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# AMORIM

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# CORTICEIRA AMORIM CONSOLIDATED 31-03-2020 (non audited)

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AMORIM

CORTICEIRA AMORIM, SGPS, S.A.  
CONSOLIDATED FINANCIAL STATEMENTS - 1st QUARTER 2020

Translation of consolidated financial statements originally issued in Portuguese.  
In case of discrepancy the Portuguese version prevails)

# CONSOLIDATED FINANCIAL STATEMENTS

## 1. SUMMARY OF ACTIVITY

### Economic climate

“The world economy should register economic growth of around 3.3% in 2020, a moderate increase compared to the estimated 2.9% growth for 2019.” These words, written only two and a half months ago, are now distant from reality. We already knew at that time that the first quarter would be prolific in events likely to be deeply destabilising in social, political and economic terms (US military intervention against Iran; the coronavirus epidemic in China). What had not been expected was the rapid, extensive spread of the virus that transformed it into a global pandemic, nor the measures that would be needed to contain the spread of the disease or to ensure that health services had the capacity to respond. Since then the confinement measures, the halt in economic activity and higher costs caused the IMF to alter its forecast and project a drop in global output in 2020 that will make the crisis of 2008/09 look small by comparison. The IMF expects the global economy to contract by 3%, the largest reduction since World War Two. While China has lifted confinement measures, other countries have been forced to take similar steps. The impact of the pandemic is like that of a wave gradually reaching different economies. As some countries experience a reduction in the intensity of their public health crises and of the impact of confinement, others are seeing an increase in precisely the same problems. Even those countries that adopted more moderate confinement measures, such as South Korea and Taiwan, have suffered negative impacts to economies, as they could not avoid being “islands” in a sea of confinement. Confronted with the biggest economic crisis since 1930, different authorities rapidly implemented significant and decisive monetary and fiscal measures. And, this time, China chose not to increase economic stimuli to the same level as during the Great Financial Crisis (estimated at 19% of GDP).

The US economy is estimated to have contracted in the first three months of 2020 and is unlikely to rapidly recover the output lost. This is, firstly, because of the structural impact; secondly, because investment in the energy sector is expected to collapse; and, finally, because consumption is unlikely to recover as people fear losing their job or suffering a drop in income.

The Euro Zone is expected to have suffered a year-on-year contraction of 3.3% in the first quarter of 2020 and a contraction of 3.8% compared with the previous quarter. The Euro area is projected to have entered into the beginning of an unprecedented recession, given that initial indicators of the impact of confinement point to an even lower level of activity in the second quarter. Portugal, likewise, experienced an unprecedented contraction in the first quarter.

## Covid-19

At a time when Corticeira Amorim was preparing to strengthen the level of growth it had previously been experiencing, benefitting from the important investments it had made, the coronavirus crisis has forced the Group to review a series of carefully planned targets that it had previously set.

From the first moment, Corticeira Amorim joined the collective effort to contain the COVID-19 pandemic, acting with responsibility and solidarity to protect its employees, their families and communities, as well as all the Group's stakeholders. To ensure this, we sought to establish what were the real and most pressing needs of health institutions and bodies providing social care. The Group has been involved in supporting some of the hospitals and health centres in its area, including Hospital de São Sebastião in Santa Maria da Feira, Hospital de Gaia and Hospital de São João in Porto. It did this through significant donations of personal protection equipment, ventilators and other equipment essential to their proper functioning and the safety of their health professionals.

The Group determined from the outset to adopt the safest possible practices and to continue working. The necessary conditions were rapidly put into place in such a way as to reduce anxiety among those who continued to work on a daily basis. In cooperation with the Group's doctors and health and safety services, a set of measures were implemented that have proved effective and enabled work to continue. A contingency plan was put in place in the industrial units and the distribution network, including a number of wide-ranging measures fundamental to ensuring the wellbeing of all employees, the operation of the different industrial units in a safe way and business continuity. This was the case both in Portugal, with 3,200 employees, of which 120 had to remain within the cordon sanitaire put in place around the town of Ovar for four weeks, and overseas, where the Group's has 1,200 employees. Throughout this period of confinement, the company's employees maintained their normal performance levels and worked as usual to support customers.

Contingency plan measures included the installation of isolation rooms; quarantining employees returning from areas of risk, as well as those who had come into close contact with people with a confirmed coronavirus infection; restricting access to installations; redefining meal spaces and social gathering rules, strengthening work hygiene measures; restricting work travel; activating business continuity plans; and information campaigns.

Corticeira Amorim intends to continue responding, without any interruption, to the needs of its customers across the world by adopting the best and the most appropriate practices at the right moment. Corticeira Amorim introduced teleworking in its administrative and technical structures (about 300 employees). Shift rotation and systems to ensure social distancing at the beginning and end of shifts were implemented in manufacturing units and employees encouraged to respect recommended distances.

Given that Corticeira Amorim is an international company with more than 90% of its sales outside Portugal that is responsible for an activity that is key to the sustainability of the whole cork value chain, the Groups considers it essential to keep the cork supply chain both safe and in operation.

Without the cork stoppers produced by Corticeira Amorim, thousands of winemakers and bottlers across the world would not be able to operate. In Spain, Italy and California, winemaking is considered an essential activity involving many thousands of people, from winegrowers who tend to the vineyards to those who manage wine cellars. The exceptional regime that the Group adopted enabled our supply chain to continue to serve our customers and to continue working. There were some exceptions regarding cognac and champagne in South Africa, where, due to market disruption and reasons relating to the main operators there, it was necessary to temporarily suspend work.

The pandemic led to the cancellation of sales to the hotel, restaurant and catering (Horeca) sector, sales that were not offset by some sales growth via department stores and online in some countries.

As a result of these factors, wine consumption is expected to drop worldwide, particularly of sparkling wines and champagne. The impact will be felt mainly in terms of sales to higher-value segments, as they have been hit hardest by the shutting of restaurants. These wines will eventually be bottled, but the timing will fall out of step. However, the

guidance given is to move stocks closer to the markets in order to take advantage of a recovery that may begin to take effect in June.

Other units (floor and wall coverings, composite cork and insulation) will feel the impact of the closure of some distribution channels (e.g. DIY) throughout Europe and of a halt to renovation work on many buildings, mainly in the hospitality sector (including hotels, residences and care homes).

There was no negative impact on the volume of business up to the end of March, but a reduction is expected in April, May and June, despite the fact that industrial units are currently operating close to full capacity. Corticeira Amorim is paying close attention to the issue of customer payments, but in a universe of almost 30,000 customers worldwide, this is a significantly shared risk.

Corticeira Amorim is a sound company with an adequate and balanced capital structure. It ended the first quarter of 2020 with cash and cash equivalents in the amount of €74 million, sufficient to safeguard against any liquidity limitations that may occur. At the end of April, the Group's holding company had 76 million lines of credit available but untapped. The company's diversification policy and practices (not a single product, not a single market, not a single currency) are an additional guarantee of stability.

#### First quarter activity

Corticeira Amorim recorded sales growth of 0.7%, totalling €204 million in the first quarter of 2020. This compares year-on-year with the most robust quarter of 2019 in terms of sales growth (+ 9.2%). Although Covid-19 had already conditioned economic activity to some extent, the Group managed to increase sales in comparison with the same period of the previous year. The foreign exchange effect on sales was immaterial and, in this quarter, the consolidation perimeter was equivalent to that of the first quarter of 2019.

In terms of sales by Business Unit (BU), the Cork Stopper BU, which has greatest weight in the total sales of Corticeira Amorim, registered growth of 1%. The Floor and Wall Coverings BU managed to reverse the downward trend in sales that it had registered in previous quarters and ended the quarter with sales growth of 11%. The Raw Materials (-7.7%), Composite Cork (-6.7%) and Insulation (-12.4%) BUs recorded a decrease in their sales compared to the same period of 2019.

EBITDA increased 2.8% to €35.8 million. Although the company is still consuming cork purchased at higher prices, measures taken to prevent a loss of profitability, specifically in regard to market prices and increased operational efficiency, enabled part of the profitability lost in 2019 to be recovered. It should also be noted that the Floor and Wall Coverings BU recorded a positive EBITDA, an indication that the measures taken to reverse its negative performance are beginning to take effect.

As a result, the EBITDA-sales ratio increased over the same period from 17.2% to 17.6%.

At the end of the first quarter, net interest-bearing debt totalled €152.3 million (12M19: €161.1 million).

The decrease in income from associate companies mainly reflected the positive impact of receiving the final amount (€2.3 million) from the sale of US Floors having been recognised in the same quarter of the previous year. This effect was offset by the recognition of the Group's share of the profits of the associate company Vinolok (€1.0 million) in the first quarter of 2020.

After earnings attributable to non-controlling interests, net income totalled €19.9 million, an increase of 6.8% compared with the equivalent period of 2019.

## 2. OPERATING ACTIVITIES

The **Raw Materials BU** recorded a 7.7% drop in sales. The decrease occurred in sales to Group companies, due to a realignment of their inventory levels, and in sales to third parties.

EBITDA totalled €4.7 million, a decrease compared with the same period of 2019 (€8.3 million). The decrease in the EBITDA margin (from 14.1% to 8.7%) resulted mainly from an increase in the price of cork purchased for consumption. In the same period of last year, the BU used cork purchased in the 2017 campaign at a lower price than in the 2018 campaign. If we compare the EBITDA-sales ratio in the second half of 2019 (6.0%), when the BU exclusively consumed cork purchased in 2018, with the ratio calculated in 1Q20 (8.1%), we see a positive evolution in terms of profitability.

In volume terms, preparation of the 2020 cork purchasing campaign proceeded as planned during the first quarter. Prices fell due to an increase in supply.

In regard to projects, the new technology for producing discs, launched in 2019, is expected to generate improvements in cork yields. The automation project is aimed at simplifying the preparation process (cork classification). The CorkNova project to eradicate TCA from natural cork discs is being extended to all production in 2020. This technology offers additional guarantees in the treatment of discs and represents an important step towards achieving the highest standards of sensorial quality.

The **Cork Stopper BU** recorded sales of €144.8 million, an increase of 1% compared with the first quarter of 2019. Early in 2020 and prior to Covid-19, there had been indications of a slowdown resulting from the US-China trade war and the 25% tariffs the US imposed on imports of European wines with an alcohol content of less than 14% alcohol.

Sales increased in the still wines (1%) and sparkling wines (4%) segments, but decreased in the spirits (2%) segment. The Neutrocork stopper segment continues to register notable sales growth (16%). In terms of geographical markets, growth in the US and Italy was strong. In France and Spain, sales fell in relation to the first quarter of 2019.

First-quarter sales of NDtech® service stoppers totalled 14.2 million units (3M19: 13.6 million units). The implementation of technology that will ensure the elimination of TCA by the end of 2020 is proceeding as planned.

The BU's EBITDA rose to €29.7 million (+10.4% compared with the same period of 2019). The EBITDA margin increased to 20.5% (3M19: 18.7%). In spite of the impact of higher cork consumption prices, the BU's EBITDA growth was supported by an increase in activity, operational improvements, especially in regard to raw material use in crushing operations, and the introduction of price increases.

The **Floor and Wall Coverings BU** recorded sales of €31.5 million, an increase of 11% compared with the first three months of 2019. The AMORIM WISE range of products contributed to this increase with first-quarter sales of €3.0 million (3M19: €0.4 million).

In terms of geographical sales growth, Germany, North America and Scandinavia deserve highlighting.

The BU recorded a positive EBITDA of €1.3 million, which compares with a negative EBITDA of €1 million in the same period of 2019. The margin generated by sales growth as well as efforts to rationalise and optimise administrative, industrial, logistics and commercial structures contributed to this evolution. Not having to record any spending related to the launch of the AMORIM WISE product range in this quarter also contributed positively, as these expenses had negatively affected the first quarter of 2019. Other positive factors included an improvement in the sales product mix as well as a bigger increase in sales of manufactured products than in sales of trading products.

Sales by the **Composite Cork BU** totalled €24.9 million, a drop of 6.7% compared with the same period of 2019 (€26.6 million). The reduction in sales was due to a decrease in the volume of products sold. However, price and exchange rate effects partially offset the impact of the decrease in sales volumes.

The main sales increases were in the Auto and Auto Parts, Resilient & Engineering Manufactures and Industrial Packaging segments; the main reductions occurred in the Building Materials & Fixtures, Cork & Corkrubber manufacturers and Construction Speciality Retail segments.

In terms of markets, sales decreased most in India, Russia and Italy.

EBITDA for the period was €2.1 million. The EBITDA margin decreased to 8.3% (3M19: 12.2%), influenced by the sales mix (a decrease in sales to segments with higher margins) and an increase in personnel expenses.

Sales of by the **Insulation BU** totalled €3.0 million, a reduction of 12.4% in comparison with the first quarter of 2019, mainly due to a decrease in sales to Group companies (€152,000) and a decrease in volumes sold outside the Group.

EBITDA totalled €157,000, compared with -€48,000 in the same quarter of 2019. The EBITDA-sales ratio was 5.2% (3M19: -1.4%). The BU's EBITDA has been improving since the third quarter of 2019, driven by the consumption of cork purchased at lower prices, lower personnel costs (reduced overtime) and a reduction in supplies and external services.

### 3. PROFIT AND LOSS ACCOUNT AND FINANCIAL POSITION

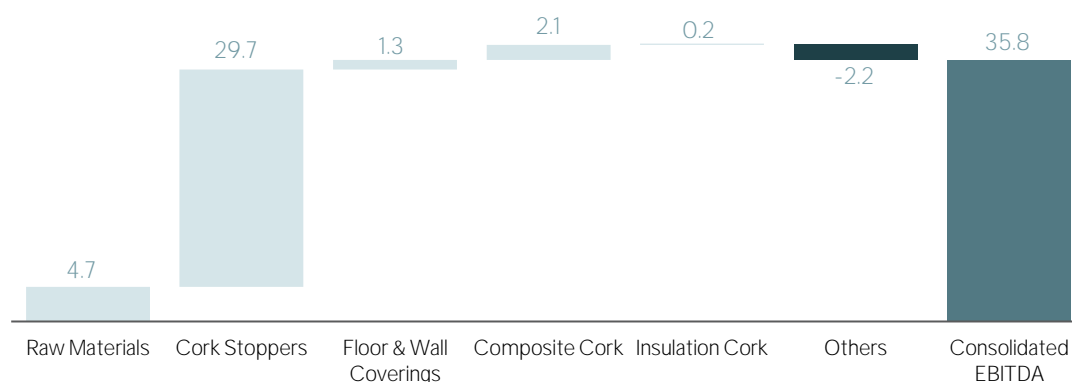
As previously mentioned, the increase in sales was not in any part due to a change in the consolidation perimeter. The evolution of sales also varied between BUs. The Floor and Wall Coverings BU posted a notable increase in sales, as did the Cork Stoppers BU, in spite of the US-China trade war and the tariffs implemented by the US. Corticeira Amorim's sales were not significantly affected by the Covid-19 pandemic, although some restrictions had already been implemented in some regions before the end of the first quarter.

The increase in the gross percentage margin, which rose from 48% to 50%, reflects increased operational efficiency and some improvements in the mix of products sold.

In terms of operating costs, the increase of about €1 million in personnel expenses (+2.7%) compared to the same period of 2019 was largely due an increase in the number of employees and compensation expenses. External supplies and services remained at the same level as in the same period of the previous year. The transport (+ 1.5%) and energy (+ 1.3%) cost increases were offset by reductions in other expenses.

The overall evolution of remaining operating income and cost items that affect EBITDA was positive and totalled about €1 million. The impact of foreign exchange differences on assets receivable and liabilities payable, and of the respective exchange rate risk hedges, recorded under other operating income and gains was negative and amounted to approximately €1 million (3M19: -€0.3 million).

EBITDA increased by 2.8%, totalling €35.8 million. The EBITDA-sales ratio was 17.6% (3M19: 17.2%).



Non-recurring earnings were not recognised in this quarter.

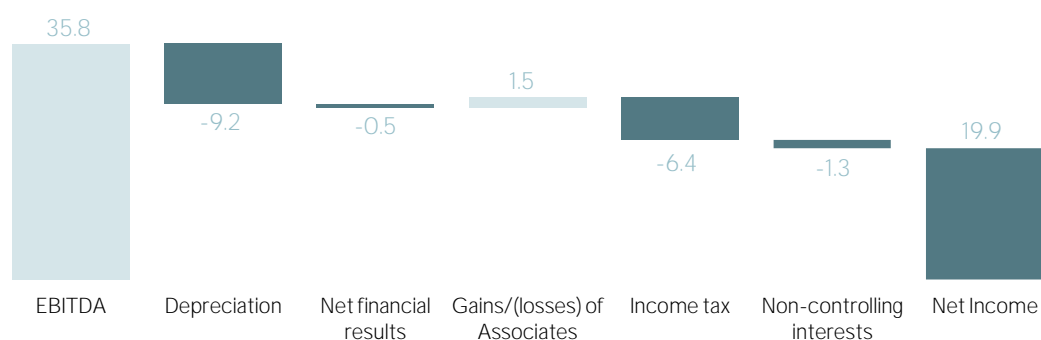
In spite of the increase in average debt, financial expenses were lowered in comparison to the first quarter of 2019.

Income from associate companies totalled €1.5 million. The reduction in relation to the same period of 2019 (3M19: €2.9 million) mainly reflected the recognition as earnings of the final amount of the contingent part receivable from the sale of US Floors (€2.3 million) in the first quarter of 2019. To compensate for this, the Group's share of the earnings of the associate company Vinolok (€1 million), which was not owned by Corticeira Amorim at the end of the first quarter of 2019, was recognised in the first three months of 2020.

It will only be possible to estimate the amount of Group's tax benefits for investment in 2020 (RFAI and SIFIDE) at the end of the year. This means any gain will be recorded only at the closing of accounts for 2020. In the first quarter, the definitive decisions on SIFIDE benefits relating to 2019 that were communicated to the Group were recognised.

After the tax estimate and the allocation of earnings to non-controlling interests, total net income attributable to Corticeira Amorim shareholders totalled €19.9 million, an increase of 6.8% compared to the income of €18.6 million recorded at the end of March 2019.

Earnings per share were €0.149 (3M19: €0.14).



In terms of the Group's financial position, assets increased by €55 million compared to December 2019. Assets recorded under accounts receivable (€28 million) and under cash and cash equivalents (€52 million) increased significantly. The increase in cash and cash equivalents reflects an increase in liquid reserves as a preventive measure against possible shortages of funds. Inventories decreased by €31 million, reflecting a policy of improving inventory management and the usual variation that occurs during this period.

The change in equity reflected net earnings for the quarter (+€19.9 million).

Liabilities increased by €37 million. Interest-bearing debt increased by €43 million to offset the increase in cash and cash equivalents mentioned in the previous paragraph.

At the end of March 2020, the Group's equity stood at €558 million. The financial autonomy ratio rose to 53.2%.



#### 4. KEY CONSOLIDATED INDICATORS

		1Q19	1Q20	qoq
Sales		202,323	203,661	0.7%
Gross Margin – Value		102,718	105,663	2.9%
	1)	48.1%	49.9%	+ 1.9 p.p.
Operating Costs - current		77,091	79,091	2.6%
EBITDA - current		34,785	35,768	2.8%
EBITDA/Sales		17.2%	17.6%	+ 0.4 p.p.
EBIT - current		25,627	26,571	3.7%
Net Income		18,609	19,876	6.8%
Earnings per share		0.140	0.149	6.8%
Net Bank Debt		141,736	152,322	10,586
Net Bank Debt/EBITDA (x)	2)	1.07	1.21	0.14 x
EBITDA/Net Interest (x)	3)	92.3	109.8	17.46 x

1) Related to Production

2) Current EBITDA of the last four quarters

3) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions)

#### 6. SUBSEQUENT EVENTS

Taking into account (i) the rapid evolution of the Covid-19 pandemic and the related worsening of the economic climate in Portugal and in the world since the convening of the annual general meeting (AGM); (ii) the declaration and renewal of a state of emergency in Portugal, prolonging restrictive measures relating to circulation, (iii) the fact that, despite the AGM having been convened as an exclusively virtual meeting, some shareholders and their financial intermediaries have expressed difficulties and concerns, specifically as to the timely formalisation of the necessary documentation for accreditation and participation in the AGM, and for holding it in appropriate conditions and, finally, (iv) it having found that on April 9 there was a significant reduction in the number shareholders intending to participate in the AGM, the Board of Directors met and decided to propose to the chairman of the board of the AGM that the AGM convened for April 20 should be called off. The chairman of the board of the AGM accepted the proposal, and in accordance with the legally approved terms, the Board of Directors will submit a new request for convening the AGM.

Mozelos, May 11, 2020

The Board of Directors of CORTICEIRA AMORIM, S.G.P.S., S.A.

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# FINANCIAL STATEMENTS

# Consolidated Statement of Financial Position

	thousand euros		
	March 31, 2020 (non audited)	December 31, 2019	March 31, 2019 (non audited)
<b>Assets</b>			
Tangible assets	277,662	278,600	262,848
Intangible assets	10,758	10,852	7,592
Right of use	6,215	6,037	7,475
Goodwill	13,744	13,744	13,864
Biological assets	0	0	203
Investment property	5,475	5,387	5,211
Investments in associates and joint ventures	22,775	22,366	10,086
Other financial assets	1,707	1,550	1,596
Deferred tax assets	13,459	14,396	13,820
Other debtors	3,906	3,906	4,844
Non-current assets	355,701	356,836	327,540
Inventories	367,263	397,840	392,250
Trade receivables	193,882	165,484	190,553
Income tax assets	4,440	11,773	9,993
Other debtors	50,616	36,967	51,907
Other current assets	3,663	3,108	3,109
Cash and cash equivalents	73,841	22,144	16,724
Current assets	693,705	637,316	664,536
<b>Total Assets</b>	<b>1,049,406</b>	<b>994,152</b>	<b>992,076</b>
<b>Equity</b>			
Share capital	133,000	133,000	133,000
Other reserves	374,494	301,515	334,628
Net Income	19,876	74,947	18,609
Non-Controlling Interest	30,520	30,081	33,512
<b>Total Equity</b>	<b>557,889</b>	<b>539,543</b>	<b>519,749</b>
<b>Liabilities</b>			
Interest-bearing loans	55,291	59,126	36,941
Other financial liabilities	23,196	23,269	29,795
Provisions	3,484	3,777	42,199
Post-employment benefits	1,697	1,687	1,581
Deferred tax liabilities	49,264	50,370	6,894
Non-current liabilities	132,932	138,228	117,410
Interest-bearing loans	170,873	124,108	121,519
Trade payables	121,463	132,086	154,642
Other financial liabilities	45,750	43,040	47,087
Other liabilities	19,361	15,235	20,054
Income tax liabilities	1,138	1,911	11,616
Current liabilities	358,585	316,380	354,918
<b>Total Liabilities and Equity</b>	<b>1,049,406</b>	<b>994,152</b>	<b>992,076</b>

# Consolidated income statement by nature

thousand euros

	1Q 2020 (non audited)	1Q 2019 (non audited)
Sales	203,661	202,323
Costs of goods sold and materials consumed	105,984	111,022
Change in manufactured inventories	7,985	11,417
Third party supplies and services	31,690	31,745
Staff costs	37,977	36,991
Impairments of assets	1,500	-541
Other income and gains	3,583	1,989
Other costs and losses	2,310	1,727
<b>Operating Cash Flow (current EBITDA)</b>	<b>35,768</b>	<b>34,785</b>
Depreciation	9,197	9,157
<b>Operating Profit (current EBIT)</b>	<b>26,571</b>	<b>25,627</b>
Non-recurrent results	0	0
Financial costs	680	736
Financial income	139	10
Share of (loss)/profit of associates and joint-ventures	1,548	2,945
<b>Profit before tax</b>	<b>27,578</b>	<b>27,847</b>
Income tax	6,432	7,994
<b>Profit after tax</b>	<b>21,147</b>	<b>19,853</b>
Non-controlling Interest	1,271	1,243
<b>Net Income attributable to the equity holders of Corticeira Amorim</b>	<b>19,876</b>	<b>18,609</b>
<b>Earnings per share - Basic e Diluted (euros per share)</b>	<b>0.149</b>	<b>0.140</b>

# Consolidated statement of comprehensive income

	thousand euros	
	1Q 2020 (non audited)	1Q 2019 (non audited)
Net Income	21,147	19,853
Items that may be reclassified through income statement:		
Change in derivative financial instruments fair value	-98	-197
Change in translation differences and other	-1,784	1,900
Share of other comprehensive income of investments accounted for using the equity method	-1,139	-51
Other comprehensive income	220	10
Other comprehensive income (net of tax)	-2,801	1,662
Total Net comprehensive income	18,346	21,515
Attributable to:		
Corticeira Amorim Shareholders	17,907	19,874
Non-controlling Interest	439	1,641

# Consolidated statement of cash flow

	thousand euros	
	1Q 2020	1Q 2019
	(non audited)	(non audited)
<b>OPERATING ACTIVITIES</b>		
Collections from customers	185,400	187,709
Payments to suppliers	-151,959	-158,395
Payments to employees	-36,064	-33,881
Operational cash flow	-2,623	-4,567
Payments/collections - income tax	-42	-889
Other collections/payments related with operational activities	22,333	10,978
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>19,668</b>	<b>5,522</b>
<b>INVESTMENT ACTIVITIES</b>		
Collections due to:		
Tangible assets	327	559
Financial investments	534	2,405
Other assets	102	129
Interests and similar gains	70	50
Payments due to:		
Tangible assets	-8,436	-11,326
Right of use	-298	0
Financial investments	-15	-65
Intangible assets	-212	-202
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-7,929</b>	<b>-8,450</b>
<b>FINANCIAL ACTIVITIES</b>		
Collections due to:		
Loans	40,000	9,350
Government grants	-475	49
Transações com Interesses que não controlam	68	0
Others	552	690
Payments due to:		
Loans	-9,236	-8,850
Interests and similar expenses	-539	-668
Government grants	22	0
Others	-96	-96
<b>CASH FLOW FROM FINANCING</b>	<b>30,295</b>	<b>475</b>
Change in Cash	42,034	-2,453
Exchange rate effect	-463	226
Perimeter variation	0	0
Cash at beginning	-23,988	-38,740
Cash at end	17,583	-40,967

# Consolidated Statement of Changes in Equity

	Attributable to owners of Corticeira Amorim, SGPS, S.A.							thousand euros	
	Share capital	Paid-in Capital	Hedge Accounting	Translation Difference	Legal reserve	Other reserves	Net income	Non-controlling interests	Total Equity
Balance sheet as at January 1, 2019	133,000	38,893	6	-4,060	21,495	199,642	77,389	31,871	498,234
Profit for the year	-	-	-	-	0	77,389	-77,389	-	0
Dividends	-	-	-	-	-	-	-	-	0
Perimeter variation	-	-	-	-	-	-	-	-	0
Changes in the percentage of interest retaining control	-	-	-	-	-	-	-	-	0
Consolidated Net Income for the period	-	-	-	-	-	-	18,609	1,243	19,853
Change in derivative financial instruments fair value	-	-	-197	-	-	-	-	-	-197
Change in translation differences	-	-	-	1,617	-	-	-	284	1,900
Other comprehensive income of associates	-	-	-	-184	-	133	-	-	-51
Other comprehensive income	-	-	-	-	-	-104	-	114	10
Total comprehensive income for the period	0	0	-197	1,433	0	29	18,609	1,641	21,515
Balance sheet as at March 31, 2019 (non audited)	133,000	38,893	-191	-2,627	21,495	277,060	18,609	33,512	519,749
Balance sheet as at January 1, 2020	133,000	38,893	212	-4,127	24,471	242,068	74,947	30,081	539,543
Profit for the year	-	-	-	-	0	74,947	-74,947	-	0
Dividends	-	-	-	-	-	-	-	-	0
Perimeter variation	-	-	-	-	-	-	-	-	0
Changes in the percentage of interest retaining control	-	-	-	-	-	-	-	-	0
Consolidated Net Income for the period	-	-	-	-	-	-	19,876	1,271	21,147
Change in derivative financial instruments fair value	-	-	-98	-	-	-	-	-	-98
Change in translation differences	-	-	-	-940	-	-	-	-844	-1,784
Other comprehensive income of associates	-	-	-	-1,141	-	2	-	-	-1,139
Other comprehensive income	-	-	-	-	-	208	-	12	220
Total comprehensive income for the period	0	0	-98	-2,081	0	210	19,876	439	18,346
Balance sheet as at March 31, 2020 (non audited)	133,000	38,893	114	-6,208	24,471	317,225	19,876	30,520	557,889

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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# 1. INTRODUCTION

At the beginning of 1991, Corticeira Amorim, S.A. was transformed into CORTICEIRA AMORIM, S.G.P.S., S.A., the holding company for the cork business sector of the Amorim Group. In this report, CORTICEIRA AMORIM will be the designation of CORTICEIRA AMORIM, S.G.P.S., S.A., and in some cases the designation of CORTICEIRA AMORIM, S.G.P.S. together with all of its subsidiaries.

CORTICEIRA AMORIM is mainly engaged in the acquisition and transformation of cork into a numerous set of cork and cork related products, which are distributed worldwide through its network of sales company.

CORTICEIRA AMORIM is a Portuguese company with a registered head office in Mozelos, Santa Maria da Feira. Its share capital amounts to 133 million euros, and is represented by 133 million shares, which are publicly traded in the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

Amorim - Investimentos e Participações, S.G.P.S, S.A. held, as of December 31, 2019 and March 31, 2020, 67,830,000 shares of CORTICEIRA AMORIM, corresponding to 51.00% of the capital stock. CORTICEIRA AMORIM consolidates in Amorim – Investimentos e Participações, S.G.P.S., S.A., which is its controlling and Mother Company. Amorim – Investimentos e Participações, S.G.P.S., S.A. is owned by Amorim family.

These financial statements were approved in the Board Meeting of May 11, 2020. Shareholders have the capacity to modify these financial statements even after their release.

Except when mentioned, all monetary values are stated in thousand euros (Thousand euros = K euros = K€).

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements as of September 30, 2019 were prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard 34 - Interim Financial Reporting, and include the statement of financial position, the income statement, the income statement and other comprehensive income, the statement of changes in equity and the condensed statement of cash flows, as well as the selected explanatory notes.

The accounting policies adopted in the preparation of the consolidated financial statements of CORTICEIRA AMORIM are consistent with those used in the preparation of the financial statements presented for the year ended December 31, 2019.

### 3. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company	Head Office	Country	1Q20	2019
<b>Raw Materials</b>				
Amorim Natural Cork, S.A.	Vale de Cortiças - Abrantes	PORTUGAL	100%	100%
Amorim Florestal, S.A.	Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal II, S.A.	Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal III, S.A.	Ponte de Sôr	PORTUGAL	100%	100%
Amorim Florestal España, S.L.	San Vicente Alcántara	SPAIN	100%	100%
Amorim Florestal Mediterrâneo, S.L.	Cádiz	SPAIN	100%	100%
Amorim Tunisie, S.A.R.L.	Tabarka	TUNISIA	100%	100%
Comatral - C. de Maroc. de Transf. du Liège, S.A.	Skhirat	MOROCCO	100%	100%
Cosabe - Companhia Silvo-Agrícola da Beira S.A.	Lisboa	PORTUGAL	100%	100%
SIBL - Société Industrielle Bois Liège	Jijel	ALGERIA	51%	51%
Société Nouvelle du Liège, S.A. (SNL)	Tabarka	TUNISIA	100%	100%
Société Tunisienne d'Industrie Bouchonnaière	Tabarka	TUNISIA	55%	55%
Vatrya - Serviços de Consultadoria, Lda.	Funchal - Madeira	PORTUGAL	100%	100%
<b>Cork Stoppers</b>				
Amorim Cork, SGPS, S.A.	Santa Maria Lamas	PORTUGAL	100%	100%
ACIC USA, LLC	Califórnia	U.S.AMERICA	100%	100%
Agglotap, S.A.	Girona	SPAIN	91%	91%
All Closures In, S.A.	Paços de Brandão	PORTUGAL	75%	75%
Amorim Cork, S.A.	Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Australasia Pty Ltd.	Adelaide	AUSTRALIA	100%	100%
Amorim Bartop, S.A.	Vergada	PORTUGAL	75%	75%
Amorim Champcork, S.A.	Santa Maria Lamas	PORTUGAL	100%	100%
Amorim Cork América, Inc.	Califórnia	U.S.AMERICA	100%	100%
Amorim Cork Beijing Ltd.	Beijing	CHINA	100%	100%
Amorim Cork Bulgaria EOOD	Plovdiv	BULGARIA	100%	100%
Amorim Cork Deutschland GmbH & Co KG	Mainzer	GERMANY	100%	100%
Amorim Cork España, S.L.	San Vicente Alcántara	SPAIN	100%	100%
Amorim Cork Itália, SPA	Conegliano	ITALY	100%	100%
Amorim Cork South Africa (Pty) Ltd.	Cape Town	SOUTH AFRICA	100%	100%
Amorim France, S.A.S.	Champfleury	FRANCE	100%	100%
Amorim Top Series France, S.A.S.	Merpins	FRANCE	100%	100%
Amorim Top Series, S.A.	Vergada	PORTUGAL	75%	75%
Amorim Top Series Scotland, Ltd	Dundee	SCOTLAND	100%	100%
Biocape - Importação e Exportação de Cápsulas, Lda.	Mozelos	PORTUGAL	60%	60%
Bouchons Prioux	Epernay	FRANCE	91%	91%
Chapuis, S.L.	Girona	SPAIN	100%	100%
Corchera Gomez Barris	(c) Santiago	CHILE	50%	50%
Corchos de Argentina, S.A.	(b) Mendoza	ARGENTINA	50%	50%
Corpach ACI, S.A.	Santiago	CHILE	70%	70%
Elfverson & Co. AB	Paryd	SWEDEN	53%	53%
Equipar, Participações Integradas, Lda.	Coruche	PORTUGAL	100%	100%
S.A.S. Ets Christian Bourassé	Tosse	FRANCE	70%	70%
FP Cork, Inc.	Califórnia	U.S.AMERICA	100%	100%
Francisco Oller, S.A.	Girona	SPAIN	94%	94%
Hungarocork, Amorim, RT	Budapeste	HUNGARY	100%	100%
Indústria Corchera, S.A.	(c) Santiago	CHILE	50%	50%
Korken Schiesser Ges.M.B.H.	Viena	AUSTRIA	69%	69%
Olimpiadas Barcelona 92, S.L.	Girona	SPAIN	100%	100%
Portocork América, Inc.	Califórnia	U.S.AMERICA	100%	100%
Portocork France, S.A.S.	Bordéus	FRANCE	100%	100%
Portocork Internacional, S.A.	Santa Maria Lamas	PORTUGAL	100%	100%
Portocork Itália, s.r.l	Milão	ITALY	100%	100%
Sagra et Cie	Reims	FRANCE	91%	91%
S.A. Oller et Cie	Reims	FRANCE	94%	94%
S.C.I. Friedland	Céret	FRANCE	100%	100%
S.C.I. Prioux	Epernay	FRANCE	91%	91%
Socori, S.A.	Rio Meão	PORTUGAL	70%	70%
Socori Forestal, S.L.	Cáceres	SPAIN	70%	70%
Société Nouvelle des Bouchons Trescases	(b) Perpignan	FRANCE	50%	50%
Trefinos Australia	Adelaide	AUSTRALIA	91%	91%
Trefinos Italia, s.r.l	Treviso	ITALY	91%	91%
Trefinos USA, LLC	Fairfield, CA	U.S.AMERICA	91%	91%
Trefinos, S.L.	Girona	SPAIN	91%	91%
Victor y Amorim, S.L.	(c) Navarrete - La Rioja	SPAIN	50%	50%
Vinolok a.s	(b) Jablonec nad Nisou	CZECH REP.	50%	50%
Wine Packaging & Logistic, S.A.	(b) Santiago	CHILE	50%	50%

Company		Head Office	Country	1Q20	2019
<b>Floor &amp; Wall Coverings</b>					
Amorim Cork Flooring, S.A.		S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Benelux, BV		Tholen	NETHERLANDS	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Subertech, S.A.		S. Paio de Oleiros	PORTUGAL	100%	100%
Amorim Flooring (Switzerland) AG		Zug	SWITZERLAND	100%	100%
Amorim Flooring Austria GesmbH		Viena	AUSTRIA	100%	100%
Amorim Flooring Investments, Inc.		Hanover - Maryland	U.S.AMERICA	100%	100%
Amorim Flooring North America Inc.		Hanover - Maryland	U.S.AMERICA	100%	100%
Amorim Flooring Rus, LLC		Moscovo	RUSSIA	100%	100%
Amorim Flooring Sweden AB		Mölnådal	SWEDEN	84%	84%
Amorim Flooring UK, Ltd.		Manchester	UN.KINGDOM	100%	100%
Amorim Japan Corporation		Tôquio	JAPAN	100%	100%
Cortex Korkvertriebs, GmbH		Fürth	GERMANY	100%	100%
Dom KorKowy, Sp. Zo. O.	(c)	Kraków	POLAND	50%	50%
Korkkitrio Oy		Tampere	FINLAND	51%	51%
Timberman Denmark A/S		Hadsund	DENMARK	100%	100%
<b>Composite Cork</b>					
Amorim Cork Composites, S.A.		Mozelos	PORTUGAL	100%	100%
Amorim (UK), Ltd.		Horsham West Sussex	UN.KINGDOM	100%	100%
Amorim Cork Composites, LLC		São Petersburgo	RUSSIA	100%	100%
Amorim Cork Composites, GmbH		Delmenhorts	GERMANY	100%	100%
Amorim Cork Composites, Inc.		Trevor - Wisconsin	U.S.AMERICA	100%	100%
Amorim Deutschland, GmbH	(a)	Delmenhorts	GERMANY	100%	100%
Amorim Industrial Solutions - Imobiliária, S.A.		Corroios	PORTUGAL	100%	100%
Amorim Sports, Lda.	(e)	Mozelos	PORTUGAL	70%	100%
Amosealtex Cork Co., Ltd.	(b)	Xangai	CHINA	50%	50%
Chinamate (Shaanxi) Natural Products Co., Ltd.		Shaanxi	CHINA	100%	100%
Chinamate Development Co. Ltd.		Hong Kong	CHINA	100%	100%
Compruss – Investimentos e Participações, Lda.		Mozelos	PORTUGAL	100%	100%
Corkeen Europe	(d)	Mozelos	PORTUGAL	85%	-
Corkeen Global	(d)	Mozelos	PORTUGAL	100%	-
Corticeira Amorim - France, SAS		Lavardac	FRANCE	100%	100%
Florconsult – Consultoria e Gestão, Lda.		Mozelos	PORTUGAL	100%	100%
Postya - Serviços de Consultadoria, Lda.		Funchal - Madeira	PORTUGAL	100%	100%
<b>Insulation Cork</b>					
Amorim Cork Insulation, S.A.		Vendas Novas	PORTUGAL	100%	100%
<b>Holding</b>					
Corticeira Amorim, SGPS, S.A.		Mozelos	PORTUGAL	100%	100%
Ginpar, S.A. (Générale d'Invest. et Participation)		Skhirat	MOROCCO	100%	100%
Amorim Cork Research, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Services, Lda.		Mozelos	PORTUGAL	100%	100%
Amorim Cork Ventures, Lda.		Mozelos	PORTUGAL	100%	100%
Corecochic - Corking Shoes Investments, Lda.	(b)	Mozelos	PORTUGAL	50%	50%
Gröwancork - Estruturas isoladas com cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
TDCork - Tapetes Decorativos com Cortiça, Lda.	(b)	Mozelos	PORTUGAL	25%	25%
Soc. Portuguesa de Aglomerados de Cortiça, Lda.		Montijo	PORTUGAL	100%	100%

(a) – One single company: Amorim Deutschland, GmbH

(b) – Equity method consolidation.

(c) – CORTICEIRA AMORIM directly or indirectly controls the relevant activities – line-by-line consolidation method.

(d) - Company set-up in 2020.

(e) - Decrease in the percentage of interest

The percentages indicated are the percentages of interests and not of control.

For entities consolidated by the full consolidation method, the percentage of voting rights held by "Non-Controlling Interests" is equal to the percentage of share capital held.

## 4. EXCHANGE RATES USED IN CONSOLIDATION

Exchange rates		March 31, 2020	Average jan-mar 2020	Average jan-dez 19	December 31, 2019
Argentine Peso	ARS	70.8106	67.7022	53.8506	67.1031
Australian Dollar	AUD	1.7967	1.6791	1.6109	1.5995
Lev	BGN	1.9557	1.9558	1.9558	1.9558
Brazilian Real	BRL	5.7001	4.9167	4.4134	4.5157
Canadian Dollar	CAD	1.5617	1.4819	1.4855	1.4598
Swiss Franc	CHF	1.0585	1.0668	1.1124	1.0854
Chilean Peso	CLP	942.130	886.142	786.305	842.430
Yuan Renminbi	CNY	7.7784	7.6956	7.7355	7.8205
Czech Koruny	CZK	27.3120	25.6313	25.6705	25.4080
Danish Krona	DKK	7.4674	7.4715	7.4661	7.4715
Algerian Dinar	DZD	137.245	132.610	133.320	133.159
Euro	EUR	1.0000	1.0000	1.0000	1.0000
Pound Sterling	GBP	0.8864	0.8623	0.8778	0.8508
Hong Kong Dollar	HKD	8.5484	8.5687	8.7688	8.7329
Forint	HUF	360.020	339.137	325.297	330.530
Yen	JPY	118.900	120.097	122.006	121.940
Moroccan Dirham	MAD	11.1296	10.6438	10.7594	10.7212
Zloty	PLN	4.5506	4.3241	4.2976	4.2568
Ruble	RUB	85.9486	73.8205	72.3651	69.4519
Swedish Krona	SEK	11.0613	10.6689	10.5891	10.4468
Tunisian Dinar	TND	3.1589	3.1282	3.2767	3.1262
Turkish Lira	TRL	7.2063	6.7428	6.3578	6.6843
US Dollar	USD	1.0956	1.1027	1.1195	1.1234
Rand	ZAR	19.6095	16.9479	16.1757	15.7773

## 5. SEGMENT REPORT

CORTICEIRA AMORIM is organised in the following Business Units (BU): Raw Materials, Cork Stoppers, Floor and Wall Coverings, Composite Cork and Insulation Cork.

There are no differences between the measurement of profit and loss and assets and liabilities of the reportable segments, associated to differences in accounting policies or centrally allocated cost allocation policies or jointly used assets and liabilities.

For purposes of this Report, the Business approach was selected as the primary segment. This is consistent with the formal organization and evaluation of business. Business Units correspond to the operating segments of the company and the segment report is presented the same way they are analysed for management purposes by the board of CORTICEIRA AMORIM.

The following table shows the main indicators of the said units, and, whenever possible, the reconciliation with the consolidated indicators:

	thousand euros							
1Q2020	Raw Materials	Cork Stoppers	Floor & Wall	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	4,114	142,479	30,655	23,832	2,555	26	0	203,661
Other BU Sales	50,113	2,342	873	1,029	465	400	-55,224	-
<b>Total Sales</b>	<b>54,228</b>	<b>144,821</b>	<b>31,528</b>	<b>24,862</b>	<b>3,020</b>	<b>426</b>	<b>-55,224</b>	<b>203,661</b>
EBITDA (current)	4,728	29,664	1,304	2,072	157	-1,643	-513	35,768
Assets (non-current)	37,670	197,868	37,441	46,279	4,320	1,571	30,551	355,701
Assets (current)	166,482	361,679	68,085	62,237	10,488	52,744	-28,010	693,705
Liabilities	34,405	168,048	46,637	36,777	2,369	8,102	195,178	491,516
Capex	1,140	4,681	811	1,430	273	41	0	8,375
Year Depreciation	-1,088	-5,459	-1,656	-836	-133	-24	0	-9,197
Gains/Losses in associated companies	0	1,558	0	-8	0	-2	0	1,548
1Q2019	Raw Materials	Cork Stoppers	Floor & Wall	Composite Cork	Insulation Cork	Holding	Adjustm.	Consolidated
Trade Sales	5,264	140,842	27,956	25,402	2,829	29	0	202,323
Other BU Sales	53,484	2,547	451	1,234	619	372	-58,705	-
<b>Total Sales</b>	<b>58,748</b>	<b>143,389</b>	<b>28,407</b>	<b>26,636</b>	<b>3,448</b>	<b>401</b>	<b>-58,705</b>	<b>202,323</b>
EBITDA (current)	8,293	26,859	-1,047	3,247	-48	-1,179	-1,341	34,785
Assets (non-current)	36,204	177,414	40,128	40,411	4,170	1,481	27,733	327,540
Assets (current)	194,979	355,475	63,321	55,389	11,051	451	-16,130	664,536
Liabilities	45,990	196,701	42,518	39,529	2,281	16,868	128,442	472,328
Capex	953	7,606	909	2,085	72	0	0	11,625
Year Depreciation	-1,060	-5,408	-1,690	-817	-149	-33	0	-9,157
Gains/Losses in associated companies	0	444	2,344	157	0	0	0	2,945

*Adjustments = eliminations inter-BU and amounts not allocated to BU.*

*EBITDA = Profit before net financing costs, depreciation, equity method, non-controlling interests, income tax and non-recurrent results.*

*Provisions and asset impairments were considered the only relevant non-cash material cost.*

The decision to report EBITDA figures allows a better comparison of the different BU performances, disregarding the different financial situations of each BU. This is also coherent with the existing Corporate Departments, as the Financial Department is responsible for the bank negotiations, being the tax function the responsibility of the Holding Company.

Cork Stoppers BU main product is the different types of existing cork stoppers. The main markets are the bottling countries, from the traditional ones like France, Italy, Germany, Spain and Portugal, to the new markets like USA, Australia, Chile, South Africa and Argentina.

Raw Materials BU is, by far, the most integrated in the production cycle of CORTICEIRA AMORIM, with 90% of its sales to others BU, specially to Cork Stoppers BU. Main products are bark and discs.

The remaining BU produce and sell a vast number of cork products made from cork stoppers waste. Main products are cork floor tiles, cork rubber for the automotive industry and antivibratic systems, expanded agglomerates for insulation and acoustic purposes, technical agglomerates for civil construction and shoe industry, as well as granulates for agglomerated, technical and champagne cork stoppers.

Major markets for flooring and insulation products are in Europe and for composites products the USA. Major production sites are in Portugal, where most of the invested capital is located. Products are distributed in practically all major markets through a fully owned network of sales companies. About 70% of total consolidated sales are achieved through these companies.

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## 6. ACTIVITY DURING THE YEAR

CORTICEIRA AMORIM business are spread through a large basket of products, throughout the five continents and more than a hundred countries; so, it is not considered that its activity is subjected to any particular form of seasonality. Anyway it has been registered a higher first half activity, mainly during the second quarter; third and fourth usually exchange as the weakest quarter.

Mozelos, May 11, 2020

The Board of CORTICEIRA AMORIM, S.G.P.S., S.A.

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