed resolutions included in the Agenda is the following:

- (i) at least fifty per cent (50%) of the principal amount of the Class B Notes then outstanding, if the Meeting of Class B Noteholders is to be held on the first date set forth in this notice, or
- (ii) two-thirds of the votes cast at the meeting if the Meeting of Class B Noteholders is to be held on the second date set forth in this notice.

E. Voting rights

Each Class B Note is granted 1 voting right. Every voter shall have voting rights directly corresponding to the outstanding Class B Notes represented or held by it.

F. Other rights

Class B Noteholders who, individually or together with other Class B Noteholders, hold at least 2% of the principal amount of the Class B Notes may request the inclusion of items on the Agenda contained in this notice and proposals of resolutions in relation to the items of the Agenda or which inclusion to the Agenda is requested within 5 days from the publication of this notice. Such request must be in the written form, addressed to the Class B Noteholders Common Representative and sent to: projects@issuersolutions.com and/or BONDHOLDERS, S.L., General Meeting of Noteholders VAA – Vista Alegre, Av. Francia 17, A, 1, 46023 Valencia, Spain. The request must be duly justified and accompanied with proof of ownership of at least 2% of the principal amount of the Class B Notes.

G. Available documents

The preparatory information and documents for the Meeting of Class B Noteholders are available to the Class B Noteholders to consultation as of the date of this notice, at the Issuer's registered office and on the website <https://investidores.vistaalegre.com>. All documents are also available at the Information and Tabulation Agent's dedicated website www.issuersolutions.com/meeting/vaa.

H. Binding nature

Any resolution duly passed at the Meeting of Class B Noteholders will be binding upon all Class B Noteholders, whether or not they were present or represented at such meeting and whether or not they have voted at the meeting, including in case they have voted against any such resolution.

I. Other information

The following means of contact are available in order to obtain or clarify any information related to this Meeting of Class B Noteholders:

Information and Tabulation Agent

Issuer Solutions, S.L.

For the attention of: Alba Campos

Telephone: +34 963 222 555

E-mail: projects@issuersolutions.com

J. Voting Scrutiny

The result of the votes regarding any resolution duly adopted at the Meeting of Class B Noteholders shall be published by the Issuer at <https://investidores.vistaalegre.com> as well as at the MARF and CMVM websites.

Lisbon, 28 June 2021

On behalf of the Common Representative of the Class B Noteholders

Mr. **Juan Carlos Perlaza**, Sole Director of Bondholders, S.L.

ANNEX I

PROPOSAL OF RESOLUTION – ITEM ONE OF THE AGENDA

WHEREAS:

I. Status of VAA Group¹ until 31 December 2020

- A. As reflected in VAA Consolidated Income Statement for 2020 (<https://web3.cmvm.pt/sdi/emitentes/docs/FR78774.pdf>), the operating performance for the year ended in 31 December 2020 was characterized by the following:
- annual turnover exceeding 110 million euros, decreasing 8.1% compared to the previous year and foreign markets representing 78.7% of such turnover, an increase of 6.2 pp compared to 2019;
 - EBITDA decrease of 37% compared to 2019, reaching 16 million euros;
 - Net debt reduction in 3 million euros compared to 2019 to 88.4 million euros.
- B. Considering that the Total Consolidated Debt includes 8,445 thousand euros of loan in the form of Investment Incentives that are expected to be converted into non-reimbursable grants, the **Net Debt to EBITDA Ratio for 2020 stood at 4.98x**, calculated as follows:

Consolidated Net Debt	88.251.689
Grants to be converted	-8.444.948
Consolidated Net Debt after deducting grants	79.806.740
EBITDA	16.014.215
Net Debt To EBITDA Ratio	4,98x

Debt at amortized cost

The amount of loans to be converted into non-reimbursable grants achieved 8,4 million in 2020, which compares to 8,5 million in 2019. In 2020 VAA converted 0,8 million euros into non-refundable incentives.

II. Macroeconomic Environment

- A. 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 (Covid-19), by measures to contain the pandemic and by its impact on the behaviour of economic agents.
- B. In this context, the gross domestic product (GDP) faced a historical decline of 7.6% in 2020, recovery expected for the coming years: 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

¹ Consisting of VAA – Vista Alegre Atlantis, SGPS, S.A. (“VAA” or “Issuer”) and its subsidiaries.

exports, with a particularly negative contribution from exports of services, in particular services related to tourism. The activity is expected to return to the pre-pandemic level by the end of 2022.

- C. Imports of goods and services decreased by 14.4% during 2020 being expected to increase by 8.8% in 2021, 9.1% in 2022 and 5.1% in 2023. As with exports, imports of goods will recover faster than those of services, which remain highly limited to tourism recovery.
- D. 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.
- E. Within this context, economic prospects remain surrounded by high uncertainty, largely dependent on the evolution of the pandemic and on the speed and effectiveness of large-scale vaccination. 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.
- F. 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.

III. Covid-19 pandemic impact in VAA Group

- A. As stated in II. above, in March 2020, 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 VAA Group operates (Portugal and remaining European countries).
- B. With the emergence, spread and infection of 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.
- C. 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.
- D. As a result of this unpredictable scenario, VAA Group adopted a set of actions to mitigate the impact of the pandemic on its financial position, including costs and investment reduction and increasing of financial liquidity.

- E.** VAA subsidiaries, 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.
- F.** With the relocation of physical sales to the online channel, this showed an exponential increase in sales. For VAA, demand on the online channel has been quite high since the beginning of the pandemic. At the same time, VAA 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.
- G.** VAA Group contracted 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, VAA maintained its collaboration with major global brands, such as contracted operations, for example.
- H.** 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 VAA Group 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 Group employees adapted very well. VAA main concern is, of course, the health and well-being of all employees. In order to reinforce the protection of employees and the continuity of business, a set of protection measures from an early stage were activated: 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 the facilities.
- I.** The gradual lifting of pandemic restrictions to the operation of the commercial activity of the national physical retail network used by VAA since May 2021 has allowed the Company to register a recovery in sales in the domestic market (please see press releases dated 5th May 2021 and 2nd June 2021). All VAA production plants, including those in Vista Alegre Atlantis (Ílhavo and Alcobaça), in Bordalo Pinheiro (Caldas da Rainha) and in Cerutil (Sátão), resumed full activity as of 10th May 2021. Since then, Grupo VAA has no longer resorted to any simplified 'lay-off' measures or temporary reduction of the normal working period as foreseen by recent government support policies.
- J.** While there is no visibility on how the balance of the year will play out, in the partnership with IKEA production volumes were maintained steady throughout 2021 in anticipation of a pronounced rebound once retail traffic recovers (along the lines of what were witnessed in the summer of 2020), and therefore VAA Ria Stone plant has been running with higher stock levels in 1Q21 and part of 2Q21, which is likely to amplify the typical 1H working capital seasonality, but which by extension is expected to be compensated in 2H21, as VAA working capital cycle is significantly geared toward the latter half of the year. VAA expectation at this stage is that for 2021 VAA will attain historic levels of contracted production volumes with IKEA, or an annual 48m pieces.

- K.** In terms of cash and cash equivalents, VAA reached 17,5 million euros on the 31st of December 2020. Although cash and cash equivalents have decreased to 10,3 million at the end of March 2021, VAA already contracted “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 Earthenware plant (Bordalo Pinheiro) in the amount of 3 million euros. These measures reinforced VAA Group liquidity, which is very solid during this pandemic period.

IV. Status of VAA Group in 2021 so far

A. Status of facilities

As published for the market on the **5th of February 2021:**

- i. The worsening of the epidemic situation in the country, together with the suspension of the retail trade activities of VAA Group and the closure of its stores, also determined the implementation of preventive and response measures by some of VAA subsidiaries.
- ii. 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, in force during February, after which the operating rules of this production unit were reassessed;
- iii. 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%. However, no production capacity and no IKEA orders/deliveries in volume for the customer were affected.
- iv. 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 Group national retail network (closing of stores). These subsidiaries resorted to the simplified lay-off measures and temporary reduction of the normal weekly working hour period. 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.).
- v. 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.

Furthermore, as disclosed on the **5th of April 2021:**

- i. 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.
- ii. In line with phasing in the deconfinement plan, and the partial reopening of VAA Group 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%, would remain under a temporary suspension of employment contracts during the month of April 2021, 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%.
 - iii. 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%).

B. New supply contracts

On the **4th of March 2021**, VAA announced:

- i. That it had secured new supply contracts totalling more than 20 million euros for the second, third and fourth quarters of 2021. Europe is the principal destination for this new production, with France, Germany and Scandinavia as the main markets, although it is worth noting that a significant portion (roughly 25%) is destined for the Asian region. These new contracts add to the existing order book throughout VAA's global distribution network, which already amounted to approximately 25 million euros in agreed volumes in the Private Label channel for 2021, bringing the total for private label contracts to 45 million euros for the year and representing an important base for the Company to maintain production activity with robust levels of output. It is encouraging to replenish the Private Label pipeline, and VAA expect to have more contracts to announce in coming weeks. This underpins the EUR45m of Private Label Sales as the lower end of what is expected for the full year 2021. VAA also stands out for the resilience of its subsidiaries USA, Brazil, Spain and France, which are experiencing significant growth in their retail businesses.
- ii. The new supply contracts referred to in i) above, together with the normal order portfolio, represent an important basis for VAA Group to be able to maintain an activity with good occupancy levels.

C. Financial Results

VAA has also already published its unaudited interim financial reporting for the 1st quarter of 2021, which can be viewed at: <https://web3.cmvm.pt/sdi/emitentes/docs/FR79291.pdf>, with *inter alia* the following highlights:

- i. Turnover reaches 19 million euros, a decrease of 22% compared to the previous year;

- ii. Growth of 1 million euros in turnover in March 2021 compared to the same period a year earlier (+18%);
- iii. EBITDA 1.2 million euros represents a decrease of 63% compared to the same period last year, but it means an improvement of 29% compared to EBITDA reached in the 2nd quarter of 2020 when the strongest peak of the pandemic occurred causing the generalized closure of retail network.

Considering the background and reasons explained above, the Issuer proposes to the Class B Noteholders to, under the terms and for the purposes of the provisions of article 355 of the Portuguese Companies Code, approve the following changes to the Terms and Conditions of the Class B Notes:

- I. To amend clause 9.5 of the Terms and Conditions so that the Financial Covenant set forth in such provision relating to the Net Debt to EBITDA Ratio is amended in relation to the Relevant Periods up to the Maturity Date. As a consequence, the introductory paragraph of clause 9.5 and point i. of 9.5 shall read as follows:

“9.5. Financial Covenants

The Issuer shall ensure that in respect of each Relevant Period:

- i. *its Net Debt to EBITDA Ratio is equal to, or below:*

	<i>Net Debt / EBITDA</i>
<i>2021</i>	<i>30/06/2021: stand-by 31/12/2021: 5.00x</i>
<i>2022</i>	<i>30/06/2022: 4x 31/12/2022: 4x</i>
<i>2023</i>	<i>30/06/2023: 3.50x 31/12/2023: 3.00x”</i>

By way of compensation for the approval of the proposed amendment, the Issuer proposes the payment to each of the holders of **Class B** Bonds of an amount of 0.20% over the amount of Bonds held by such holders in case the proposed amendments are approved, with payment to occur in the next Interest Payment Date, i.e., 30 July 2021.